

CREDIT SUISSE AG

(Incorporated in Switzerland)

Registration Document

This Registration Document comprises:

- Table of Contents (page 5);
- Information Incorporated by Reference (Credit Suisse AG) (pages 6-16);
- Information Incorporated by Reference (Credit Suisse Group AG) (pages 16-23);
- Risk Factors (page 23);
- General Information (pages 23-25); and
- the following, which are incorporated herein by reference and have been filed with the Commission de Surveillance du Secteur Financier (the “**CSSF**”):
 - the Form 6-K of the Bank and the Group filed with the United States Securities and Exchange Commission (the “**SEC**”) on 9 May 2014 (the “**Form 6-K Dated 9 May 2014**”) which contains a media release exhibited thereto, as indicated under the headings “Information incorporated by reference (Credit Suisse AG) (pages 6-16)” and “Information Incorporated by Reference (Credit Suisse Group AG) (pages 16-23)”;
 - the Form 6-K of the Bank filed with the SEC on 2 May 2014 (the “**Form 6-K Dated 2 May 2014**”), which contains the 2014 First Quarter Financial Report of the Group within which there is unaudited information for the Group for the three months ended 31 March 2014, as indicated under the heading “Information incorporated by reference (Credit Suisse AG) (pages 6-16)”;
 - the Form 6-K of the Bank filed with the SEC on 16 April 2014 (the “**Form 6-K Dated 16 April 2014**”), which contains the 2014 First Quarter Earnings Release of the Group within which there is unaudited information for the Group for the three months ended 31 March 2014, as indicated under the heading “Information incorporated by reference (Credit Suisse AG) (pages 6-16)”;
 - the Form 20-F of the Bank and the Group filed with the SEC on 3 April 2014 (the “**Form 20-F Dated 3 April 2014**”), which contains the 2013 Annual Report of the Group within which there are audited financial statements of the Bank for the year ended 31 December 2013 and a report of the Bank’s auditors, as indicated under the headings “Information incorporated by reference (Credit Suisse AG) (pages 6-16)” and “Information Incorporated by Reference (Credit Suisse Group AG) (pages 16-23)”;
 - the Form 6-K/A of the Bank filed with SEC on 3 April 2014 (the “**Form 6-K/A Dated 3 April 2014**”), which contains the restated 2013 Fourth Quarter Financial Report of the Group within which there is unaudited information for the Group for the three and twelve months ended 31 December 2013, as indicated under the heading “Information incorporated by reference (Credit Suisse AG) (pages 6-16)”;
 - the Form 6-K of the Bank and the Group filed with the SEC on 3 April 2014 (the “**Form 6-K Dated 3 April 2014**”) which contains a media release containing proposals for the Annual General Meeting of CSG on 9 May 2014 as indicated under the headings “Information incorporated by reference (Credit Suisse AG) (pages 6-16)” and “Information Incorporated by Reference (Credit Suisse Group AG) (pages 16-23)”;
 - the Form 20-F of the Bank and the Group filed with the SEC on 22 March 2013 (the “**Form 20-F Dated 22 March 2013**”), which contains the 2012 Annual Report of the Group within which there are audited financial statements of the Bank for the year ended 31 December 2012 and a report of the Bank’s auditors, as indicated under the headings “Information incorporated by reference (Credit Suisse AG) (pages 6-16)” and “Information Incorporated by Reference (Credit Suisse Group AG) (pages 16-23)”.

For purposes of this Registration Document, unless the context otherwise requires, the terms “Credit Suisse”, “the Group”, “we”, “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term “the Bank” when we are only referring to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries. This Registration Document is the Registration Document of the Bank, which is the issuer.

This Registration Document has been prepared pursuant to Article 5(3) of Directive 2003/71/EC and Article 8(3) of the Luxembourg act relating to prospectus for securities (“Loi relative aux prospectus pour les valeurs mobilières”).

On 30 April 2014, Standard & Poor’s revised its outlook on both the Bank and the Group to negative. The Bank’s long-term and short-term debt ratings, and the Group’s long-term debt rating were affirmed. Standard & Poor’s does not assign short-term debt ratings to the Group.

The credit ratings of the Bank and the Group referenced in documents incorporated by reference into this Registration Document have been issued, for the purposes of Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 and Regulation (EC) No 462/2013 (the “CRA Regulation”), by Standard & Poor’s Credit Market Services Europe Limited (“S&P”), Fitch Ratings Ltd. (“Fitch”) and Moody’s Investors Service, Inc. (“Moody’s Inc”). S&P and Fitch are both established in the European Union and registered under the CRA Regulation, as set out in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (“ESMA”) - <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>. Moody’s Inc is not established in the European Union and has not applied for registration under the CRA Regulation. In general, and subject to certain exceptions (including the exception outlined below), European regulated investors are restricted from using a credit rating for regulatory purposes if such a credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Subject to the fulfillment of the conditions set out in Article 4(3) of the CRA Regulation, a credit rating agency established in the European Union and registered in accordance with the CRA Regulation (an “EU CRA”) may endorse (for regulatory purposes in the European Union) credit ratings issued outside the European Union where (i) the credit rating activities resulting in the issuing of the credit rating are undertaken in whole or in part by a credit rating agency or credit rating agencies belonging to the same group (a “non-EU CRA”); and (ii) the EU CRA has verified and is able to demonstrate on an ongoing basis to ESMA that the conduct of the credit rating activities by the non-EU CRA resulting in the issuing of the credit rating to be endorsed fulfils requirements which are “at least as stringent as” the requirements of the CRA Regulation. On 15 March 2012, ESMA announced that it considers the regulatory framework for credit rating agencies in the United States to be “as stringent as” the requirements of the CRA Regulation. Moody’s Investors Service Limited (which has been registered under the CRA Regulation and appears on the list of registered credit rating agencies on ESMA’s web site - <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) currently endorses credit ratings issued by Moody’s Inc for regulatory purposes in the European Union. There can be no assurance that Moody’s Investors Service Limited will continue to endorse credit ratings issued by Moody’s Inc.

The Bank has requested the CSSF, in its capacity as competent authority under the Loi relative aux prospectus pour les valeurs mobilières, to provide the Bank with a certificate of approval attesting that the Registration Document has been drawn up in accordance with the Loi relative aux prospectus pour les valeurs mobilières which implements Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 into Luxembourg law.

This registration document and the documents incorporated by reference will be available on the website of the Luxembourg Stock Exchange, at www.bourse.lu. Except for the copies of the documents incorporated by reference in the Registration Document available on the Luxembourg Stock Exchange website (www.bourse.lu), no information contained on the websites to which links have been provided is incorporated by reference in the Registration Document.

Prospective investors should read the entire document and, in particular, the Risk Factors set out in pages 35 to 42 of the Annual Report 2013, when considering an investment in Credit Suisse debt securities.

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Information Incorporated by Reference (Credit Suisse Group AG)

The table below lists the specific items of the Form 6-K Dated 9 May 2014, the Form 20-F Dated 3 April 2014, the Form 6-K Dated 3 April 2014 and Form 20-F Dated 22 March 2013 that are hereby incorporated by reference. The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation.

The information about the Group is included in this Registration Document because the business of Group and the Bank is substantially similar.

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The information that is not incorporated herein by reference in the above table either (a) is covered elsewhere in the Registration Document; or (b) is not relevant for the investor.

Risk Factors

See pages 35-42 of the Exhibit to the Form 20-F Dated 3 April 2014 that disclose the principal risks to Credit Suisse, which are incorporated herein by reference.

General Information

1. Credit Suisse

Credit Suisse was established on 5 July 1856 and registered in the Commercial Register (registration no. CH-020.3.923.549-1) of the Canton of Zurich on 27 April 1883 for an unlimited duration under the name Schweizerische Kreditanstalt. Credit Suisse's name was changed to Credit Suisse First Boston on 11 December 1996. On 13 May 2005, the Swiss banks Credit Suisse First Boston and Credit Suisse were merged. Credit Suisse First Boston was the surviving legal entity, and its name was changed to Credit Suisse (by entry in the commercial register). On 9 November 2009, Credit Suisse was renamed "Credit Suisse AG".

Credit Suisse AG is a Swiss bank and joint stock corporation that was established under Swiss law and operates under Swiss law. Credit Suisse AG is a wholly owned subsidiary of Credit Suisse Group AG. The Bank's registered head office is in Zurich, and it has additional executive offices and principal branches located in London, New York, Hong Kong, Singapore and Tokyo.

The Bank's registered head office is located at Paradeplatz 8, CH-8001, Zurich, Switzerland, and its telephone number is 41-44-333-1111.

2. Auditors

The Bank's statutory and bank law auditor is KPMG AG, Badenerstrasse 172, 8004 Zurich, Switzerland (KPMG).

The Bank's special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations is BDO AG, Fabrikstrasse 50, 8031 Zurich, Switzerland.

KPMG and BDO AG are both licensed by the Federal Audit Oversight Authority, which is responsible for the licensing and supervision of audit firms and individuals which provide audit services in Switzerland.

3. Documents on Display

For the life of this Registration Document, of which this Information Addendum forms a part, the following documents (or copies thereof) may be physically inspected at the registered head office of the Bank at Paradeplatz 8, CH-8001, Zurich, Switzerland:

- i. the Articles of Association of Credit Suisse AG; and
- ii. historical financial information of Credit Suisse AG and its subsidiary undertakings for the financial years ended 31 December 2013 and 2012.

This information is also available on the Credit Suisse website, www.credit-suisse.com.

4. Change

There has been no material adverse change in the prospects of the Bank and its consolidated subsidiaries since 31 December 2013.

There has been no significant change in the financial position of the Bank and its consolidated subsidiaries since 31 December 2013.

Please see pages 35 to 42 of the Exhibit to the Form 20-F Dated 3 April 2014 for the risk factors that may affect the future results of operations or financial condition of Credit Suisse and its consolidated subsidiaries.

Please see "Operating Environment" on pages 6-8 of the exhibit to the Form 6-K Dated 2 May 2014 and "Operating Environment" on pages 44 to 46 of the Exhibit to the Form 20-F Dated 3 April 2014 for information relating to the economic environment that may affect the future results of operations or financial condition of Credit Suisse and its consolidated subsidiaries.

5. Names and Addresses of Directors and Executives

The business address of the members of the Boards of Directors of the Bank and the Group and the members of the Executive Board of the Bank and the Group is Paradeplatz 8, CH-8001, Zurich, Switzerland.

The current members of the Board of Directors of the Bank are as follows:

- Urs Rohner, Chairman
- Jassim Bin Hamad J. J. Al Thani
- Iris Bohnet
- Noreen Doyle
- Jean-Daniel Gerber
- Andreas N. Koopmann
- Jean Lanier
- Kai S. Nargolwala
- Anton van Rossum
- Richard E. Thornburgh
- John Tiner

The current members of the Board of Directors of the Group are as follows:

- Urs Rohner, Chairman
- Jassim Bin Hamad J. J. Al Thani
- Iris Bohnet
- Noreen Doyle
- Jean-Daniel Gerber

- Andreas N. Koopmann
- Jean Lanier
- Kai S. Nargolwala
- Anton van Rossum
- Severin Schwan
- Richard E. Thornburgh
- Sebastian Thrun
- John Tiner

The current members of the Executive Board are as follows:

- Brady W. Dougan, Chief Executive Officer
- Gaël de Boissard
- Romeo Cerutti
- David Mathers
- Hans-Ulrich Meister
- Joachim Oechslin
- Robert Shafir
- Pamela Thomas-Graham
- Eric Varvel

Further information about the members of the Boards of Directors and the Executive Board can be found on pages 160-172 of the Annual Report 2013 and in the Form 6-K dated 9 May 2014.

6. Market Activity

Credit Suisse may update its expectations on market activity, and any such update will be included in its quarterly or annual reports.

7. Conflicts

There are no conflicts of interest of the members of the Board of Directors and the members of the Executive Board between their duties to the Bank and their private interests and/or other duties.

8. Responsibility Statements

Credit Suisse AG takes responsibility for the information contained in this Registration Document, having taken all reasonable care to ensure that such is the case, and is satisfied that the information contained in this Registration Document is, to the best knowledge and belief of Credit Suisse AG, in accordance with the facts and contains no omission likely to affect its import.

9. Legal and Arbitration Proceedings

Except as disclosed in the Form 6-K Dated 2 May 2014 under the heading "Litigation" (note 29 to the condensed consolidated financial statements of the Group on page 148-149 of the exhibit to the Form 6-K Dated 2 May 2014), the Exhibit to the Form 20-F Dated 3 April 2014, under the heading "Litigation" (note 38 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 330-336 of the Exhibit to the Form 20-F Dated 3 April 2014) and the Form 6-K/A Dated 3 April 2014 under the heading "Litigation" (note 29 to the condensed consolidated financial statements of Credit Suisse Group AG on pages 159-161 of the Exhibit to the Form 6-K/A Dated 3 April 2014), there are no, and have not been during the period of 12 months ending on the date of this Registration Document, governmental, legal or arbitration proceedings which may have, or have had in the past, significant effects on the Bank's financial position or profitability, and Credit Suisse AG is not aware of any such proceedings being either pending or threatened.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

May 9, 2014

Commission File Number 001-15244

CREDIT SUISSE GROUP AG

(Translation of registrant's name into English)

Paradeplatz 8, 8001 Zurich, Switzerland
(Address of principal executive office)

Commission File Number 001-33434

CREDIT SUISSE AG

(Translation of registrant's name into English)

Paradeplatz 8, 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

This report on Form 6-K of Credit Suisse Group AG and Credit Suisse AG hereby incorporates by reference into the Registration Statement on Form F-3 (file no. 333-180300) and the Registration Statement on Form S-8 (file no. 333-101259) the following parts of the media release herein: the title and first two paragraphs of the release, and the sections entitled "Distribution in cash against reserves from capital contributions", "Increase in conditional capital for employee shares", "Election of Severin Schwan and Sebastian Thrun as new Members of the Board of Directors", "Re-election of the Chairman and further members to the Board of Directors", "Election of the members to the Compensation Committee", Amendments to the Articles of Association to adapt to changes in company law" (excluding the final paragraph), "2013 Compensation Report", "Composition of the Board of Directors as of May 9, 2014" and "Cautionary statement regarding forward-looking information".



CREDIT SUISSE GROUP AG

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 CH-8070 Zurich media.relations@credit-suisse.com
 Switzerland

Media Release

**Annual General Meeting of Credit Suisse Group AG:
 All Proposals put forward by the Board of Directors Approved**

Zurich, May 9, 2014 **The shareholders of Credit Suisse Group AG approved all the proposals of the Board of Directors at today's Annual General Meeting in Zurich. The shareholders approved a distribution in cash of CHF 0.70 per registered share for the 2013 financial year. The increase in conditional capital for the purpose of delivering shares as part of employee stock option programs also met with the approval of shareholders. Severin Schwan and Sebastian Thrun were elected as new Members of the Board of Directors. The Chairman and the other existing Members of the Board of Directors proposed for re-election were all elected for a further term of one year. In terms of its own composition, the Board of Directors appointed both Noreen Doyle and Richard E. Thornburgh as its new Vice-Chairs. The Annual General Meeting also appointed the Compensation Committee. In addition, shareholders approved the 2013 Compensation Report and the proposed amendments to the Articles of Association to implement the new Ordinance against Excessive Compensation with respect to Listed Stock Corporations.**

At today's Annual General Meeting of Credit Suisse Group AG in Zurich, shareholders approved all of the proposals put forward by the Board of Directors.

Distribution in cash against reserves from capital contributions

Shareholders approved a distribution in cash against reserves from capital contributions of CHF 0.70 per registered share. The distribution is scheduled to take place on May 16, 2014.

Increase in conditional capital for employee shares

With a majority of 67.68% of votes represented, shareholders approved the increase in conditional capital for the delivery of shares to meet the obligation arising from employee stock option programs in a capital-efficient manner. The existing conditional capital for employee shares will be increased by CHF 1,200,000 (equivalent to 30,000,000 registered shares) to a maximum of CHF 1,641,983.92 (equivalent to 41,049,598 registered shares).

Election of Severin Schwan and Sebastian Thrun as new Members of the Board of Directors

Severin Schwan and Sebastian Thrun were both newly elected to the Board of Directors for a term of one year.

Severin Schwan has been CEO of Roche Group since 2008, and a member of its Board of Directors since 2013. Prior to his appointment as Group CEO he served as CEO of Roche's Diagnostics division from 2006 to 2008. Severin Schwan began his career in 1993 in Roche's Corporate Finance area.



Media Release

May 9, 2014

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Sebastian Thrun is CEO of Udacity, an online university that he co-founded in 2012. While working for Google, he founded the Google X research division. He has worked for the University of Stanford since 2003 as research professor in the area of artificial intelligence and robotics.

Re-election of the Chairman and further members to the Board of Directors

The incumbent Chairman Urs Rohner and the other members of the Board of Directors who were standing for re-election were re-elected for a term of one year.

Election of the members to the Compensation Committee

Iris Bohnet, Andreas N. Koopmann, Jean Lanier and Kai S. Nargolwala were elected as Members of the Compensation Committee for a term of one year. Jean Lanier will serve as Chairman of the Compensation Committee for a further year.

Amendments to the Articles of Association to adapt to changes in company law

The proposed amendments to the Articles of Association to implement the provisions of the Swiss Federal Council's Ordinance against Excessive Compensation with respect to Listed Stock Corporations were approved with a majority of 93.36%. As a result, binding votes on the compensation of the Executive Board and the Board of Directors can be held with effect from the 2015 Annual General Meeting.

Further information on the proposed amendments to the Articles of Association can be found in the invitation to the Annual General Meeting and in a separate report of the Board of Directors at: www.credit-suisse.com/agm

2013 Compensation Report

In a consultative vote, shareholders approved the 2013 Compensation Report with a majority of 81.28% of votes represented.

Statements by Urs Rohner, Chairman of the Board of Directors

Urs Rohner, Chairman of the Board of Directors of Credit Suisse Group, commented: "At today's Annual General Meeting, we signed off on the 2013 financial year and the multiple challenges it presented. We have made significant progress at both a strategic and operational level and are compliant with Basel III regulations. At the same time, we posted an 86% increase in reported pre-tax income to CHF 3.5 billion and increased our net income by 72% compared to the previous year. We generated a return on equity of 13% in our strategic businesses in 2013."

With regard to the approval of all the items on the agenda and the consultative vote on the 2013 Compensation Report, Urs Rohner stated: "We are pleased by the positive voting results. The approval rate of 81.28% for the Compensation Report is an acknowledgment of our prudent compensation policy. The approval of the amendments to the Articles of Association will allow us to hold binding votes on the compensation of the Executive Board and the Board of Directors with effect from the 2015 Annual General Meeting."

With regard to the changes to the Board of Directors, Urs Rohner added: "I am delighted to welcome Severin Schwan and Sebastian Thrun as new Members of our Board of Directors. I am convinced that



Media Release

May 9, 2014

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their great experience will help us to systematically execute Credit Suisse's strategy, which is focused on creating value for clients and on innovation. We also said farewell to Walter B. Kielholz and Peter Brabeck-Letmathe today. We owe both of them enormous thanks for the very important contributions they have made, both as Members of the Board of Directors and in the role of Chairman and Vice-Chairman, respectively."

Voting Results

All the voting results together with the speeches of Urs Rohner, Chairman of the Board of Directors, and Brady Dougan, Chief Executive Officer, are available on the internet in both English and German at: www.credit-suisse.com/agm

Composition of the Board of Directors as of May 9, 2014

The composition of the Board of Directors has changed following the elections. Noreen Doyle and Richard E. Thornburgh were appointed new Vice-Chairs. Noreen Doyle was further appointed Lead Independent Director. The composition as of May 9, 2014, is shown below:

	End of current term	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
Urs Rohner, Chairman	2015	Chairman	-	-	-
Noreen Doyle, Vice-Chair and Lead Independent Director	2015	Member	Member	-	-
Richard E. Thornburgh, Vice-Chair	2015	Member	Member	-	Chairman
Jassim Bin Hamad J.J. Al Thani	2015	-	-	-	-
Iris Bohnet	2015	-	-	Member	-
Jean-Daniel Gerber	2015	-	Member	-	-
Andreas N. Koopmann	2015	-	-	Member	Member
Jean Lanier	2015	Member	Member	Chairman	-
Kai S. Nargolwala	2015	-	-	Member	Member
Anton van Rossum	2015	-	-	-	Member
Severin Schwan	2015	-	-	-	Member
Sebastian Thrun	2015	-	-	-	Member
John Tiner	2015	Member	Chairman	-	Member

Information

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Investor Relations Credit Suisse, tel. +41 44 333 71 49, investor.relations@credit-suisse.com



Media Release
May 9, 2014
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Credit Suisse AG

Credit Suisse AG is one of the world's leading financial services providers and is part of the Credit Suisse group of companies (referred to here as "Credit Suisse"). As an integrated bank, Credit Suisse offers clients its combined expertise in the areas of private banking, investment banking and asset management. Credit Suisse provides advisory services, comprehensive solutions and innovative products to companies, institutional clients and high-net-worth private clients globally, as well as to retail clients in Switzerland. Credit Suisse is headquartered in Zurich and operates in over 50 countries worldwide. The group employs approximately 45,600 people. The registered shares (CSGN) of Credit Suisse's parent company, Credit Suisse Group AG, are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse can be found at www.credit-suisse.com.

Cautionary statement regarding forward-looking information

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;
- the direct and indirect impacts of continuing deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our objectives, including improved performance, reduced risks, lower costs, and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalizations or confiscations in countries where we conduct operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries where we conduct operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in “Risk Factors” in I – Information on the company in our Annual Report 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE GROUP AG and CREDIT SUISSE AG

(Registrants)

By: /s/ Christian Schmid
Christian Schmid
Managing Director

/s/ Claude Jehle
Claude Jehle
Director

Date: May 9, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

May 2, 2014

Commission File Number 001-33434

CREDIT SUISSE AG

(Translation of registrant's name into English)

Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Explanatory note

On May 2, 2014, the Credit Suisse Financial Report 1Q14 was published. A copy of the Financial Report is attached as an exhibit to this report on Form 6-K. This report on Form 6-K (including the exhibit hereto) is hereby (i) incorporated by reference into the Registration Statement on Form F-3 (file no. 333-180300) and (ii) shall be deemed to be “filed” for purposes of the Securities Exchange Act of 1934, as amended, except, in the case of both (i) and (ii), the sections of the attached Financial Report entitled “Dear shareholders”, “Investor information” and “Financial calendar and contacts”.

Exhibits

No. Description

99.1 Credit Suisse Financial Report 1Q14

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE AG

(Registrant)

Date: May 2, 2014

By:

/s/ Brady W. Dougan
Brady W. Dougan
Chief Executive Officer

By:

/s/ David R. Mathers
David R. Mathers
Chief Financial Officer

Financial Report 1Q14

Key metrics

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Credit Suisse (CHF million, except where indicated)					
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	(34)
of which from continuing operations	844	(474)	1,297	–	(35)
Basic earnings/(loss) per share from continuing operations (CHF)	0.47	(0.37)	0.76	–	(38)
Diluted earnings/(loss) per share from continuing operations (CHF)	0.47	(0.37)	0.75	–	(37)
Return on equity attributable to shareholders (%)	8.0	(4.5)	14.2	–	–
Effective tax rate (%)	31.2	18.9	26.6	–	–
Core Results (CHF million, except where indicated)					
Net revenues	6,469	5,920	7,018	9	(8)
Provision for credit losses	34	53	22	(36)	55
Total operating expenses	5,035	6,396	5,191	(21)	(3)
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	–	(22)
Cost/income ratio (%)	77.8	108.0	74.0	–	–
Pre-tax income margin (%)	21.6	(8.9)	25.7	–	–
Strategic results (CHF million, except where indicated)					
Net revenues	6,553	6,038	7,018	9	(7)
Income from continuing operations before taxes	1,940	1,448	2,207	34	(12)
Cost/income ratio (%)	70.1	75.4	68.3	–	–
Return on equity – strategic results (%)	13.9	10.6	18.6	–	–
Non-strategic results (CHF million)					
Net revenues	(84)	(118)	0	(29)	–
Loss from continuing operations before taxes	(540)	(1,977)	(402)	(73)	34
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,281.1	1,253.4	1,258.6	2.2	1.8
Net new assets from continuing operations	14.7	4.2	14.4	250.0	2.1
Balance sheet statistics (CHF million)					
Total assets	878,090	872,806	946,618	1	(7)
Net loans	250,659	247,054	248,995	1	1
Total shareholders' equity	43,230	42,164	37,825	3	14
Tangible shareholders' equity	35,046	33,955	28,985	3	21
Basel III regulatory capital and leverage statistics					
Risk-weighted assets (CHF million)	285,996	273,846	–	4	–
CET 1 ratio (%)	14.3	15.7	–	–	–
Look-through CET 1 ratio (%)	10.0	10.0	–	–	–
Swiss leverage ratio (%)	4.8	5.1	–	–	–
Look-through Swiss leverage ratio (%)	3.7	3.7	–	–	–
Share information					
Shares outstanding (million)	1,587.2	1,590.9	1,312.2	0	21
of which common shares issued	1,596.1	1,596.1	1,339.7	0	19
of which treasury shares	(8.9)	(5.2)	(27.5)	71	(68)
Book value per share (CHF)	27.24	26.50	28.83	3	(6)
Tangible book value per share (CHF)	22.08	21.34	22.09	3	0
Market capitalization (CHF million)	45,633	43,526	33,371	5	37
Number of employees (full-time equivalents)					
Number of employees	45,600	46,000	46,900	(1)	(3)

See relevant tables for additional information on these metrics.



Urs Rohner, Chairman of the Board of Directors (left) and Brady W. Dougan, Chief Executive Officer.

DEAR SHAREHOLDERS

For the first quarter of 2014, we generated Core pre-tax income of CHF 1,940 million in our strategic businesses and achieved a strong return on equity of 14% – well within reach of our 15% through-the-cycle target. This strong performance was driven by significantly improved profitability in Private Banking & Wealth Management, solid returns in Investment Banking and continued effective cost and capital management. Reported Core pre-tax income for the first quarter was CHF 1,400 million and the reported return on equity was 8%. We saw continued momentum with clients across many of our key businesses in the first quarter, including the highest net asset inflows in our strategic businesses since the first quarter of 2011 and a meaningful increase in the share of assets under management from ultra-high-net-worth clients.

Progress in our two divisions

We substantially improved the profitability of our strategic businesses in Private Banking & Wealth Management, delivering pre-tax income of CHF 965 million for the quarter, a 28% increase

compared to the prior-year quarter. The Wealth Management Clients business improved its net margin to 29 basis points from 23 basis points in the prior-year quarter. In line with our strategy, we also increased the share of assets under management from ultra-high-net-worth clients in this business to 46%, compared to 43% in the same period of last year. Corporate & Institutional Clients continued to make a strong contribution to the division's overall performance, and Asset Management more than doubled its pre-tax income compared to the first quarter of 2013 as a result of its more focused approach. In Private Banking & Wealth Management, we recorded net new assets of CHF 16.0 billion from strategic businesses in the quarter and total net new assets of CHF 13.7 billion. These inflows reflect our strength in key emerging markets within Asia Pacific, which grew at a 17% annualized rate, Latin America and the Middle East, our strong position in our Swiss home market, and significant inflows in alternative investments and index products within our Asset Management business.

In Investment Banking, we delivered solid returns despite more challenging market conditions during the quarter, demonstrating the strength of our diversified franchise. Investment Banking's

strategic businesses reported pre-tax income of CHF 1,124 million and a return on capital of 21%. We delivered a strong performance in securitized products, credit and underwriting and advisory, as well as solid results in equities. At the same time, the first quarter seasonal contribution from our rates business and certain emerging markets businesses was significantly lower compared to prior years, as the industry adapts to structural changes in the rates business combined with challenging market conditions in certain emerging markets. We further expanded our strong market share position in equities and saw good momentum with clients in our underwriting and advisory franchises.

Progress in executing strategy to support cash returns to shareholders

In terms of our strategic focus, we continued to optimize resource allocation in order to grow our high-returning businesses, particularly in Private Banking & Wealth Management. At the same time, we made progress in winding down positions in our non-strategic units.

In Private Banking & Wealth Management, we plan to continue to build on our growth momentum in emerging markets and expand our lending initiatives targeting ultra-high-net-worth clients. We intend to complete the repositioning of our activities in certain less profitable markets where we have an onshore presence and we will work to further improve the net margin in our Wealth Management Clients business. Additionally, we plan to further enhance our integrated offering, both within the Private Banking & Wealth Management division and in close collaboration with the Investment Banking division.

In Investment Banking, we will continue to focus on our market-leading and high-returning businesses, including our top-three equities franchise, a strong and profitable underwriting and advisory business and a fixed income franchise focused on high-returning yield businesses. As part of this focus, we are transitioning our rates business to become a more client-focused and capital-light franchise, as announced in October 2013.

We maintained our resilient leverage and capital positions and are on track to meet our long-term targets, notwithstanding methodology changes that led to an increase in risk-weighted

assets in the quarter. As of quarter-end, we reported a Look-through Basel III CET1 ratio of 10.0% and a Look-through Swiss leverage ratio of 3.7%. We also further increased the efficiency of our operations during the first quarter. Since the second quarter of 2011 when we first announced our cost measures, we have reduced the Group's cost base by CHF 3.4 billion on an annualized, adjusted basis.

In the first quarter of 2014, we continued to work toward resolving legacy litigation matters. In March 2014, we announced an agreement with the Federal Housing Finance Agency (FHFA), effectively resolving the largest mortgage-related legal dispute between Credit Suisse and investors dating back to the financial crisis. Moreover, we are continuing our efforts to resolve legal cases related to our former cross-border private banking business with US clients. In February 2014, we reached a settlement with the US Securities and Exchange Commission (SEC) on the US cross-border matter. The United States Department of Justice's investigation into the US tax matter remains outstanding and, while we are working hard to bring this to a close, the timing and outcome remain uncertain.

Given our progress in executing our strategy, combined with the strong performance of our strategic businesses in the first quarter of 2014, our intention remains to deliver cash returns to our shareholders at or above 2013 levels.

We would like to thank our shareholders and clients for the trust they have placed in Credit Suisse and, in particular, our employees for their contribution to the success of our business.

Sincerely

Urs Rohner

Brady W. Dougan

May 2014

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. The related disclosures are in accordance with the current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of Credit Suisse's assumptions or estimates could result in different numbers from those shown herein.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included herein are based on the current FINMA framework. The Swiss leverage ratio is calculated as Swiss total eligible capital, divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures, which consist of guarantees and commitments, and regulatory adjustments, which include cash collateral netting reversals and derivative add-ons.

All expense reduction metrics against 6M11 annualized total expenses are measured at constant foreign exchange rates and exclude realignment and other significant expense items and variable compensation expenses. For further information regarding these measures, see the 1Q14 Results Presentation Slides.

Refer to "Results overview" in II – Operating and financial review – Core Results in our Annual Report 2013 for further information on Core Results.

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For purposes of this report, unless the context otherwise requires, the terms “Credit Suisse,” “the Group,” “we,” “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term “the Bank” when we are only referring to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

Abbreviations are explained in the List of abbreviations in the back of this report.

Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report.

In various tables, use of “–” indicates not meaningful or not applicable.

Credit Suisse at a glance

Credit Suisse

As one of the world's leading financial services providers, we are committed to delivering our combined financial experience and expertise to corporate, institutional and government clients, to ultra-high-net-worth and high-net worth individuals worldwide, as well as affluent and retail clients in Switzerland. Founded in 1856, today we have a global reach with operations in over 50 countries and 45,600 employees from approximately 150 different nations. Our broad footprint helps us to generate a geographically balanced stream of revenues and net new assets and allows us to capture growth opportunities around the world. We serve our clients through our two divisions, which cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

Private Banking & Wealth Management

Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Our Wealth Management Clients business serves ultra-high-net-worth and high-net-worth individuals around the globe, as well as affluent and retail clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across diverse asset classes and investment styles, serving governments, institutions, corporations and individuals worldwide.

Investment Banking

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising services, corporate advisory and comprehensive investment research, with a focus on businesses that are client driven, flow-based and capital-efficient. Clients include corporations, governments, institutional investors, including pension funds and hedge funds, and private individuals around the world. Credit Suisse delivers its investment banking capabilities via regional and local teams based in major global financial centers. Strongly anchored in Credit Suisse's integrated model, Investment Banking works closely with Private Banking & Wealth Management to provide clients with customized financial solutions.



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Operating environment

Global economic activity was mixed in 1Q14. Major equity markets ended the quarter almost unchanged, volatility increased slightly driven by geopolitical concerns and government benchmark bond yields decreased. The performance of the US dollar against most major currencies was mixed in 1Q14.

ECONOMIC ENVIRONMENT

The global economic environment showed some signs of softening in 1Q14, driven mainly by the US and China. The moderation in US economic growth appeared to be largely due to the negative effects of adverse weather conditions in January and February. Leading indicators in the US showed signs of an economic recovery in March, but employment growth and manufacturing production remained below the average of the preceding quarter. Chinese economic data was weaker than expected early in the quarter and leading indicators in China for March disappointed hopes of an economic rebound. The Chinese government announced stimulus measures aiming to achieve the official gross domestic product annual growth rate target of 7.5% for 2014. Eurozone economic data on the other hand, showed further improvement and leading indicators in Europe indicate that economic activity was rising again in France, which has lagged other large eurozone economies in recent months.

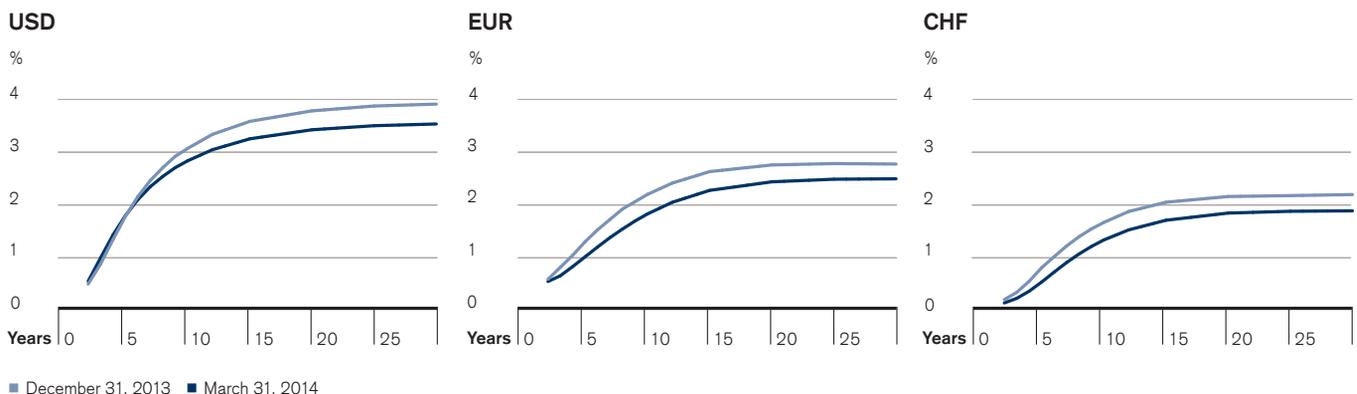
The US Federal Reserve (Fed) decided, at its meeting in March, to reduce the pace of its monthly asset purchases to USD 55 billion effective as of April 2014. In addition, it adjusted its

forward guidance by linking the federal funds rate to a broad set of indicators instead of just the unemployment rate. The European Central Bank (ECB) left its main refinancing rate unchanged, but indicated that it would act if the medium-term outlook for inflation worsened. Responding to depreciation pressure on their currencies, the central banks of Turkey and Russia raised their policy rates substantially.

Major equity markets ended the quarter almost unchanged. Geopolitical concerns and a perceived crisis in emerging markets weighed on equities. Among developed markets, Japan performed the worst after a robust performance in 2013. Emerging markets continued to lag developed markets. Reflecting the risk averse climate in 1Q14, defensive sectors outperformed cyclical sectors, while utilities and healthcare sectors outperformed the market generally. The overall equity markets traded with slightly higher volatility for most of the quarter, as measured by the Chicago Board Options Exchange Market Volatility Index (VIX), while risk appetite, as measured by the Credit Suisse equity risk appetite index, declined. The Credit Suisse Hedge Fund Index increased 0.9% in 1Q14.

Yield curves

Yield curves ended the quarter lower, mainly driven by increased geopolitical risks.



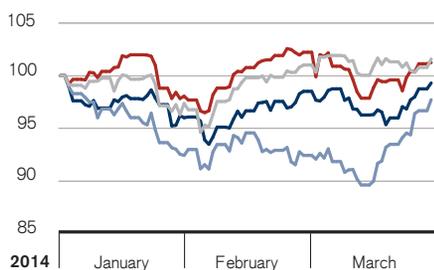
Source: Datastream, Credit Suisse

Equity markets

Major equity markets ended the quarter almost unchanged. Volatility was moderately higher. Bank stocks outperformed global equity markets.

Performance region

Index (December 31, 2013 = 100)

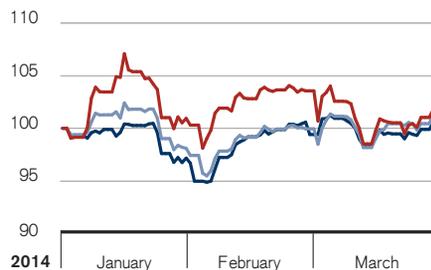


■ Emerging markets Asia ■ Europe
■ Emerging markets Latin America ■ North America

Source: Bloomberg, MSCI Barra, Credit Suisse

Performance world banks

Index (December 31, 2013 = 100)

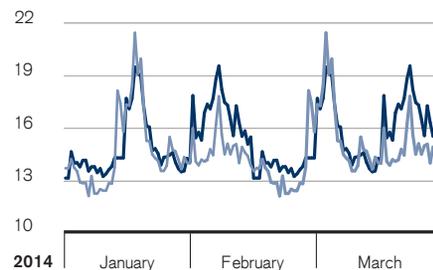


■ MSCI World banks ■ MSCI European banks
■ MSCI World

Source: Datastream, MSCI Barra, Credit Suisse

Volatility

%



■ VDAX
■ VIX Index

Source: Datastream, Credit Suisse

Geopolitical turmoil in Ukraine and concerns about Chinese economic growth significantly weighed on risk appetite, resulting in a decrease in 10-year benchmark bond yields in 1Q14 (refer to the charts "Yield curves"). In contrast, US dollar and British pound 2-year benchmark bond yields finished the first quarter slightly higher, reflecting expectations of further reductions in monetary stimulus activity. With a search for yield continuing, credit markets posted a good performance in 1Q14. Credit spreads tightened the most in the European high yield segment (refer to the chart "Credit spreads"). While emerging market sovereign spread performance was mixed, emerging market hard currency bonds recorded positive total returns in 1Q14.

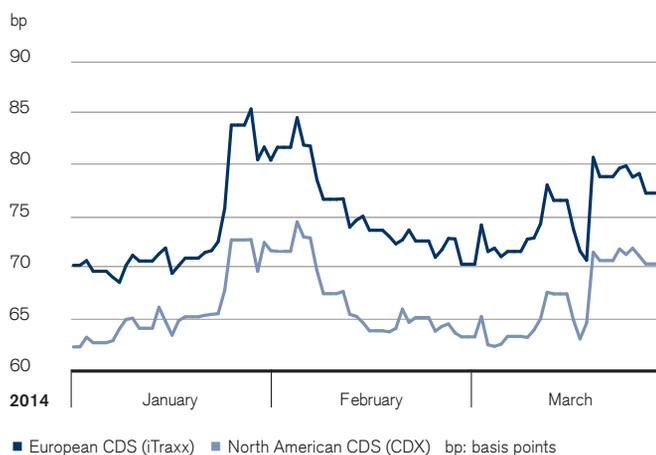
US dollar performance in 1Q14 against most major currencies was mixed. The euro and British pound depreciated against the US dollar in January. However, continued softer US economic data, likely impacted by adverse weather conditions, weakened the US dollar in February and March. The Canadian dollar weakened as the Bank of Canada left open the possibility to cut interest rates. On the other hand, the Australian and New Zealand dollars appreciated as the Australian central bank became more restrictive and the New Zealand central bank began increasing interest rates. The euro was slightly weaker against the Swiss franc because of market expectations that the ECB could ease its monetary policy. In emerging markets, the People's Bank of China widened the daily trading range for the renminbi and allowed the currency to depreciate versus the US dollar.

Commodity markets had a good start into the year. The major commodity indices gained more than 4% during 1Q14, mainly driven by precious metals and agricultural markets. There were

gold purchases due to increased geopolitical risks and, in agriculture, prices for soy, wheat and corn gained strongly due to adverse weather conditions in North America and Latin America. Prices for industrial metals and energy products had smaller increases. Both sectors benefited to some extent from the economic recovery in developed markets, but lagged other sectors due to the still weak growth momentum in emerging markets during 1Q14.

Credit spreads

Credit spreads widened slightly compared to the end of the previous quarter.



■ European CDS (iTraxx) ■ North American CDS (CDX) bp: basis points

Source: Bloomberg, Credit Suisse

Market volumes (growth in %)

end of 1Q14	Global		Europe	
	QoQ	YoY	QoQ	YoY
Equity trading volume ¹	20	17	20	19
Announced mergers and acquisitions ²	3	24	(6)	13
Completed mergers and acquisitions ²	(10)	(2)	(40)	(48)
Equity underwriting ²	(22)	20	(26)	79
Debt underwriting ²	13	(17)	25	(2)
Syndicated lending – investment grade ²	(35)	3	–	–

¹ London Stock Exchange, Borsa Italiana, Deutsche Börse, BME and Euronext. Global also includes New York Stock Exchange and NASDAQ.

² Dealogic.

SECTOR ENVIRONMENT

After strongly outperforming the broader market in the beginning of the quarter, European bank stocks increased 2% in 1Q14, slightly better than global equity markets as measured by the MSCI World index. North American bank stocks increased 5% (refer to the charts “Equity Markets”).

In private banking, clients maintained a cautious investment stance, with cash deposits remaining high despite the low interest rates. The low interest rate environment continued to adversely impact earnings. Although the Swiss National Bank (SNB) reiterated concerns about the build-up of imbalances in mortgage and real estate markets in Switzerland, Swiss mortgage rates remained at low levels. Overall the wealth management sector continued to adapt to further industry-specific regulatory changes.

For investment banking, global equity trading volumes increased compared to both 4Q13 and 1Q13, driven by higher volumes across European and US cash equities. Global announced mergers and acquisitions (M&A) volumes increased compared to 4Q13 and 1Q13. Global completed M&A volumes decreased compared to 4Q13 and was slightly lower versus 1Q13. Global equity underwriting volumes decreased versus 4Q13 but increased compared to 1Q13. Global debt underwriting volumes increased compared to 4Q13 and decreased versus 1Q13. US fixed income volumes decreased compared to 4Q13 with lower mortgage-backed volumes. Compared to 1Q13, weaker treasuries, federal agency and mortgage-backed volumes were partially offset by higher volumes of corporates.

Credit Suisse

In 1Q14, we recorded net income attributable to shareholders of CHF 859 million. Diluted earnings per share from continuing operations were CHF 0.47 and return on equity attributable to shareholders was 8.0%.

As of the end of 1Q14, our Basel III CET1 ratio was 14.3% and 10.0% on a look-through basis. Our risk-weighted assets increased 4% compared to 4Q13 to CHF 286.0 billion.

Results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	6,829	6,139	7,089	11	(4)
Provision for credit losses	34	53	22	(36)	55
Compensation and benefits	2,993	2,807	2,991	7	0
General and administrative expenses	1,690	3,223	1,732	(48)	(2)
Commission expenses	369	389	470	(5)	(21)
Total other operating expenses	2,059	3,612	2,202	(43)	(6)
Total operating expenses	5,052	6,419	5,193	(21)	(3)
Income/(loss) from continuing operations before taxes	1,743	(333)	1,874	–	(7)
Income tax expense/(benefit)	543	(63)	499	–	9
Income/(loss) from continuing operations	1,200	(270)	1,375	–	(13)
Income/(loss) from discontinued operations	15	(2)	6	–	150
Net income/(loss)	1,215	(272)	1,381	–	(12)
Net income attributable to noncontrolling interests	356	204	78	75	356
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	(34)
of which from continuing operations	844	(474)	1,297	–	(35)
of which from discontinued operations	15	(2)	6	–	150
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	0.47	(0.37)	0.76	–	(38)
Basic earnings/(loss) per share	0.48	(0.37)	0.76	–	(37)
Diluted earnings/(loss) per share from continuing operations	0.47	(0.37)	0.75	–	(37)
Diluted earnings/(loss) per share	0.48	(0.37)	0.75	–	(36)
Return on equity (% , annualized)					
Return on equity attributable to shareholders	8.0	(4.5)	14.2	–	–
Return on tangible equity attributable to shareholders ¹	10.0	(5.6)	18.6	–	–
Number of employees (full-time equivalents)					
Number of employees	45,600	46,000	46,900	(1)	(3)

¹ Based on tangible shareholders' equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Credit Suisse and Core Results

in	Core Results			Noncontrolling interests without SEI			Credit Suisse		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)									
Net revenues	6,469	5,920	7,018	360	219	71	6,829	6,139	7,089
Provision for credit losses	34	53	22	0	0	0	34	53	22
Compensation and benefits	2,977	2,788	2,990	16	19	1	2,993	2,807	2,991
General and administrative expenses	1,689	3,219	1,731	1	4	1	1,690	3,223	1,732
Commission expenses	369	389	470	0	0	0	369	389	470
Total other operating expenses	2,058	3,608	2,201	1	4	1	2,059	3,612	2,202
Total operating expenses	5,035	6,396	5,191	17	23	2	5,052	6,419	5,193
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	343	196	69	1,743	(333)	1,874
Income tax expense/(benefit)	543	(63)	499	0	0	0	543	(63)	499
Income/(loss) from continuing operations	857	(466)	1,306	343	196	69	1,200	(270)	1,375
Income/(loss) from discontinued operations	15	(2)	6	0	0	0	15	(2)	6
Net income/(loss)	872	(468)	1,312	343	196	69	1,215	(272)	1,381
Net income attributable to noncontrolling interests	13	8	9	343	196	69	356	204	78
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	–	–	859	(476)	1,303
of which from continuing operations	844	(474)	1,297	–	–	–	844	(474)	1,297
of which from discontinued operations	15	(2)	6	–	–	–	15	(2)	6
Statement of operations metrics (%)									
Cost/income ratio	77.8	108.0	74.0	–	–	–	74.0	104.6	73.3
Pre-tax income margin	21.6	(8.9)	25.7	–	–	–	25.5	(5.4)	26.4
Effective tax rate	38.8	11.9	27.6	–	–	–	31.2	18.9	26.6
Net income margin ¹	13.3	(8.0)	18.6	–	–	–	12.6	(7.8)	18.4

¹ Based on amounts attributable to shareholders.

INFORMATION AND DEVELOPMENTS

Format of presentation and changes in reporting

In managing the business, revenues are evaluated in the aggregate, including an assessment of trading gains and losses and the related interest income and expense from financing and hedging positions. For this reason, individual revenue categories may not be indicative of performance.

As of January 1, 2013, the Basel Committee on Banking Supervision (BCBS) Basel III framework was implemented in Switzerland along with the Swiss “Too Big to Fail” legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report.

References to Swiss leverage exposure refer to the aggregate of balance sheet assets, off-balance sheet exposures, consisting of guarantees and commitments, and regulatory adjustments, including cash collateral netting reversals and derivative add-ons.

► Refer to “Swiss leverage ratio” in II – Treasury, risk, balance sheet and off-balance sheet – Capital management – Swiss capital metrics for further information.

In 4Q13, we created non-strategic units within our Private Banking & Wealth Management and Investment Banking divisions and separated non-strategic items in Corporate Center. Certain reclassifications have been made to prior periods to conform to the current presentation.

► Refer to “Introduction of non-strategic units” in II – Operating and financial review – Credit Suisse – Information and developments in the Credit Suisse Annual Report 2013 for further information.

Discontinued operations

The Private Banking & Wealth Management division completed the sale of our Customized Fund Investment Group (CFIG) business in January 2014, and in 4Q13 announced the sale of our domestic private banking business booked in Germany to ABN AMRO, which is expected to close in the course of 2014. These transactions qualify for discontinued operations treatment under US generally accepted principles (US GAAP), and revenues and expenses of these businesses and the relevant gains on disposal are classified as discontinued operations in the Group’s consolidated statements of operations. In the Private Banking & Wealth Management segment, the gains and expenses related to the business disposals are included in the segment’s non-strategic results. The reclassification of the revenues and expenses from the segment results to discontinued operations for reporting at the Group level is effected through the Corporate Center.

Credit Suisse reporting structure

Credit Suisse						
Core Results						Non-controlling interest without significant economic interest
Private Banking & Wealth Management			Investment Banking		Corporate Center	
Strategic results	Wealth Management Clients	Corporate & Institutional Clients	Asset Management			
	Non-strategic unit Private Banking & Wealth Management			Non-strategic unit Investment Banking		

Credit Suisse results include revenues and expenses from the consolidation of certain private equity funds and other entities in which we have noncontrolling interests without significant economic interest (SEI) in such revenues and expenses. Core Results include the results of our two segments and the Corporate Center and discontinued operations, but do not include noncontrolling interests without SEI.

Fair valuations

Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs.

► Refer to "Note 1 – Summary of significant accounting policies" and "Note 27 – Financial instruments" in III – Condensed consolidated financial statements – unaudited for further information.

Models were used to value financial instruments for which no prices are available and which have little or no observable inputs (level 3). Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products. Consideration of these indices is more significant in periods of lower market activity.

As of the end of 1Q14, 47% and 32% of our total assets and total liabilities, respectively, were measured at fair value.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Private Banking & Wealth

Management's Asset Management business, specifically certain private equity investments. Total assets at fair value recorded as level 3 decreased by CHF 1.7 billion during 1Q14, primarily due to a decrease in other investments, partially offset by an increase in loans. The decrease in other investments primarily reflected net sales partially offset by realized and unrealized gains. The increase in loans primarily reflected net issuances.

Our level 3 assets, excluding assets attributable to noncontrolling interests and assets of consolidated variable interest entities (VIEs) that are not risk-weighted assets under the Basel framework, were CHF 30.0 billion, compared to CHF 29.8 billion as of the end of 4Q13. As of the end of 1Q14, these assets comprised 4% of total assets and 8% of total assets measured at fair value, both adjusted on the same basis, unchanged from 4Q13.

We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition, however, it may be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

Regulatory developments and proposals

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk.

► Refer to "Regulation and supervision" in I – Information on the company in the Credit Suisse Annual Report 2013 for further information.

Core Results

In 1Q14, we recorded net income attributable to shareholders of CHF 859 million. Net revenues were CHF 6,469 million and total operating expenses were CHF 5,035 million.

In our strategic businesses, we reported income from continuing operations before taxes of CHF 1,940 million and in our non-strategic businesses we reported a loss from continuing operations before taxes of CHF 540 million in 1Q14.

Core Results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net interest income	2,183	1,742	1,801	25	21
Commissions and fees	3,276	3,430	3,254	(4)	1
Trading revenues	630	287	1,807	120	(65)
Other revenues	380	461	156	(18)	144
Net revenues	6,469	5,920	7,018	9	(8)
of which strategic results	6,553	6,038	7,018	9	(7)
of which non-strategic results	(84)	(118)	0	(29)	–
Provision for credit losses	34	53	22	(36)	55
Compensation and benefits	2,977	2,788	2,990	7	0
General and administrative expenses	1,689	3,219	1,731	(48)	(2)
Commission expenses	369	389	470	(5)	(21)
Total other operating expenses	2,058	3,608	2,201	(43)	(6)
Total operating expenses	5,035	6,396	5,191	(21)	(3)
of which strategic results	4,595	4,554	4,795	1	(4)
of which non-strategic results	440	1,842	396	(76)	11
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	–	(22)
of which strategic results	1,940	1,448	2,207	34	(12)
of which non-strategic results	(540)	(1,977)	(402)	(73)	34
Income tax expense/(benefit)	543	(63)	499	–	9
Income/(loss) from continuing operations	857	(466)	1,306	–	(34)
Income/(loss) from discontinued operations	15	(2)	6	–	150
Net income/(loss)	872	(468)	1,312	–	(34)
Net income attributable to noncontrolling interests	13	8	9	63	44
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	(34)
of which strategic results	1,398	1,062	1,579	32	(11)
of which non-strategic results	(539)	(1,538)	(276)	(65)	95
Statement of operations metrics (%)					
Return on capital ¹	14.4	–	18.2	–	–
Cost/income ratio	77.8	108.0	74.0	–	–
Pre-tax income margin	21.6	(8.9)	25.7	–	–
Effective tax rate	38.8	11.9	27.6	–	–
Net income margin ²	13.3	(8.0)	18.6	–	–
Return on equity (% annualized)					
Return on equity – strategic results	13.9	10.6	18.6	–	–
Number of employees (full-time equivalents)					
Number of employees	45,600	46,000	46,900	(1)	(3)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

² Based on amounts attributable to shareholders.

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Core Results		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)									
Net revenues	6,553	6,038	7,018	(84)	(118)	0	6,469	5,920	7,018
Provision for credit losses	18	36	16	16	17	6	34	53	22
Compensation and benefits	2,797	2,599	2,802	180	189	188	2,977	2,788	2,990
Total other operating expenses	1,798	1,955	1,993	260	1,653	208	2,058	3,608	2,201
Total operating expenses	4,595	4,554	4,795	440	1,842	396	5,035	6,396	5,191
Income/(loss) from continuing operations before taxes	1,940	1,448	2,207	(540)	(1,977)	(402)	1,400	(529)	1,805
Income tax expense/(benefit)	529	378	619	14	(441)	(120)	543	(63)	499
Income/(loss) from continuing operations	1,411	1,070	1,588	(554)	(1,536)	(282)	857	(466)	1,306
Income/(loss) from discontinued operations	0	0	0	15	(2)	6	15	(2)	6
Net income/(loss)	1,411	1,070	1,588	(539)	(1,538)	(276)	872	(468)	1,312
Net income attributable to noncontrolling interests	13	8	9	0	0	0	13	8	9
Net income/(loss) attributable to shareholders	1,398	1,062	1,579	(539)	(1,538)	(276)	859	(476)	1,303
Balance sheet statistics (CHF million)									
Risk-weighted assets – Basel III ¹	255,697	242,475	262,941	23,997	23,628	26,745	279,694	266,103	289,686
Total assets	833,536	821,207	886,213	43,263	47,975	55,986	876,799	869,182	942,199
Swiss leverage exposure	1,050,957	1,031,316	1,170,436	88,660	99,289	117,144	1,139,617	1,130,605	1,287,580

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

RESULTS OVERVIEW

Core Results net revenues of CHF 6,469 million decreased 8% compared to 1Q13.

In our strategic businesses, net revenues of CHF 6,553 million decreased 7% compared to 1Q13, with a decrease in Investment Banking and stable net revenues in Private Banking & Wealth Management. The decrease in Investment Banking was driven by weakness in rates and emerging markets, partially offset by strong performance in credit, securitized products and underwriting and advisory and solid equities results. Stable net revenues in Private Banking & Wealth Management reflected higher transaction- and performance based revenues and higher recurring commissions and fees, offset by lower net interest income and lower other revenues.

In our non-strategic businesses, we reported net revenue losses of CHF 84 million in 1Q14, compared to net revenues of zero in 1Q13. In Investment Banking we reported net revenue losses of CHF 147 million in 1Q14, compared to net revenue losses of CHF 72 million in 1Q13 as 1Q13 results reflected a gain of CHF 77 million from a sale in our real estate portfolio. A decrease in Private Banking & Wealth Management primarily reflected lower recurring commissions and fees due to the sale of non-strategic businesses during the course of 2013 and lower transaction- and performance-based revenues. Improved results in Corporate Center were primarily due to a cumulative translation adjustment loss of CHF 80 million from the sale of JO Hambro Investment Management (JO Hambro) in 1Q13 and a gain on sale of real estate of CHF 34 million in 1Q14.

► Refer to "Private Banking & Wealth Management", "Investment Banking" and "Corporate Center" for further information.

Provision for credit losses of CHF 34 million in 1Q14 primarily reflected net provisions of CHF 33 million in Private Banking & Wealth Management.

Total operating expenses of CHF 5,035 million were down 3% compared to 1Q13, primarily reflecting 21% lower commission expenses and 2% lower general and administrative expenses. In strategic businesses, total operating expenses of CHF 4,595 million decreased 4% compared to 1Q13, mainly reflecting a 7% decrease in general and administrative expenses. In non-strategic businesses, total operating expenses of CHF 440 million increased 11% compared to 1Q13, primarily reflecting a 32% increase in general and administrative expenses.

Income tax expense of CHF 543 million recorded in 1Q14 reflected the impact of the geographical mix of results and the impact of a New York state tax law change which resulted in a decrease of related deferred tax assets of CHF 151 million. Overall, net deferred tax assets decreased CHF 535 million to CHF 5,256 million as of the end of 1Q14 compared to 4Q13. Deferred tax assets on net operating losses increased by CHF 56 million to CHF 1,436 million during 1Q14. The Core Results effective tax rate was 38.8% in 1Q14, compared to 11.9% in 4Q13. Excluding the impact resulting from the New York state tax law change, the Core Results effective tax rate for 1Q14 was 28.0%.

► Refer to "Note 21 – Tax" in III – Condensed consolidated financial statements – unaudited for further information.

Core Results reporting by region

	in			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Net revenues (CHF million)					
Switzerland	1,712	1,735	1,787	(1)	(4)
EMEA	1,473	1,225	1,946	20	(24)
Americas	2,624	2,457	2,550	7	3
Asia Pacific	847	680	940	25	(10)
Corporate Center	(187)	(177)	(205)	6	(9)
Net revenues	6,469	5,920	7,018	9	(8)
Income/(loss) from continuing operations before taxes (CHF million)					
Switzerland	606	534	561	13	8
EMEA	111	(174)	599	–	(81)
Americas	848	(625)	669	–	27
Asia Pacific	274	125	352	119	(22)
Corporate Center	(439)	(389)	(376)	13	17
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	–	(22)

A significant portion of our business requires inter-regional coordination in order to facilitate the needs of our clients. The methodology for allocating our results by region is dependent on management judgment. For Wealth Management Clients and Corporate & Institutional Clients, results are allocated based on the management reporting structure of our relationship managers and the region where the transaction is recorded. For Asset Management, results are allocated based on the location of the investment advisors and sales teams. For Investment Banking, trading results are allocated based on where the risk is primarily managed and fee-based results are allocated where the client is domiciled.

Cost savings and strategy implementation

We continued to adapt our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure. We target cost savings of CHF 3.8 billion by the end of 2014 and more than CHF 4.5 billion by the end of 2015. These targets are measured against our annualized 6M11 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

The majority of the expected future savings is expected to be realized from shared infrastructure and support services across the Group, mainly through the consolidation of fragmented and duplicate functions globally and the continued consolidation of IT applications and functions.

We have also targeted further savings within our two operating divisions. Within Private Banking & Wealth Management, we expect to deliver cost benefits from the creation of the integrated Private Banking & Wealth Management division, exiting a number of small non-strategic markets, repositioning select non-profitable onshore operations, rationalization of front office and support functions, including simplification of our operating platform, streamlining of the offshore affluent and Swiss client coverage model and from announced divestitures. Within Investment Banking, we expect to deliver cost benefits from the restructuring of our rates business, the initiatives already completed in 2012, from

continuing to review and realize efficiencies across business lines and geographic regions and from continuing to refine our business mix and align resources with highest returning opportunities. We expect to incur approximately CHF 1.2 billion of costs associated with these measures during the remainder of 2014 and 2015.

We incurred CHF 62 million of business realignment costs and CHF 61 million of IT architecture simplification expenses associated with these measures in 1Q14.

► Refer to “Cost savings and strategy implementation” in II – Operating and financial review – Core Results – Information and developments in the Credit Suisse Annual Report 2013 for further information.

Compensation and benefits

Compensation and benefits for a given year reflect the strength and breadth of the business results and staffing levels and include fixed components, such as salaries, benefits and the amortization of share-based and other deferred compensation from prior-year awards, and a discretionary variable component.

The variable component reflects the performance-based variable compensation for the current year. The portion of the performance-based compensation for the current year deferred through share-based and other awards is expensed in future periods and is subject to vesting and other conditions.

► Refer to “Compensation and benefits” in II – Operating and financial review – Core Results – Information and developments in the Credit Suisse Annual Report 2013 for further information.

Personnel

Headcount at the end of 1Q14 was 45,600, down 400 from 4Q13 and down 1,300 from 1Q13. The decrease in 1Q14 reflected headcount reductions in Investment Banking and Private Banking & Wealth Management resulting from our cost efficiency initiatives, partly offset by contractor employee conversion. The changes in the segment headcount include a reallocation of 400 Shared Services employees from Investment Banking to Private Banking & Wealth Management in 1Q14. Prior periods have not been restated.

Number of employees by division

end of	1Q14	4Q13	1Q13
Number of employees by division (full-time equivalents)			
Private Banking & Wealth Management	26,100	26,000	27,000
Investment Banking	19,200	19,700	19,600
Corporate Center	300	300	300
Number of employees	45,600	46,000	46,900

Key performance indicators

Our key performance indicators (KPIs) for the Group and for our Private Banking & Wealth Management and Investment Banking divisions reflect our strategic plan, the regulatory environment and the market cycle. Our stated KPIs are measured on the basis of reported results.

We believe the execution of our strategic initiatives including the run-off of non-strategic operations, will enable us achieve our targets over a three to five year period across market cycles.

► Refer to "Key performance indicators" in Private Banking & Wealth Management and Investment Banking results for further information on divisional KPIs.

Collaboration revenues

Collaboration revenues are calculated as the percentage of the Group's net revenues represented by the aggregate collaboration revenues arising when more than one of the Group's divisions participate in a transaction. Within the Private Banking & Wealth Management division, collaboration revenues include revenues arising from cross-selling and client referral activities between the Wealth Management Clients and Corporate & Institutional Clients businesses on the one hand and the Asset Management and the securities trading and sales businesses on the other hand.

► Refer to "Key performance indicators" in II – Operating and financial review – Core Results – Information and developments in the Credit Suisse Annual Report 2013 for further information on key performance indicators including collaboration revenues.

Key performance indicators

Our KPIs are targets to be achieved over a three to five year period across market cycles. As such, year to date results may be more meaningful than individual quarterly results. Our KPIs are assessed annually as part of our normal planning process and may be revised to reflect our strategic plan, the regulatory environment and market and industry trends.

in / end of	Target	1Q14	2013	2012
Growth (%)				
Collaboration revenues	18 – 20% of net revenues	15.9	17.7	18.6
Efficiency and performance (%)				
Total shareholder return (Credit Suisse) ¹	Superior return vs. peer group	4.8	26.0	4.8
Total shareholder return of peer group ^{1,2}	–	(0.7)	26.7	49.2
Return on equity attributable to shareholders (annualized)	Above 15%	8.0	5.7	3.9
Core Results cost/income ratio	Below 70%	77.8	85.4	91.1
Capital (%)				
Look-through CET1 ratio ³	11%	10.0	10.0	–

¹ Source: Bloomberg. Total shareholder return is calculated as equal to the appreciation or depreciation of a particular share, plus any dividends, over a given period, expressed as a percentage of the share's value at the beginning of the period.

² The peer group for this comparison comprises Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Société Générale and UBS. The total shareholder return of this peer group is calculated as a simple, unweighted average of the return reported by Bloomberg for each of the members of the peer group.

³ Updated in 1Q14 from a previous target of a Look-through Swiss Core Capital ratio above 10%.

Overview of Core Results

in / end of period	Private Banking & Wealth Management			Investment Banking		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)						
Net revenues	3,240	3,429	3,278	3,416	2,668	3,945
Provision for credit losses	33	44	28	0	8	(6)
Compensation and benefits	1,290	1,314	1,379	1,521	1,355	1,485
General and administrative expenses	736	1,443	791	856	1,667	915
Commission expenses	169	204	199	212	202	251
Total other operating expenses	905	1,647	990	1,068	1,869	1,166
Total operating expenses	2,195	2,961	2,369	2,589	3,224	2,651
Income/(loss) from continuing operations before taxes	1,012	424	881	827	(564)	1,300
Income tax expense/(benefit)	–	–	–	–	–	–
Income/(loss) from continuing operations	–	–	–	–	–	–
Income/(loss) from discontinued operations	–	–	–	–	–	–
Net income/(loss)	–	–	–	–	–	–
Net income attributable to noncontrolling interests	–	–	–	–	–	–
Net income/(loss) attributable to shareholders	–	–	–	–	–	–
Statement of operations metrics (%)						
Return on capital	32.3	13.9	29.8	13.8	–	20.4
Cost/income ratio	67.7	86.4	72.3	75.8	120.8	67.2
Pre-tax income margin	31.2	12.4	26.9	24.2	(21.1)	33.0
Effective tax rate	–	–	–	–	–	–
Net income margin	–	–	–	–	–	–
Balance sheet statistics (CHF million)						
Risk-weighted assets – Basel III ³	99,730	94,395	98,321	164,065	156,402	172,808
Total assets	285,188	279,139	284,588	503,883	502,799	582,272
Swiss leverage exposure	328,281	324,483	336,843	725,507	722,500	891,763
Net loans	221,019	215,713	212,238	29,614	31,319	36,735
Goodwill	2,154	2,164	2,448	5,802	5,835	6,136

¹ Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontrolling interests without SEI.

² Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

³ Represents risk-weighted assets on a fully phased-in "look-through" basis.

	Corporate Center			Core Results ¹			of which strategic results			of which non-strategic results		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
	(187)	(177)	(205)	6,469	5,920	7,018	6,553	6,038	7,018	(84)	(118)	0
	1	1	0	34	53	22	18	36	16	16	17	6
	166	119	126	2,977	2,788	2,990	2,797	2,599	2,802	180	189	188
	97	109	25	1,689	3,219	1,731	1,436	1,583	1,540	253	1,636	191
	(12)	(17)	20	369	389	470	362	372	453	7	17	17
	85	92	45	2,058	3,608	2,201	1,798	1,955	1,993	260	1,653	208
	251	211	171	5,035	6,396	5,191	4,595	4,554	4,795	440	1,842	396
	(439)	(389)	(376)	1,400	(529)	1,805	1,940	1,448	2,207	(540)	(1,977)	(402)
	-	-	-	543	(63)	499	529	378	619	14	(441)	(120)
	-	-	-	857	(466)	1,306	1,411	1,070	1,588	(554)	(1,536)	(282)
	-	-	-	15	(2)	6	0	0	0	15	(2)	6
	-	-	-	872	(468)	1,312	1,411	1,070	1,588	(539)	(1,538)	(276)
	-	-	-	13	8	9	13	8	9	0	0	0
	-	-	-	859	(476)	1,303	1,398	1,062	1,579	(539)	(1,538)	(276)
	-	-	-	14.4 ²	- ²	18.2 ²	21.8 ²	16.5 ²	24.7 ²	-	-	-
	-	-	-	77.8	108.0	74.0	70.1	75.4	68.3	-	-	-
	-	-	-	21.6	(8.9)	25.7	29.6	24.0	31.4	-	-	-
	-	-	-	38.8	11.9	27.6	27.3	26.1	28.0	-	-	-
	-	-	-	13.3	(8.0)	18.6	21.3	17.6	22.5	-	-	-
	15,899	15,306	18,557	279,694	266,103	289,686	255,697	242,475	262,941	23,997	23,628	26,745
	87,728	87,244	75,339	876,799	869,182	942,199	833,536	821,207	886,213	43,263	47,975	55,986
	85,829	83,622	58,974	1,139,617	1,130,605	1,287,580	1,050,957	1,031,316	1,170,436	88,660	99,289	117,144
	26	22	22	250,659	247,054	248,995	-	-	-	-	-	-
	-	-	-	7,956	7,999	8,584	-	-	-	-	-	-

Private Banking & Wealth Management

In 1Q14, we reported income before taxes of CHF 1,012 million and net revenues of CHF 3,240 million.

In our strategic businesses, we reported income before taxes of CHF 965 million and net revenues of CHF 3,031 million. Net revenues were lower compared to 4Q13 mainly due to seasonally higher fourth-quarter transaction- and performance-based revenues and lower net interest income. Compared to 1Q13, income before taxes increased 28%, driven by lower operating expenses.

In our non-strategic businesses, we reported income before taxes of CHF 47 million. In 4Q13, we reported losses before taxes of CHF 624 million, reflecting substantial litigation provisions in connection with the US tax matter.

In 1Q14, assets under management for the division were CHF 1,292.5 billion and we attracted net new assets of CHF 13.7 billion.

Divisional results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net revenues	3,240	3,429	3,278	(6)	(1)
of which strategic results	3,031	3,260	3,008	(7)	1
of which non-strategic results	209	169	270	24	(23)
Provision for credit losses	33	44	28	(25)	18
Compensation and benefits	1,290	1,314	1,379	(2)	(6)
General and administrative expenses	736	1,443	791	(49)	(7)
Commission expenses	169	204	199	(17)	(15)
Total other operating expenses	905	1,647	990	(45)	(9)
Total operating expenses	2,195	2,961	2,369	(26)	(7)
of which strategic results	2,049	2,185	2,229	(6)	(8)
of which non-strategic results	146	776	140	(81)	4
Income before taxes	1,012	424	881	139	15
of which strategic results	965	1,048	756	(8)	28
of which non-strategic results	47	(624)	125	-	(62)
Statement of operations metrics (%)					
Return on capital ¹	32.3	13.9	29.8	-	-
Cost/income ratio	67.7	86.4	72.3	-	-
Pre-tax income margin	31.2	12.4	26.9	-	-
Utilized economic capital and return					
Average utilized economic capital (CHF million)	9,392	9,504	9,877	(1)	(5)
Pre-tax return on average utilized economic capital (%) ²	43.6	18.4	36.2	-	-
Assets under management (CHF billion)					
Assets under management	1,292.5	1,282.4	1,311.6	0.8	(1.5)
Net new assets	13.7	4.4	12.0	211.4	14.2
Number of employees and relationship managers					
Number of employees (full-time equivalents)	26,100	26,000	27,000	0	(3)
Number of relationship managers	4,410	4,330	4,530	2	(3)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

² Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Net revenue detail (CHF million)					
Net interest income	979	1,058	1,045	(7)	(6)
Recurring commissions and fees	1,189	1,232	1,219	(3)	(2)
Transaction- and performance-based revenues	937	1,186	919	(21)	2
Other revenues ¹	135	(47)	95	–	42
Net revenues	3,240	3,429	3,278	(6)	(1)
Provision for credit losses (CHF million)					
New provisions	53	76	52	(30)	2
Releases of provisions	(20)	(32)	(24)	(38)	(17)
Provision for credit losses	33	44	28	(25)	18
Balance sheet statistics (CHF million)					
Net loans	221,019	215,713	212,238	2	4
of which Wealth Management Clients	154,095	149,728	147,782	3	4
of which Corporate & Institutional Clients	63,521	62,446	60,458	2	5
Deposits	292,687	288,770	282,422	1	4
of which Wealth Management Clients	208,750	208,210	207,744	0	0
of which Corporate & Institutional Clients	78,339	74,459	67,604	5	16

¹ Includes investment-related gains/(losses), equity participations and other gains/(losses) and fair value gains/(losses) on the Clock Finance transaction.

KEY PERFORMANCE INDICATORS

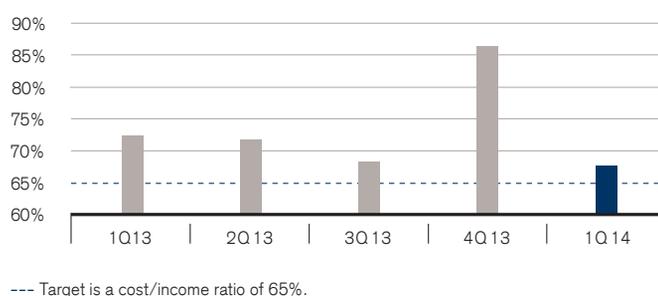
We target a divisional cost/income ratio of 65% for the Private Banking & Wealth Management division. In 1Q14, the cost/income ratio was 67.7%, down five percentage points compared to 1Q13 and down nineteen percentage points compared to 4Q13. The cost/income ratio for our strategic results was 67.6% in 1Q14, down seven percentage points compared to 1Q13 and up one percentage point compared to 4Q13.

We also target net new assets growth of 6% for both the Wealth Management Clients and Asset Management businesses. In 1Q14, the annualized quarterly growth rates in Wealth Management Clients and Asset Management were 5.4% and 7.8%, respectively.

▶ Refer to "Key performance indicators" in Core Results for further information.

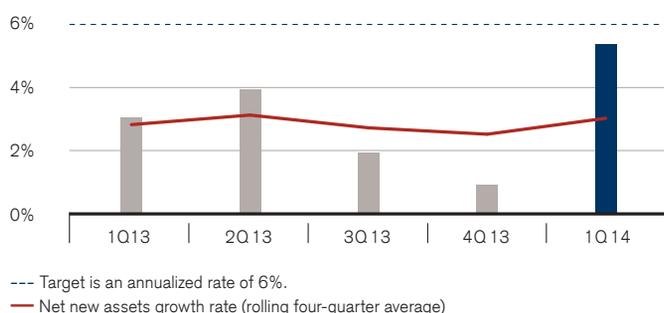
Cost/income ratio (KPI)

Private Banking & Wealth Management



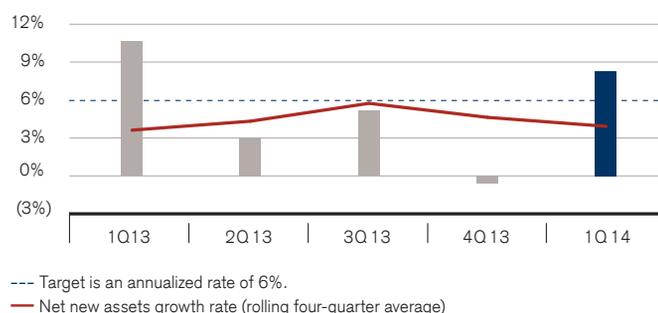
Net new assets growth rate (KPI)

Wealth Management Clients



Net new assets growth rate (KPI)

Asset Management



Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Private Banking & Wealth Management		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)									
Net revenues	3,031	3,260	3,008	209	169	270	3,240	3,429	3,278
Provision for credit losses	17	27	23	16	17	5	33	44	28
Compensation and benefits	1,225	1,242	1,307	65	72	72	1,290	1,314	1,379
Total other operating expenses	824	943	922	81	704	68	905	1,647	990
Total operating expenses	2,049	2,185	2,229	146	776	140	2,195	2,961	2,369
Income/(loss) before taxes	965	1,048	756	47	(624)	125	1,012	424	881
Balance sheet statistics (CHF million)									
Risk-weighted assets – Basel III	92,169	88,316	90,752	7,561	6,079	7,569	99,730	94,395	98,321
Total assets	267,332	258,447	261,165	17,856	20,692	23,423	285,188	279,139	284,588
Swiss leverage exposure	309,672	302,894	312,280	18,609	21,589	24,563	328,281	324,483	336,843

Strategic results

OVERVIEW

Our strategic results comprise businesses from Wealth Management Clients, Corporate & Institutional Clients and Asset Management.

1Q14 results

In 1Q14, our strategic businesses reported income before taxes of CHF 965 million and net revenues of CHF 3,031 million.

Net revenues were 7% lower compared to 4Q13 largely driven by significant seasonal performance fees in Asset Management in 4Q13. Compared to 1Q13, net revenues were stable with higher transaction- and performance-based revenues and slightly higher recurring commissions and fees, offset by lower net interest income and lower other revenues. Provision for credit losses was CHF 17 million on a net loan portfolio of CHF 217.6 billion. Total operating expenses were lower compared to both 4Q13 and 1Q13.

Strategic results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net interest income	963	1,038	1,019	(7)	(5)
Recurring commissions and fees	1,139	1,149	1,101	(1)	3
Transaction- and performance-based revenues	919	1,137	874	(19)	5
Other revenues	10	(64)	14	–	(29)
Net revenues	3,031	3,260	3,008	(7)	1
New provisions	36	58	47	(38)	(23)
Releases of provisions	(19)	(31)	(24)	(39)	(21)
Provision for credit losses	17	27	23	(37)	(26)
Compensation and benefits	1,225	1,242	1,307	(1)	(6)
General and administrative expenses	660	750	736	(12)	(10)
Commission expenses	164	193	186	(15)	(12)
Total other operating expenses	824	943	922	(13)	(11)
Total operating expenses	2,049	2,185	2,229	(6)	(8)
Income before taxes	965	1,048	756	(8)	28
of which Wealth Management Clients	578	466	454	24	27
of which Corporate & Institutional Clients	246	213	239	15	3
of which Asset Management	141	369	63	(62)	124
Statement of operations metrics (%)					
Return on capital ¹	33.0	36.8	27.7	–	–
Cost/income ratio	67.6	67.0	74.1	–	–
Pre-tax income margin	31.8	32.1	25.1	–	–
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	92,169 ²	88,316 ³	90,752	4	2
Total assets	267,332	258,447	261,165	3	2
Swiss leverage exposure	309,672	302,894	312,280	2	(1)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

² Includes the impact from external methodology changes in operational risk of CHF 2.2 billion.

³ Includes the impact of an operational risk add-on of CHF 1.6 billion.

RESULTS DETAIL

The following provides a comparison of our 1Q14 strategic results versus 1Q13 (YoY) and versus 4Q13 (QoQ).

Net revenues

Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Recurring commissions and fees includes investment product management, discretionary mandate and other asset management-related fees and fees for general banking products and services. Transaction- and performance-based revenues arise primarily from brokerage and product issuing fees, foreign exchange fees from client transactions, performance-based fees related to assets under management and custody assets, trading and sales income, placement fees, equity participations income and other transaction-based income. Other revenues include investment-related gains and losses and equity participations and other gains and losses.

YoY: Stable at CHF 3,031 million

Net revenues were stable as higher transaction- and performance-based revenues and slightly higher recurring commissions and fees were offset by lower net interest income and lower other revenues. Transaction- and performance-based revenues were higher with higher carried interest on realized private equity gains and higher corporate advisory fees, partially offset by lower sales and trading income and lower foreign exchange client business. Slightly higher recurring commissions and fees reflected higher investment account and services fees, higher discretionary mandate management fees and higher banking services fees, partially offset by lower investment product management fees. In a low interest rate environment, net interest income was lower due to significantly lower deposit margins and stable loan margins on higher average deposit and loan volumes. Lower other revenues reflected lower investment-related gains.

QoQ: Down 7% from CHF 3,260 million to CHF 3,031 million

Lower net revenues primarily reflected significantly lower transaction- and performance-based revenues and lower net interest

income, partially offset by higher other revenues. Significantly lower transaction- and performance-based revenues reflected seasonally higher performance fees in Asset Management in 4Q13, partially offset by higher brokerage and product issuing fees and higher sales and trading income in 1Q14. Lower net interest income reflected lower deposit margins on stable average deposit volumes and slightly higher loan margins on slightly higher average loan volumes. Higher other revenues mainly reflected an impairment related to Asset Management Finance LLC (AMF) in 4Q13. Stable recurring commissions and fees mainly reflected lower asset management fees and lower investment product management fees, offset by higher banking services fees and higher discretionary mandate management fees.

Provision for credit losses

The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities. Our Corporate & Institutional Clients loan portfolio has relatively low concentrations and is mainly secured by mortgages, securities and other financial collateral.

YoY: Down 26% from CHF 23 million to CHF 17 million

Provision for credit losses decreased CHF 6 million. Wealth Management Clients recorded net provisions of CHF 16 million and Corporate & Institutional Clients recorded net provisions of CHF 1 million in 1Q14.

QoQ: Down 37% from CHF 27 million to CHF 17 million

Provision for credit losses was lower in Wealth Management Clients and lower in Corporate & Institutional Clients. In 4Q13, Wealth Management Clients recorded net provisions of CHF 18 million while Corporate & Institutional Clients recorded net provisions of CHF 9 million.

WEALTH MANAGEMENT CLIENTS

Net revenues

Net interest income

YoY: Down 5% from CHF 746 million to CHF 706 million

Lower net interest income reflected the low interest environment, significantly lower deposit margins on slightly higher average deposit volumes and stable loan margins on higher average loan volumes and lower levels of deposits eligible as stable funding.

QoQ: Down 7% from CHF 760 million to CHF 706 million

Lower net interest income reflected lower deposit margins and slightly higher loan margins on stable average deposit and loan volumes.

Recurring commissions and fees

YoY: Up 2% from CHF 717 million to CHF 730 million

Recurring commissions and fees were slightly higher with higher investment account and services fees and higher discretionary mandate management fees, partially offset by lower investment product management fees, including lower retrocession revenues.

Operating expenses

Compensation and benefits

YoY: Down 6% from CHF 1,307 million to CHF 1,225 million

Lower compensation and benefits mainly reflected lower salary expenses, mostly as a result of the lower headcount.

QoQ: Stable at CHF 1,225 million

Slightly lower discretionary performance-related compensation and lower salary expenses were offset by slightly higher deferred compensation.

General and administrative expenses

YoY: Down 10% from CHF 736 million to CHF 660 million

Lower general and administrative expenses primarily reflected lower expense provisions and lower occupancy fees.

QoQ: Down 12% from CHF 750 million to CHF 660 million

Lower general and administrative expenses primarily reflected lower professional services fees, lower expense provisions and lower advertising and marketing costs.

Business developments

In April 2014, we entered into an agreement with the current head of Credit Suisse Hedging-Griffo Asset Management pursuant to which he will be the controlling shareholder of a new firm, Verde Asset Management, and we will be a minority shareholder. The new structure for this relationship follows a model adopted by our Asset Management business designed to strengthen its platform in Brazil. The transaction is subject to customary closing conditions and the approval of the change of management to Verde Asset Management by shareholders of the relevant funds managed by Credit Suisse Hedging-Griffo. The transaction is expected to close by year-end 2014.

QoQ: Down 2% from CHF 742 million to CHF 730 million

Recurring commissions and fees were slightly lower with lower investment product management fees, partially offset by higher discretionary mandate management fees.

Transaction- and performance-based revenues

YoY: Up 2% from CHF 624 million to CHF 638 million

Transaction- and performance-based revenues increased slightly reflecting higher corporate advisory fees and higher placement and transaction fees, partially offset by lower foreign exchange client business.

QoQ: Up 15% from CHF 554 million to CHF 638 million

The increase in transaction- and performance-based revenues was driven by higher brokerage and product issuing fees and higher sales and trading revenues, partially offset by lower performance fees.

Results – Wealth Management Clients

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	2,074	2,056	2,087	1	(1)
Provision for credit losses	16	18	19	(11)	(16)
Total operating expenses	1,480	1,572	1,614	(6)	(8)
Income before taxes	578	466	454	24	27
Statement of operations metrics (%)					
Cost/income ratio	71.4	76.5	77.3	–	–
Pre-tax income margin	27.9	22.7	21.8	–	–
Net revenue detail (CHF million)					
Net interest income	706	760	746	(7)	(5)
Recurring commissions and fees	730	742	717	(2)	2
Transaction- and performance-based revenues	638	554	624	15	2
Net revenues	2,074	2,056	2,087	1	(1)
Gross and net margin (annualized) (bp)					
Net interest income	35	38	38	–	–
Recurring commissions and fees	37	38	37	–	–
Transaction- and performance-based revenues	32	28	32	–	–
Gross margin ¹	104	104	107	–	–
Net margin ²	29	23	23	–	–
Number of relationship managers					
Switzerland	1,690	1,590	1,610	6	5
EMEA	1,150	1,180	1,290	(3)	(11)
Americas	560	560	630	0	(11)
Asia Pacific	460	440	430	5	7
Number of relationship managers	3,860	3,770	3,960	2	(3)

Beginning in 2013, fees collected in an agent role in connection with certain customized fund services we provide to clients where those fees are passed on directly to a third-party investment manager are now presented on a net basis per the applicable accounting standards. These fees were previously recorded on a gross basis as fee income and commission expense. Prior periods have been restated to conform to the current presentation.

¹ Net revenues divided by average assets under management.

² Income before taxes divided by average assets under management.

Gross margin

Our gross margin was 104 basis points in 1Q14, three basis points lower compared to 1Q13, mainly reflecting a continued adverse interest rate environment. Compared to 4Q13, our gross margin was stable, with higher transaction- and performance-based revenues offset by lower net interest income.

Net margin

Our net margin was 29 basis points in 1Q14, six basis points higher compared to 1Q13 and 4Q13, reflecting a lower expense base.

Assets under management – Wealth Management Clients

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Assets under management by region (CHF billion)					
Switzerland	280.2	270.9	262.0	3.4	6.9
EMEA	227.2	231.3	243.6	(1.8)	(6.7)
Americas	176.3	172.9	176.7	2.0	(0.2)
Asia Pacific	121.2	115.6	112.1	4.8	8.1
Assets under management	804.9	790.7	794.4	1.8	1.3
Average assets under management (CHF billion)					
Average assets under management	797.4	793.3	778.6	0.5	2.4
Assets under management by currency (CHF billion)					
USD	309.8	306.1	304.8	1.2	1.6
EUR	154.8	152.6	151.9	1.4	1.9
CHF	191.5	187.1	191.1	2.4	0.2
Other	148.8	144.9	146.6	2.7	1.5
Assets under management	804.9	790.7	794.4	1.8	1.3
Net new assets by region (CHF billion)					
Switzerland	4.6	(1.4)	0.3	–	–
EMEA	(0.4)	(0.7)	1.2	(42.9)	–
Americas	1.5	1.1	1.6	36.4	(6.3)
Asia Pacific	4.9	2.7	2.6	81.5	88.5
Net new assets	10.6	1.7	5.7	–	86.0
Growth in assets under management (CHF billion)					
Net new assets	10.6	1.7	5.7	–	–
Other effects	3.6	6.1	30.7	–	–
of which market movements	5.7	15.5	19.9	–	–
of which currency	(1.6)	(8.9)	13.3	–	–
of which other	(0.5)	(0.5)	(2.5)	–	–
Growth in assets under management	14.2	7.8	36.4	–	–
Growth in assets under management (annualized) (%)					
Net new assets	5.4	0.9	3.0	–	–
Other effects	1.8	3.1	16.2	–	–
Growth in assets under management (annualized)	7.2	4.0	19.2	–	–
Growth in assets under management (rolling four-quarter average) (%)					
Net new assets	3.0	2.5	2.8	–	–
Other effects	(1.7)	1.8	6.0	–	–
Growth in assets under management (rolling four-quarter average)	1.3	4.3	8.8	–	–

CORPORATE & INSTITUTIONAL CLIENTS

Net revenues

Net interest income

YoY: Down 6% from CHF 273 million to CHF 257 million

The decrease reflected significantly lower deposit margins on higher average deposit volumes, partially offset by higher loan margins on higher average loan volumes.

QoQ: Down 8% from CHF 278 million to CHF 257 million

The decrease reflected lower deposit margins on higher average deposit volumes and slightly higher loan margins on slightly higher average loan volumes.

Recurring commissions and fees

YoY: Up 10% from CHF 111 million to CHF 122 million

The increase in recurring commissions and fees primarily reflected higher banking services fees.

QoQ: Up 13% from CHF 108 million to CHF 122 million

The increase primarily reflected higher banking services fees, partially offset by lower investment account and services fees.

Transaction- and performance-based revenues

YoY: Down 3% from CHF 121 million to CHF 117 million

Slightly lower transaction- and performance-based revenues reflected lower sales and trading income and lower brokerage and product issuing fees, partially offset by higher foreign exchange client business.

QoQ: Up 15% from CHF 102 million to CHF 117 million

Higher transaction- and performance-based revenues reflected higher sales and trading revenues, higher brokerage and product issuing fees and higher corporate advisory fees.

Results – Corporate & Institutional Clients

	1Q14	4Q13	1Q13	in / end of	% change
				QoQ	YoY
Statements of operations (CHF million)					
Net revenues	492	485	500	1	(2)
Provision for credit losses	1	9	4	(89)	(75)
Total operating expenses	245	263	257	(7)	(5)
Income before taxes	246	213	239	15	3
Statement of operations metrics (%)					
Cost/income ratio	49.8	54.2	51.4	–	–
Pre-tax income margin	50.0	43.9	47.8	–	–
Net revenue detail (CHF million)					
Net interest income	257	278	273	(8)	(6)
Recurring commissions and fees	122	108	111	13	10
Transaction- and performance-based revenues	117	102	121	15	(3)
Other revenues ¹	(4)	(3)	(5)	33	(20)
Net revenues	492	485	500	1	(2)
Number of relationship managers					
Number of relationship managers (Switzerland)	550	560	570	(2)	(4)

¹ Reflects fair value gains/(losses) on the Clock Finance transaction.

ASSET MANAGEMENT

Net revenues

Fee-based revenues

YoY: Up 13% from CHF 387 million to CHF 438 million

The increase reflected higher carried interest on realized private equity gains and higher asset management fees, partially offset by lower private equity placement fees. The higher asset management fees reflected higher average assets under management in alternative products.

QoQ: Down 43% from CHF 769 million to CHF 438 million

The decrease primarily reflected lower performance fees and carried interest and private equity placement fees. The decrease in performance fees primarily reflected annual performance fees from single manager hedge funds and semi-annual fees from Hedging-Griffo in 4Q13 and lower carried interest from realized private equity gains in 1Q14.

Investment-related gains/(losses)

YoY: Down 42% from CHF 33 million to CHF 19 million

1Q13 results reflected higher gains in hedge fund investments and the real estate sector.

QoQ: Stable at CHF 19 million

4Q13 and 1Q14 results primarily reflected gains in hedge fund investments.

Equity participations and other gains/(losses)

QoQ: Up from CHF (68) million to zero

In 4Q13, we recognized an impairment of CHF 68 million related to AMF.

Results – Asset Management

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net revenues	465	719	421	(35)	10
Provision for credit losses	0	0	0	–	–
Total operating expenses	324	350	358	(7)	(9)
Income before taxes	141	369	63	(62)	124
Statement of operations metrics (%)					
Cost/income ratio	69.7	48.7	85.0	–	–
Pre-tax income margin	30.3	51.3	15.0	–	–
Net revenue detail (CHF million)					
Recurring commissions and fees	287	299	273	(4)	5
Transaction- and performance-based revenues	164	481	129	(66)	27
Other revenues	14	(61)	19	–	(26)
Net revenues	465	719	421	(35)	10
Net revenue detail by type (CHF million)					
Asset management fees	287	299	273	(4)	5
Placement, transaction and other fees	56	116	60	(52)	(7)
Performance fees and carried interest	80	342	44	(77)	82
Equity participations income	15	12	10	25	50
Fee-based revenues	438	769	387	(43)	13
Investment-related gains/(losses)	19	19	33	0	(42)
Equity participations and other gains/(losses)	0	(68)	0	100	–
Other revenues ¹	8	(1)	1	–	–
Net revenues	465	719	421	(35)	10
Fee-based margin on assets under management (annualized) (bp)					
Fee-based margin ²	49	87	46	–	–

¹ Includes allocated funding costs.

² Fee-based revenues divided by average assets under management.

Assets under management – Asset Management

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Assets under management (CHF billion)					
Hedge funds	30.9	29.8	27.1	3.7	14.0
Private equity	0.7	0.6	0.4	16.7	75.0
Real estate & commodities	52.4	50.5	49.9	3.8	5.0
Credit	32.2	30.0	26.2	7.3	22.9
Index strategies	78.1	75.1	72.2	4.0	8.2
Multi-asset class solutions	105.6	104.0	108.8	1.5	(2.9)
Fixed income & equities	53.4	54.4	56.1	(1.8)	(4.8)
Other	10.1	7.9	6.3	27.8	60.3
Assets under management	363.4	352.3	347.0	3.2	4.7
Average assets under management (CHF billion)					
Average assets under management	357.2	352.5	336.5	1.3	6.2
Assets under management by currency (CHF billion)					
USD	78.1	74.9	69.1	4.3	13.0
EUR	51.2	50.5	49.1	1.4	4.3
CHF	200.7	196.4	197.8	2.2	1.5
Other	33.4	30.5	31.0	9.5	7.7
Assets under management	363.4	352.3	347.0	3.2	4.7
Growth in assets under management (CHF billion)					
Net new assets ¹	6.9	(0.5)	8.5	–	–
Other effects	4.2	3.8	13.2	–	–
of which market movements	4.2	6.5	9.7	–	–
of which currency	(0.5)	(2.8)	3.5	–	–
of which other	0.5	0.1	0.0	–	–
Growth in assets under management	11.1	3.3	21.7	–	–
Growth in assets under management (annualized) (%)					
Net new assets	7.8	(0.6)	10.5	–	–
Other effects	4.8	4.4	16.2	–	–
Growth in assets under management (annualized)	12.6	3.8	26.7	–	–
Growth in assets under management (rolling four-quarter average) (%)					
Net new assets	3.9	4.6	3.6	–	–
Other effects	0.8	3.7	6.5	–	–
Growth in assets under management (rolling four-quarter average)	4.7	8.3	10.1	–	–
Principal investments (CHF billion)					
Principal investments	1.0	0.9	1.2	11.1	(16.7)

¹ Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

Non-strategic results

OVERVIEW

Our non-strategic businesses for Private Banking & Wealth Management include positions relating to the restructuring of the former Asset Management division, run-off operations relating to our small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the US tax matter, the impact of restructuring our German onshore operations, other smaller non-strategic positions formerly in our Corporate & Institutional Clients business and the run-off and active reduction of selected products.

Non-strategic results

	1Q14	4Q13	1Q13	in / end of	% change
				QoQ	YoY
Statements of operations (CHF million)					
Net revenues	209	169	270	24	(23)
Provision for credit losses	16	17	5	(6)	220
Compensation and benefits	65	72	72	(10)	(10)
Total other operating expenses	81	704	68	(88)	19
Total operating expenses	146	776	140	(81)	4
Income/(loss) before taxes	47	(624)	125	-	(62)
Revenue details (CHF million)					
Restructuring of select onshore businesses	22	28	74	(21)	(70)
Legacy cross-border business and small markets	44	52	51	(15)	(14)
Restructuring of former Asset Management division	134	54	111	148	21
Other	9	35	34	(74)	(74)
Net revenues	209	169	270	24	(23)
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	7,561	6,079	7,569	24	0
Total assets	17,856	20,692	23,423	(14)	(24)
Swiss leverage exposure	18,609	21,589	24,563	(14)	(24)

RESULTS DETAIL

The following provides a comparison of our 1Q14 non-strategic results versus 1Q13 (YoY) and versus 4Q13 (QoQ).

Net revenues

YoY: Down 23% from CHF 270 million to CHF 209 million

The decrease in net revenues primarily reflected lower recurring commissions and fees due to the sale of non-strategic businesses during the course of 2013 and lower transaction- and performance-based revenues. Investment-related gains were also lower, partially offset by the equity participations gain of CHF 91 million from the sale of CFG in January 2014.

QoQ: Up 24% from CHF 169 million to CHF 209 million

The increase mainly reflected the gain from the sale of CFG in 1Q14, partially offset by lower recurring commissions and fees and lower transaction- and performance-based revenues from the sale of non-strategic businesses.

1Q14 results

In 1Q14, our non-strategic businesses reported income before taxes of CHF 47 million, including an equity participation gain of CHF 91 million from the sale in January 2014 of CFG, our private equity fund of funds and co-investment business. In 4Q13, our non-strategic businesses reported a loss before taxes of CHF 624 million, reflecting litigation provisions of CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014.

Operating expenses

YoY: Up 4% from CHF 140 million to CHF 146 million

Higher operating expenses reflected severance expenses related to a business sale that we expect to complete in the course of 2014, partially offset by lower expenses resulting from the sale of businesses during 2013.

QoQ: Down 81% from CHF 776 million to CHF 146 million

Lower operating expenses reflected the litigation provisions of CHF 600 million in connection with the US tax matter, costs related to the sale of former Asset Management businesses and a goodwill impairment of CHF 12 million resulting from the creation of the non-strategic reporting unit, all in 4Q13.

Business developments

On January 2, 2014, we completed the sale of CFG to Grosvenor Capital Management.

In March 2014, we completed the spin-off of DLJ Merchant Banking Partners, our mid-market leveraged buyout business, for no consideration to aPriori Capital Partners L.P., an independent advisory firm established and controlled by members of the business' management.

Assets under management

In 1Q14, assets under management of CHF 1,292.5 billion increased CHF 10.1 billion compared to the end of 4Q13, as positive market movements and net new assets were partially offset by structural effects, mostly arising from disposals of businesses in the non-strategic unit, and adverse foreign exchange-related movements.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 10.6 billion in 1Q14 with continued strong inflows from emerging markets, particularly in Asia Pacific, and Switzerland, partially offset by Western European

cross-border outflows. Corporate & Institutional Clients in Switzerland reported net new assets of CHF 0.4 billion in 1Q14. Asset Management reported net new assets of CHF 6.9 billion in 1Q14, driven by inflows in credit products and traditional products, with substantial contribution from index strategies, and partially offset by net asset outflows in fixed income products.

Assets under management in our non-strategic portfolio decreased to CHF 25.9 billion from CHF 44.4 billion in 4Q13 mainly as a result of the sale of CFGI.

Assets under management – Private Banking & Wealth Management

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Assets under management by business (CHF billion)					
Wealth Management Clients	804.9	790.7	794.4	1.8	1.3
Corporate & Institutional Clients	254.4	250.0	238.7	1.8	6.6
Asset Management	363.4	352.3	347.0	3.2	4.7
Non-strategic	25.9	44.4	85.4	(41.7)	(69.7)
Assets managed across businesses ¹	(156.1)	(155.0)	(153.9)	0.7	1.4
Assets under management	1,292.5	1,282.4	1,311.6	0.8	(1.5)
Average assets under management (CHF billion)					
Average assets under management	1,282.1	1,284.6	1,285.4	(0.2)	(0.3)
Net new assets by business (CHF billion)					
Wealth Management Clients	10.6	1.7	5.7	–	86.0
Corporate & Institutional Clients	0.4	4.0	4.5	(90.0)	(91.1)
Asset Management	6.9	(0.5)	8.5	–	(18.8)
Non-strategic	(2.3)	(1.0)	(2.3)	130.0	0.0
Assets managed across businesses ¹	(1.9)	0.2	(4.4)	–	(56.8)
Net new assets	13.7	4.4	12.0	211.4	14.2

¹ Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and non-strategic businesses.

Investment Banking

In 1Q14, Investment Banking reported income before taxes of CHF 827 million and net revenues of CHF 3,416 million. Investment Banking delivered solid results amid a challenging market environment. In our strategic businesses, net revenues declined 11% compared to 1Q13 as strong performance in our credit, securitized products and underwriting and advisory and solid equities results were offset by significantly reduced first quarter seasonal contribution from rates and certain emerging markets than experienced

in previous years. Compared to 4Q13, our strategic businesses delivered significantly improved revenues, reflecting seasonally stronger trading volumes and client activity in our fixed income and equities businesses which more than offset lower results in our underwriting and advisory franchises. In 1Q14, we made progress in winding-down the non-strategic unit, including reducing leverage exposure, risk-weighted assets and funding costs.

Divisional results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net revenues	3,416	2,668	3,945	28	(13)
of which strategic results	3,563	2,795	4,017	27	(11)
of which non-strategic results	(147)	(127)	(72)	16	104
Provision for credit losses	0	8	(6)	(100)	100
Compensation and benefits	1,521	1,355	1,485	12	2
General and administrative expenses	856	1,667	915	(49)	(6)
Commission expenses	212	202	251	5	(16)
Total other operating expenses	1,068	1,869	1,166	(43)	(8)
Total operating expenses	2,589	3,224	2,651	(20)	(2)
of which strategic results	2,439	2,319	2,477	5	(2)
of which non-strategic results	150	905	174	(83)	(14)
Income/(loss) before taxes	827	(564)	1,300	-	(36)
of which strategic results	1,124	468	1,547	140	(27)
of which non-strategic results	(297)	(1,032)	(247)	(71)	20
Statement of operations metrics (%)					
Return on capital ¹	13.8	-	20.4	-	-
Cost/income ratio	75.8	120.8	67.2	-	-
Pre-tax income margin	24.2	(21.1)	33.0	-	-
Utilized economic capital and return					
Average utilized economic capital (CHF million)	20,225	19,469	19,249	4	5
Pre-tax return on average utilized economic capital (%) ²	16.9	(11.1)	27.6	-	-
Number of employees (full-time equivalents)					
Number of employees	19,200	19,700	19,600	(3)	(2)

¹ Calculated using income after tax denominated in USD; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

² Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

	1Q14	4Q13	in / end of 1Q13	% change	
			QoQ	YoY	
Net revenue detail (CHF million)					
Debt underwriting	468	482	461	(3)	2
Equity underwriting	183	273	157	(33)	17
Total underwriting	651	755	618	(14)	5
Advisory and other fees	180	194	145	(7)	24
Total underwriting and advisory	831	949	763	(12)	9
Fixed income sales and trading	1,489	746	1,987	100	(25)
Equity sales and trading	1,201	1,050	1,297	14	(7)
Total sales and trading	2,690	1,796	3,284	50	(18)
Other	(105)	(77)	(102)	36	3
Net revenues	3,416	2,668	3,945	28	(13)
Average one-day, 98% risk management Value-at-Risk (CHF million)					
Interest rate	12	12	23	0	(48)
Credit spread	31	33	38	(6)	(18)
Foreign exchange	11	9	8	22	38
Commodity	3	2	2	50	50
Equity	19	17	17	12	12
Diversification benefit	(35)	(33)	(48)	6	(27)
Average one-day, 98% risk management Value-at-Risk	41	40	40	2	2

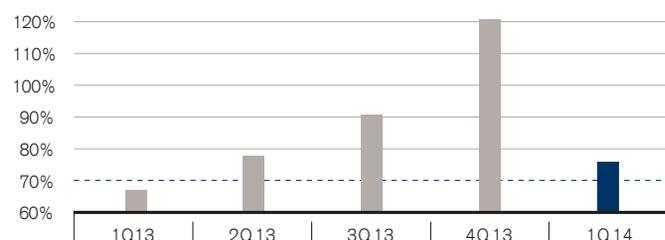
KEY PERFORMANCE INDICATORS

We target a divisional cost/income ratio of 70% for the Investment Banking division. The cost/income ratio was 75.8% in 1Q14, compared to 120.8% in 4Q13 and 67.2% in 1Q13. The cost/income ratio for our strategic results was 68.5% in 1Q14 compared to 83.0% in 4Q13 and 61.7% in 1Q13.

► Refer to "Key performance indicators" in Core Results for further information.

Cost/income ratio (KPI)

Investment Banking



--- Target is a cost/income ratio of 70%.

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Investment Banking		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)									
Net revenues	3,563	2,795	4,017	(147)	(127)	(72)	3,416	2,668	3,945
Provision for credit losses	0	8	(7)	0	0	1	0	8	(6)
Compensation and benefits	1,495	1,335	1,459	26	20	26	1,521	1,355	1,485
Total other operating expenses	944	984	1,018	124	885	148	1,068	1,869	1,166
Total operating expenses	2,439	2,319	2,477	150	905	174	2,589	3,224	2,651
Income/(loss) before taxes	1,124	468	1,547	(297)	(1,032)	(247)	827	(564)	1,300
Balance sheet statistics (CHF million, except where indicated)									
Risk-weighted assets – Basel III	147,629	138,853	153,632	16,436	17,549	19,176	164,065	156,402	172,808
Risk-weighted assets – Basel III (USD)	167,124	156,041	162,239	18,607	19,721	20,250	185,731	175,762	182,489
Total assets	478,476	475,516	549,709	25,407	27,283	32,563	503,883	502,799	582,272
Swiss leverage exposure	655,456	644,800	799,182	70,051	77,700	92,581	725,507	722,500	891,763

Strategic results

OVERVIEW

In 1Q14, our strategic businesses reported income before taxes of CHF 1,124 million and net revenues of CHF 3,563 million.

Fixed income sales and trading revenues declined significantly from 1Q13, driven by substantially reduced client activity and challenging trading conditions in our global macro products and emerging markets businesses. Revenues increased significantly compared to 4Q13 due to a seasonal increase in client activity, resulting in higher revenues across most of our fixed income businesses.

Equities sales and trading revenues were solid, albeit lower than 1Q13, reflecting lower cash equities and systematic market making revenues, partially offset by higher derivatives revenues. Revenues increased compared to 4Q13, reflecting higher results in derivatives and prime services.

Underwriting and advisory results were higher compared to 1Q13, driven by market share gains. Revenues decreased compared to 4Q13, driven by lower equity underwriting and advisory results reflecting lower industry activity.

Results in 1Q14 were impacted by the weakening of the average rate of the US dollar against the Swiss franc, which negatively impacted revenues and favorably impacted expenses. Compared to 1Q13, revenues decreased 11% and total operating expenses decreased 2% in Swiss francs while revenues declined 8% and total operating expenses increased 3% in US dollars. Compared to 4Q13, revenues were up 27% and total operating expenses were up 5% in Swiss francs while revenues increased 29% and total operating expenses increased 6% in US dollars.

As of the end of 1Q14, we reported risk-weighted assets under Basel III of USD 167 billion, up USD 11 billion from 4Q13, reflecting increases of USD 6 billion from external methodology changes (externally prescribed regulatory changes) and USD 5 billion from internal methodology changes and model and parameter updates. Additionally, we reported Swiss leverage exposure in our strategic businesses of USD 742 billion, reflecting a modest increase from 4Q13 due to seasonal market activity in equities and increased commitments in credit.

Strategic results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Debt underwriting	468	483	461	(3)	2
Equity underwriting	183	274	157	(33)	17
Total underwriting	651	757	618	(14)	5
Advisory and other fees	180	194	145	(7)	24
Total underwriting and advisory	831	951	763	(13)	9
Fixed income sales and trading	1,609	808	2,028	99	(21)
Equity sales and trading	1,207	1,070	1,316	13	(8)
Total sales and trading	2,816	1,878	3,344	50	(16)
Other	(84)	(34)	(90)	147	(7)
Net revenues	3,563	2,795	4,017	27	(11)
Provision for credit losses	0	8	(7)	(100)	100
Compensation and benefits	1,495	1,335	1,459	12	2
General and administrative expenses	735	790	776	(7)	(5)
Commission expenses	209	194	242	8	(14)
Total other operating expenses	944	984	1,018	(4)	(7)
Total operating expenses	2,439	2,319	2,477	5	(2)
Income before taxes	1,124	468	1,547	140	(27)
Statement of operations metrics (%)					
Return on capital ¹	20.9	8.8	27.5	–	–
Cost/income ratio	68.5	83.0	61.7	–	–
Pre-tax income margin	31.5	16.7	38.5	–	–
Balance sheet statistics (CHF million, except where indicated)					
Risk-weighted assets – Basel III	147,629	138,853	153,632	6	(4)
Risk-weighted assets – Basel III (USD)	167,124	156,041	162,239	7	3
Total assets	478,476	475,516	549,709	1	(13)
Swiss leverage exposure	655,456	644,800	799,182	2	(18)

¹ Calculated using income after tax denominated in USD; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

The following provides a comparison of our strategic 1Q14 results versus 1Q13 (YoY) and versus 4Q13 (QoQ).

Net revenues**Debt underwriting**

YoY: Up 2% from CHF 461 million to CHF 468 million

The increase was primarily due to strong results in leveraged finance as high yield market share gains more than offset lower global high yield industry-wide issuance volumes. Results reflected weak structured lending performance in emerging markets as origination activity was adversely impacted by widening credit spreads. We also had lower investment grade revenues.

QoQ: Down 3% from CHF 483 million to CHF 468 million

The increase was driven by higher revenues from leveraged finance reflecting market share gains and increased high yield industry volumes. The increase was partially offset by lower investment grade revenues and lower structured lending results in emerging markets.

Equity underwriting

YoY: Up 17% from CHF 157 million to CHF 183 million

The increase reflected significantly higher revenues from IPOs driven by substantially higher industry volumes and higher market share in Europe Middle East and Africa (EMEA) and Asia Pacific. We also had higher results from follow-on offerings reflecting market share gains in the Americas. Additionally, we had improved convertibles results driven by higher market share which more than offset lower industry-wide issuance activity.

QoQ: Down 33% from CHF 274 million to CHF 183 million

The declines in revenues primarily reflected strong performance in 4Q13. Revenues from initial public offerings (IPOs) were substantially lower, as stable market share was more than offset by significantly lower industry volumes. Additionally, we had significantly weaker results from follow-on offerings and lower convertibles revenues as higher market share was more than offset by substantially lower industry volumes for both products.

Advisory and other fees

YoY: Up 24% from CHF 145 million to CHF 180 million

Revenues increased primarily due to higher M&A fees driven by strong performance in the Americas, as significantly higher completed M&A volumes and an increase in the Americas M&A fee pool more than offset decreased completed M&A market share in the region.

QoQ: Down 7% from CHF 194 million to CHF 180 million

The decrease was driven by seasonally lower M&A fees as market share gains were more than offset by lower global industry-wide completed M&A volumes.

Fixed income sales and trading

YoY: Down 21% from CHF 2,028 million to CHF 1,609 million

Fixed income revenues declined significantly driven by reduced first quarter seasonal contribution from rates and certain emerging markets, resulting in difficult trading conditions during the quarter. Substantially weaker results in global macro products reflected lower revenues across rates, foreign exchange and commodities. Foreign exchange revenues declined, driven by challenging market conditions in emerging markets and following strong results in 1Q13 due to quantitative easing in Japan. Rates revenues were negatively impacted by a regulatory-driven shift in the market structure towards electronic trading and clearing and uncertainty regarding market direction leading to muted client activity. We also had significantly lower revenues from emerging markets compared to a strong 1Q13 result due to weaker trading performance in Latin America and EMEA while Asia remained strong. Corporate lending revenues also declined. The decreases were partially offset by strong results in securitized products driven by higher client activity in non-agency securities and mortgage servicing and market share gains in asset finance. We also had higher global credit products revenues reflecting our market-leading leveraged finance franchise.

QoQ: Up 99% from CHF 808 million to CHF 1,609 million

Revenues increased significantly as a seasonal increase in client activity resulted in higher results across most of our fixed income businesses. We had substantially higher revenues in global credit products, primarily driven by strong leveraged finance results and higher investment grade performance, both reflecting strong secondary trading activity. We also had significantly higher securitized products revenues driven by increased client trading activity in non-agency and agency securities. In addition, global macro products revenues improved significantly, primarily driven by higher rates results. Emerging markets revenues also increased, driven

by higher origination activity reflecting more favorable market conditions, and improved trading revenues in Asia.

Equity sales and trading

YoY: Down 8% from CHF 1,316 million to CHF 1,207 million

The decrease was primarily due to lower cash equities and systematic market making. The decrease in cash equities revenues reflected unfavorable trading conditions in Latin America partially offset by commission growth in the US and Europe. Systematic market making decreased due to less favorable trading conditions compared to 1Q13, which included the positive impact of quantitative easing in Japan. The revenue declines were partially offset by higher derivatives revenue reflecting increased client flows across products and regions. Prime services revenues also increased reflecting continued market leadership, growth in client balances and increased client activity in Europe.

QoQ: Up 13% from CHF 1,070 million to CHF 1,207 million

The increase was due to significantly stronger derivatives results driven by seasonally higher market volumes. We had higher results in prime services reflecting higher client balances and improved performance in convertibles. Cash equities revenues were down as strong client activity in most regions was more than offset by difficult trading conditions in Latin America.

Operating expenses

Compensation and benefits

YoY: Up 2% from CHF 1,459 million to CHF 1,495 million

Compensation and benefits expense increased slightly as lower salaries, reflecting lower headcount, were offset by higher deferred compensation expense from prior year awards and higher discretionary compensation expense.

QoQ: Up 12% from CHF 1,335 million to CHF 1,495 million

The increase was primarily due to higher deferred compensation expense from prior year awards and higher discretionary compensation expense.

General and administrative expenses

YoY: Down 5% from CHF 776 million to CHF 735 million

The decrease was primarily driven by lower technology costs and lower litigation provisions.

QoQ: Down 7% from CHF 790 million to CHF 735 million

The increase was primarily driven by lower technology costs and other professional fees.

Non-strategic results

OVERVIEW

Non-strategic results for Investment Banking include the fixed income wind-down portfolio, legacy rates business, primarily non-exchange-cleared instruments and capital-intensive structured positions, legacy funding costs associated with non-Basel III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions.

In 1Q14, we continued to make progress on the wind-down strategy in the non-strategic unit. We reported a loss before taxes of CHF 297 million and net revenue losses of CHF 147 million. We had higher net revenue losses, as 1Q13 results reflected a gain of CHF 77 million from a sale in our real estate portfolio. Performance also reflected improved funding costs from portfolio management of both our legacy debt instruments

and trading assets. Total operating expenses decreased compared to 1Q13 and 4Q13, driven by substantially lower litigation provisions.

As of the end of 1Q14, we reported risk-weighted assets under Basel III of USD 19 billion, down USD 1 billion from 4Q13, with decreases of USD 3 billion from business reductions partially

offset by increases of USD 2 billion from external methodology changes. This compares to our risk-weighted assets target of USD 6 billion by year-end 2015. Additionally, we reported Swiss leverage exposure of USD 79 billion, a reduction of USD 8 billion, or 9% from 4Q13. This compares to our target of USD 24 billion in Swiss leverage exposure by year-end 2015.

Non-strategic results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	(147)	(127)	(72)	16	104
Provision for credit losses	0	0	1	–	(100)
Compensation and benefits	26	20	26	30	0
Total other operating expenses	124	885	148	(86)	(16)
of which litigation	65	842	100	(92)	(35)
Total operating expenses	150	905	174	(83)	(14)
Income/(loss) before taxes	(297)	(1,032)	(247)	(71)	20
Revenue details (CHF million)					
Fixed income wind-down	(55)	60	6	–	–
Legacy rates business	(26)	(1)	28	–	–
Legacy funding costs	(46)	(93)	(96)	(51)	(52)
Other	(20)	(93)	(10)	(78)	100
Net revenues	(147)	(127)	(72)	16	104
Balance sheet statistics (CHF million, except where indicated)					
Risk-weighted assets – Basel III	16,436	17,549	19,176	(6)	(14)
Risk-weighted assets – Basel III (USD)	18,607	19,721	20,250	(6)	(8)
Total assets	25,407	27,283	32,563	(7)	(22)
Swiss leverage exposure	70,051	77,700	92,581	(10)	(24)

The following provides a comparison of our non-strategic 1Q14 results versus 1Q13 (YoY) and versus 4Q13 (QoQ).

Net revenues

YoY: Down 104% from CHF (72) million to CHF (147) million

Net revenue losses in our fixed income wind-down portfolio increased as 1Q13 results included a gain of CHF 77 million from a sale in our real estate finance legacy portfolio. We also incurred higher net revenue losses in our legacy rates business reflecting valuation gains in 1Q13. Increased net revenue losses were partially offset by significantly lower funding costs reflecting portfolio management of both our legacy debt instruments and trading assets. At the end of the quarter, risk-weighted assets under Basel III totaled USD 19 billion, down USD 1 billion from 1Q13.

QoQ: Down 16% from CHF (127) million to CHF (147) million

Results reflected increased net revenue losses as 4Q13 revenues included significant valuation gains. Increased net revenue losses were partially offset by significantly lower funding costs, reflecting portfolio management of both our legacy debt instruments and trading assets. At the end of the quarter, risk-weighted assets under Basel III totaled USD 19 billion, down USD 1 billion from 4Q13.

Total operating expenses

YoY: Down 14% from CHF 174 million to CHF 150 million

The decrease was driven by lower litigation provisions.

QoQ: Down 83% from CHF 905 million to CHF 150 million

The decrease was driven by substantially lower litigation provisions as 4Q13 included mortgage-related matters of CHF 806 million.

Corporate Center

In 1Q14, we recorded a loss before taxes of CHF 439 million, primarily reflecting fair value losses from movements in own credit spreads, business realignment costs and IT architecture simplification expenses. These negative impacts were partially offset by gains from the sale of real estate.

RESULTS OVERVIEW

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. It also includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Corporate Center separately presents non-strategic items, which management does not consider representative of our core performance. Such items include the valuation impacts from movements in credit spreads on our own liabilities carried at fair value, certain business realignment costs, IT architecture simplification expenses, certain litigation provisions, business wind-down costs and impairments not included in the divisional non-strategic units and legacy funding costs associated with non-Basel III compliant debt instruments not included in the results of the Investment Banking non-strategic unit.

In **1Q14**, losses before taxes of CHF 439 million increased 17% compared to 1Q13, mainly reflecting IT architecture simplification expenses of CHF 61 million in 1Q14, higher fair value losses from movements in own credit spreads of CHF 120 million in 1Q14 compared to CHF 80 million in 1Q13, as well as higher reclassifications to discontinued operations of CHF 56 million in 1Q14 compared to CHF 17 million in 1Q13. Fair value losses of CHF 92 million on own long-term vanilla debt reflected the narrowing of credit spreads on senior and subordinated debt across most currencies. The higher losses in 1Q14 results were partly offset by a cumulative translation adjustment loss of CHF 80 million from the sale of JO Hambro in 1Q13, gains on sale of real estate of CHF 34 million in 1Q14 and lower realignment costs of CHF 62 million in 1Q14 compared to CHF 92 million in 1Q13.

Corporate Center results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net revenues	(187)	(177)	(205)	6	(9)
Provision for credit losses	1	1	0	0	–
Compensation and benefits	166	119	126	39	32
General and administrative expenses	97	109	25	(11)	288
Commission expenses	(12)	(17)	20	(29)	–
Total other operating expenses	85	92	45	(8)	89
Total operating expenses	251	211	171	19	47
Loss before taxes	(439)	(389)	(376)	13	17
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III ¹	15,899	15,306	18,557	4	(14)
Total assets	87,728	87,244	75,339	1	16
Swiss leverage exposure	85,829	83,622	58,974	3	46

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

Strategic and Non-strategic results

in	Strategic results			Non-strategic results			Corporate Center		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)									
Net revenues	(41)	(17)	(7)	(146)	(160)	(198)	(187)	(177)	(205)
Provision for credit losses	1	1	0	0	0	0	1	1	0
Compensation and benefits	77	22	36	89	97	90	166	119	126
Total other operating expenses	30	28	53	55	64	(8)	85	92	45
Total operating expenses	107	50	89	144	161	82	251	211	171
Income/(loss) before taxes	(149)	(68)	(96)	(290)	(321)	(280)	(439)	(389)	(376)

Corporate Center – non-strategic results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	(146)	(160)	(198)	(9)	(26)
Provision for credit losses	0	0	0	–	–
Total operating expenses	144	161	82	(11)	76
Income/(loss) before taxes	(290)	(321)	(280)	(10)	4
of which fair value impact from movements in own credit spreads	(120)	(202)	(80)	(41)	50
of which realignment costs ¹	(62)	(131)	(92)	(53)	(33)
of which IT architecture simplification expenses	(61)	(69)	–	(12)	–
of which real estate sales	34	68	–	(50)	–
of which legacy funding costs ²	(6)	6	(21)	–	(71)
of which reclassifications to discontinued operations ³	(56)	5	(17)	–	229
of which other non-strategic items	(19)	2	(70)	–	(73)

¹ Business realignment costs relating to divisional realignment costs are prospectively presented in the relevant divisional non-strategic results beginning in 4Q13.

² Represents legacy funding costs associated with non-Basel III compliant debt instruments.

³ Includes reclassifications to discontinued operations of revenues and expenses arising from the sale of ETF, secondary private equity and CFG businesses and the announced sale of domestic private banking business booked in Germany.

Impact from movements in own credit spreads

Our Core Results revenues are impacted by changes in credit spreads on fair-valued Credit Suisse long-term vanilla debt and debit valuation adjustments (DVA) relating to certain structured notes liabilities carried at fair value. Our Core Results are also impacted by fair value gains/(losses) on stand-alone derivatives relating to certain of our funding liabilities and reflect the volatility of cross-currency swaps and yield curve volatility and, over the life of the derivatives, will result in no net gains/(losses). These fair value gains/(losses) are recorded in the Corporate Center.

in	1Q14	4Q13	1Q13
Impact from movements in own credit spreads (CHF million)			
Fair value gains/(losses) from movements in own credit spreads	(120)	(202)	(80)
of which fair value gains/(losses) on own long-term vanilla debt	(92)	(180)	(37)
of which fair value gains/(losses) from DVA on structured notes	(4)	(69)	(41)
of which fair value gains/(losses) on stand-alone derivatives	(24)	47	(2)

Assets under management

We had net asset inflows from continuing operations of CHF 14.7 billion during 1Q14 and assets under management from continuing operations of CHF 1,281.1 billion as of the end of 1Q14.

Assets under management

Assets under management comprise assets that are placed with us for investment purposes and include discretionary and advisory counterparty assets.

Discretionary assets are assets for which the client fully transfers the discretionary power to a Credit Suisse entity with a management mandate. Discretionary assets are reported in the business in which the advice is provided as well as in the business in which the investment decisions take place. Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic business are reported in each applicable business and eliminated at the divisional level.

Advisory assets include assets placed with us where the client is provided access to investment advice but retains discretion over investment decisions.

Assets under management and net new assets include assets managed by consolidated entities, joint ventures and strategic

participations. Assets from joint ventures and participations are counted in proportion to our share in the respective entity.

Assets under management from continuing operations of CHF 1,281.1 billion increased CHF 27.7 billion or 2.2% compared to the end of 4Q13, as positive market movements and net new assets were partially offset by structural effects, mostly arising from disposals of businesses in the non-strategic unit, and adverse foreign exchange-related movements. Compared to the end of 1Q13, assets under management from continuing operations were CHF 22.5 billion higher, reflecting positive market movements and net new assets of CHF 36.4 billion, partially offset primarily by adverse foreign exchange-related movements.

► Refer to "Private Banking & Wealth Management" in I – Credit Suisse results and "Note 37 – Assets under management" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information.

Assets under management and client assets

	1Q14	4Q13	end of 1Q13	QoQ	% change YoY
Assets under management (CHF billion)					
Wealth Management Clients	804.9	790.7	794.4	1.8	1.3
Corporate & Institutional Clients	254.4	250.0	238.7	1.8	6.6
Asset Management ¹	363.4	352.3	347.0	3.2	4.7
Non-strategic	25.9	44.4	85.4	(41.7)	(69.7)
Assets managed across businesses ²	(156.1)	(155.0)	(153.9)	0.7	1.4
Assets under management	1,292.5	1,282.4	1,311.6	0.8	(1.5)
of which continuing operations	1,281.1	1,253.4	1,258.6	2.2	1.8
of which discontinued operations	11.4	29.0	53.0	(60.7)	(78.5)
Assets under management from continuing operations	1,281.1	1,253.4	1,258.6	2.2	1.8
of which discretionary assets	410.7	397.6	388.1	3.3	5.8
of which advisory assets	870.4	855.8	870.5	1.7	0.0
Client assets (CHF billion)					
Wealth Management Clients	917.8	904.5	913.5	1.5	0.5
Corporate & Institutional Clients	362.8	353.3	341.2	2.7	6.3
Asset Management ¹	363.4	352.3	347.0	3.2	4.7
Non-strategic	32.4	51.8	88.8	(37.5)	(63.5)
Assets managed across businesses ²	(156.1)	(155.0)	(153.9)	0.7	1.4
Client Assets	1,520.3	1,506.9	1,536.6	0.9	(1.1)
of which continuing operations	1,508.5	1,477.5	1,483.2	2.1	1.7
of which discontinued operations	11.8	29.4	53.4	(59.9)	(77.9)

¹ Excludes our portion of assets under management from our former investment in Aberdeen.

² Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.

Client assets

Client assets is a broader measure than assets under management as it includes transactional and custody accounts (assets held solely for transaction-related or safekeeping/custody purposes) and assets of corporate clients and public institutions used primarily for cash management or transaction-related purposes.

Net new assets

Net new assets include individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not included as they do not reflect success in acquiring assets under management. Furthermore, changes due to foreign exchange-related and market movements as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

We recorded net new assets from continuing operations of CHF 14.7 billion in 1Q14.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 10.6 billion in 1Q14 with continued strong inflows from emerging markets, particularly in Asia Pacific, and Switzerland, partially offset by Western European cross-border outflows. Corporate & Institutional Clients in Switzerland reported net new assets of CHF 0.4 billion in 1Q14. Asset Management reported net new assets of CHF 6.9 billion in 1Q14, driven by inflows in credit products and traditional products, with substantial contribution from index strategies, and partially offset by net asset outflows in fixed income products. In our non-strategic portfolio, net asset outflows of CHF 2.3 billion reflected our exit of certain businesses, of which CHF 1.0 billion were classified as discontinued operations.

Growth in assets under management

in	1Q14	4Q13	1Q13
Growth in assets under management (CHF billion)			
Net new assets from continuing operations	14.7	4.2	14.4
Net new assets from discontinued operations	(1.0)	0.2	(2.4)
Net new assets	13.7	4.4	12.0
of which Wealth Management Clients	10.6	1.7	5.7
of which Corporate & Institutional Clients	0.4	4.0	4.5
of which Asset Management ¹	6.9	(0.5)	8.5
of which non-strategic	(2.3)	(1.0)	(2.3)
of which assets managed across businesses ²	(1.9)	0.2	(4.4)
Other effects from continuing operations	13.0	9.9	46.4
Other effects from discontinued operations	(16.6)	(0.1)	2.4
Other effects	(3.6)	9.8	48.8
of which Wealth Management Clients	3.6	6.1	30.7
of which Corporate & Institutional Clients	4.0	4.9	10.4
of which Asset Management	4.2	3.8	13.2
of which non-strategic	(16.2)	(3.3)	3.0
of which assets managed across businesses ²	0.8	(1.7)	(8.5)
Growth in assets under management from continuing operations	27.7	14.1	60.8
Growth in assets under management from discontinued operations	(17.6)	0.1	0.0
Growth in assets under management	10.1	14.2	60.8
of which Wealth Management Clients	14.2	7.8	36.4
of which Corporate & Institutional Clients	4.4	8.9	14.9
of which Asset Management ¹	11.1	3.3	21.7
of which non-strategic	(18.5)	(4.3)	0.7
of which assets managed across businesses ²	(1.1)	(1.5)	(12.9)

Growth in assets under management (continued)

in	1Q14	4Q13	1Q13
Growth in assets under management (annualized) (%)			
Net new assets from continuing operations	4.7	1.4	4.8
Net new assets from discontinued operations	(13.8)	2.8	(18.1)
Net new assets	4.3	1.4	3.8
of which Wealth Management Clients	5.4	0.9	3.0
of which Corporate & Institutional Clients	0.6	6.6	8.0
of which Asset Management ¹	7.8	(0.6)	10.5
of which non-strategic	(20.7)	(8.2)	(10.9)
of which assets managed across businesses ²	4.9	(0.5)	12.5
Other effects from continuing operations	4.1	3.2	15.5
Other effects from discontinued operations	(229.0)	(1.4)	18.1
Other effects	(1.1)	3.1	15.6
of which Wealth Management Clients	1.8	3.1	16.2
of which Corporate & Institutional Clients	6.4	8.2	18.6
of which Asset Management	4.8	4.4	16.2
of which non-strategic	(146.0)	(27.1)	14.2
of which assets managed across businesses ²	(2.1)	4.4	24.1
Growth in assets under management continuing operations	8.8	4.6	20.3
Growth in assets under management from discontinued operations	(242.8)	1.4	0.0
Growth in assets under management	3.2	4.5	19.4
of which Wealth Management Clients	7.2	4.0	19.2
of which Corporate & Institutional Clients	7.0	14.8	26.6
of which Asset Management ¹	12.6	3.8	26.7
of which non-strategic	(166.7)	(35.3)	3.3
of which assets managed across businesses ²	2.8	3.9	36.6
Growth in net new assets (rolling four-quarter average) (%)			
Net new assets from continuing operations	2.9	3.0	2.7
Net new assets from discontinued operations	(4.9)	(7.5)	(5.9)
Net new assets	2.6	2.5	2.4
of which Wealth Management Clients	3.0	2.5	2.8
of which Corporate & Institutional Clients	2.0	3.9	1.7
of which Asset Management ¹	3.9	4.6	3.6
of which non-strategic	1.4	3.3	2.3
of which Assets managed across businesses ²	0.0	0.0	0.0

¹ Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

² Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.

Net new assets

in	1Q14	4Q13	1Q13
Net new assets (CHF billion)			
Wealth Management Clients	10.6	1.7	5.7
Corporate & Institutional Clients	0.4	4.0	4.5
Asset Management	6.9	(0.5)	8.5
Non-strategic	(2.3)	(1.0)	(2.3)
Assets managed across businesses ¹	(1.9)	0.2	(4.4)
Net new assets	13.7	4.4	12.0
of which continuing operations	14.7	4.2	14.4
of which discontinued operations	(1.0)	0.2	(2.4)

¹ Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.



Treasury, risk, balance sheet and off-balance sheet

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Liquidity and funding management

During 1Q14, we maintained a strong liquidity and funding position. The majority of our unsecured funding was generated from core customer deposits and long-term debt.

Overview

Securities for funding and capital purposes are issued primarily by the Bank, our principal operating subsidiary and a US registrant. The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed; the latter typically to meet capital requirements, or as desired by management to support business initiatives.

Our internal liquidity risk management framework is subject to review and monitoring by the Swiss Financial Market Supervisory Authority FINMA (FINMA), other regulators and rating agencies.

► Refer to "Treasury management" in III – Treasury, Risk, Balance sheet and Off-balance sheet in the Credit Suisse Annual Report 2013 for further information on liquidity and funding management.

Liquidity risk management framework

Our liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this through a conservative asset/liability management strategy aimed at maintaining long-term funding, including stable deposits, well in excess of illiquid assets. To address short-term liquidity stress, we maintain a liquidity pool, described below, that covers unexpected outflows in the event of severe market and idiosyncratic stress. Our liquidity risk parameters reflect various liquidity stress assumptions that we believe are conservative. We manage our liquidity profile at a sufficient level such that, in the event we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time in excess of our minimum target.

In December 2010, the BCBS issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The Basel III framework includes a liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR).

The LCR, which will be phased in beginning January 1, 2015 through January 1, 2019, addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet short-term liquidity needs under a severe stress scenario. The LCR is comprised of two components, the value of the stock of high-quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. Under the BCBS requirements, the ratio of liquid assets over net cash outflows is subject to an initial minimum requirement of 60%, which will increase by 10% for four years, reaching 100% by January 1, 2019.

The NSFR, which is expected to be introduced on January 1, 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based

on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is a complementary measure to the LCR and is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The NSFR is defined as the ratio of available stable funding over the amount of required stable funding and should always be at least 100%.

Although the NSFR is not expected to be introduced until 2018 and is still subject to adjustment by the BCBS and FINMA, we began using the NSFR in 2012 as the primary tool to monitor our structural liquidity position, plan funding and as the basis for our funds transfer pricing policy. We estimate that our NSFR under the current FINMA framework was in excess of 100% as of the end of 1Q14. Our estimate is based on the definitions and methodologies outlined in the aforementioned BCBS Basel III international framework for liquidity risk measurement, standards and monitoring issued in December 2010, the previously noted Liquidity Ordinance implementing the Basel III liquidity requirements into Swiss law, and other guidance and requirements of FINMA. Where requirements are unclear or left to be determined by the BCBS and FINMA, we have made our own interpretation and assumptions which may not be consistent with those of other financial institutions. The NSFR is based on regulatory metrics, the disclosure of which is not yet required, and, as such, it represents a non-GAAP financial measure.

In January 2014, the BCBS issued final LCR rules and disclosure requirements that are to be implemented as part of banks' regular disclosures after January 1, 2015. The BCBS also proposed revisions to the NSFR, which are expected to become the minimum standard by the previously announced date of January 1, 2018.

In November 2012, the Swiss Federal Council adopted a liquidity ordinance (Liquidity Ordinance) that implements Basel III liquidity requirements into Swiss law subject, in part, to further rule-making. The Liquidity Ordinance entered into force on January 1, 2013. It requires appropriate management and monitoring of liquidity risks, and applies to all banks, but is tiered according to the type, complexity and degree of risk of a bank's activities. It also contains supplementary quantitative and qualitative requirements for systemically relevant banks, including us, which are generally consistent with existing FINMA liquidity requirements. In January 2014, the Swiss Federal Council and FINMA proposed revisions to the Liquidity Ordinance to reflect the final Basel III LCR rules. Under the proposal, systemically relevant banks like us will be subject to an initial minimum LCR requirement of 100% beginning in 2015.

Our revised liquidity principles and our liquidity risk management framework as agreed with FINMA are in line with the Basel III liquidity framework.

Liquidity pool

March 31, 2013	Swiss franc	US dollar	Euro	Other currencies	Total
Liquidity pool by currencies (CHF billion)					
Cash held at central banks	27.6	22.0	1.6	0.7	51.9
Government bonds	2.8	32.3	9.0	14.9	59.0 ¹
Fixed income securities	1.1	9.6	1.5	5.1	17.3
Liquid equity securities	-	9.7	-	8.8	18.5
Total liquidity pool (based on internal model)	31.5	73.6	12.1	29.5	146.7

¹ Includes reverse repurchases of government bonds of CHF 18.6 billion.

Funding sources and uses

We fund our balance sheet primarily through core customer deposits, long-term debt and shareholders' equity. We monitor the funding sources, including their concentrations, according to their currency, tenor, geography and maturity, and whether they are secured or unsecured. A substantial portion of our balance sheet is match funded and requires no unsecured funding. Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and values so that the liquidity and funding generated or required by the positions are substantially equivalent.

Cash and due from banks and reverse repurchase agreements are highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, is comprised of securities inventories and collateralized receivables that fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities.

These assets include our liquidity pool, which as of the end of 1Q14 based on our internal model was CHF 147 billion, net of a stress test level haircut. The liquidity pool consisted of CHF 52 billion of cash held at major central banks, primarily the SNB, Fed, and the ECB, CHF 59 billion of securities issued by governments and government agencies, primarily of the US, France and Britain and CHF 36 billion of other highly liquid assets including equity securities that form part of major indices. As of March 31, 2014, our internal model included the application of a stress test level average haircut equal to approximately 55% of the market value of non-cash positions in the liquidity pool. The haircut reflects our assessment of overall market risk at the time of measurement, potential monetization capacity taking into account increased haircuts, market volatility and the quality of the relevant securities.

Balance sheet funding structure

as of March 31, 2014 (CHF billion)

Reverse repurchase agreements	81	Match funded	112	Repurchase agreements
Encumbered trading assets	72		41	Short positions
Funding-neutral assets ¹	117		117	Funding-neutral liabilities ¹
Cash & due from banks	68	122% coverage	36	Other short-term liabilities ²
Unencumbered liquid assets ³	160		71	Due to banks
			24	Short-term borrowings
			60	time
Loans ⁴	247		146	demand
			67	savings
			28	fiduciary
Other illiquid assets	133		132	Long-term debt
			44	Total equity
Assets	878			878

¹ Primarily includes brokerage receivables/payables, positive/negative replacement values and cash collateral.

² Primarily includes excess of funding neutral liabilities (brokerage payables) over corresponding assets.

³ Primarily includes unencumbered trading assets, unencumbered investment securities and excess reverse repurchase agreements, after haircuts.

⁴ Excludes loans with banks.

⁵ Excludes due to banks and certificates of deposit.

Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess coverage of 22% as of the end of 1Q14 and 4Q13, reflecting a slight increase in loans and a slight increase in deposits. We fund other illiquid assets, including real estate, private equity and other long-term investments as well as a haircut for the illiquid portion of securities, with long-term debt and equity, in which we try to maintain a substantial funding buffer.

Our core customer deposits totaled CHF 301 billion as of the end of 1Q14 compared to CHF 297 billion as of the end of 4Q13, reflecting a stable customer deposit base in Private Banking & Wealth Management. Core customer deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits from banks and certificates of deposit. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions. Our core customer deposit funding is supplemented by the issuance of long-term debt.

► Refer to the chart "Balance sheet funding structure" and "Balance sheet and off-balance sheet" for further information.

Debt issuances and redemptions

Our long-term debt includes senior and subordinated debt issued in US-registered offerings and medium-term note programs, euro market medium-term note programs, stand-alone offerings, structured note programs, covered bond programs, Australian dollar domestic medium-term note programs and a Samurai shelf registration statement in Japan. As a global bank, we have access to multiple markets worldwide and our major funding centers are New York, London, Zurich and Tokyo.

We use a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Substantially all of our unsecured senior debt is issued without financial covenants, such as adverse changes in our credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in our cost of financing or accelerate the maturity of the debt. Our covered bond funding is in the form of mortgage-backed loans funded by domestic covered bonds issued through Pfandbriefbank Schweizerischer Hypothekar-institute, one of two institutions established by a 1930 act of the Swiss Parliament to centralize the issuance of covered bonds, or from our own international covered bond program.

The table below provides information on long-term debt issuances, maturities and redemptions in 1Q14, excluding structured notes.

Debt issuances and redemptions

in 1Q14	Senior	Sub-ordinated	Long-term debt
Long-term debt (CHF billion, notional value)			
Issuances	5.2	–	5.2
of which unsecured	1.6	–	1.6
of which secured ¹	3.6	–	3.6
Maturities / Redemptions	5.1	1.3	6.4
of which unsecured	4.1	1.3	5.4
of which secured ¹	1.0	–	1.0

Excludes structured notes.

¹ Includes covered bonds.

As of the end of 1Q14, we had outstanding long-term debt of CHF 132 billion, which included senior and subordinated instruments. We had CHF 38.4 billion and CHF 16.9 billion of structured notes and covered bonds outstanding, respectively, as of the end of 1Q14 compared to CHF 34.8 billion and CHF 14.3 billion, respectively, as of 4Q13.

► Refer to "Capital issuances and redemptions" in Capital management for information on issuances of capital notes, all of which constitute subordinated debt instruments.

As of the end of 1Q14, the weighted average maturity of long-term debt was 6.5 years (including certificates of deposit with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity, or in 2030 for instruments without a stated final maturity).

Short-term borrowings increased 20% to CHF 24.2 billion as of the end of 1Q14 compared to CHF 20.2 billion in 4Q13.

Credit ratings

The maximum impact of a simultaneous one, two or three-notch downgrade by all three major rating agencies in the Bank's long-term debt ratings would result in additional collateral requirements or assumed termination payments under certain derivative instruments of CHF 1.1 billion, CHF 3.0 billion and CHF 4.3 billion, respectively, as of the end of 1Q14, and would not be material to our liquidity and funding planning. If the downgrade does not involve all three rating agencies, the impact may be smaller.

As of the end of 1Q14, we were compliant with the requirements related to maintaining a specific credit rating under these derivative instruments.

► Refer to "Credit ratings" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management in the Credit Suisse Annual Report 2013 for further information.

Capital management

As of the end of 1Q14, our CET1 ratio was 14.3% under Basel III and 10.0% on a look-through basis. Our RWA under Basel III were CHF 286.0 billion and our Swiss leverage ratio was 4.8%.

REGULATORY CAPITAL FRAMEWORK

Overview

Effective January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder (Swiss Requirements). Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Also, our capital metrics fluctuate during any reporting period in the ordinary course of business.

References to phase-in and look-through included herein refer to Basel III capital requirements. Phase-in reflects that, for the years 2014 – 2018, there will be a five-year (20% per annum) phase-in of goodwill, other intangible assets and other capital deductions (e.g., certain deferred tax assets and participations in financial institutions) and the phase-out of an adjustment for the accounting treatment of pension plans and, for the years 2013 – 2022, there will be a phase-out of certain capital instruments. Look-through assumes the full phase-in of goodwill and other intangible assets and other regulatory adjustments and the phase-out of certain capital instruments.

► Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet and "Regulation and supervision" in I – Information on the company in the Credit Suisse Annual Report 2013 for further information.

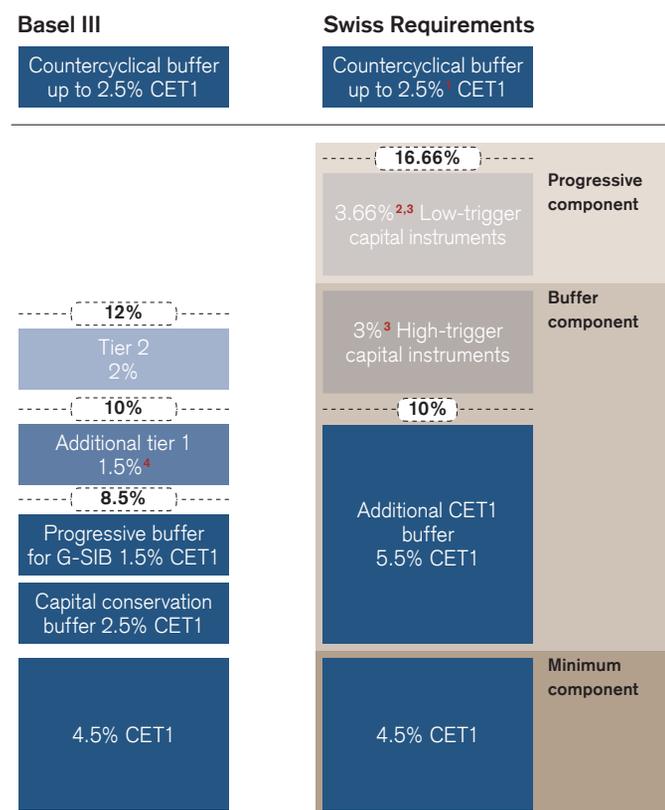
Capital structure under Basel III

The BCBS issued the Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector and requires banks to hold more capital, mainly in the form of common equity. The new capital standards are being phased in from 2013 through 2018 and are fully effective January 1, 2019 for those countries that have adopted Basel III.

► Refer to the table "Basel III phase-in requirements for Credit Suisse" for capital requirements and applicable effective dates during the phase-in period.

Under Basel III, the minimum common equity tier 1 (CET1) requirement is 4.5% of risk-weighted assets (RWA). In addition, a 2.5% CET1 capital conservation buffer is required to absorb losses in periods of financial and economic stress.

Capital frameworks for Credit Suisse



¹ As of September 30, 2013, banks are required to hold CET1 capital in the amount of 1% of RWA pertaining to mortgage loans that finance residential property in Switzerland.

² The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA.

³ Counts towards Basel III minimum requirements as tier 1 or tier 2 capital depending on the quality of the underlying instruments.

⁴ Additional tier 1 instruments must provide for principal loss absorption through a conversion into common equity or write-down feature. The trigger for such a conversion or write-down must include a CET1 ratio of at least 5.125%.

A progressive buffer between 1% and 2.5% (with a possible additional 1% surcharge) of CET1, depending on a bank's systemic importance, is an additional capital requirement for global systemically important banks (G-SIB). The Financial Stability Board (FSB) has identified us as a G-SIB and requires us to maintain a 1.5% progressive buffer.

In addition to the CET1 requirements, there is also a requirement for 1.5% additional tier 1 capital and 2% tier 2 capital. These

requirements may also be met with CET1 capital. To qualify as additional tier 1 under Basel III, capital instruments must provide for principal loss absorption through a conversion into common equity or a write-down of principal feature. The trigger for such conversion or write-down must include a CET1 ratio of at least 5.125%.

Basel III phase-in requirements for Credit Suisse

Effective January 1, for the applicable year	2014	2015	2016	2017	2018	2019
Capital ratios						
CET1	4.0% ¹	4.5%	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer			0.625% ¹	1.250% ¹	1.875% ¹	2.5%
Progressive buffer for G-SIB			0.375% ¹	0.750% ¹	1.125% ¹	1.5%
Total CET1	4.0%	4.5%	5.5%	6.5%	7.5%	8.5%
Additional tier 1	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Total tier 1	5.5%	6.0%	7.0%	8.0%	9.0%	10.0%
Tier 2	2.5% ¹	2.0%	2.0%	2.0%	2.0%	2.0%
Total capital	8.0%	8.0%	9.0%	10.0%	11.0%	12.0%
Phase-in deductions from CET1 ²	20.0% ¹	40.0% ¹	60.0% ¹	80.0% ¹	100.0%	100.0%
Capital instruments subject to phase-out	Phased out over a 10-year horizon beginning 2013 through 2022					

¹ Indicates phase-in period.

² Includes goodwill, other intangible assets, certain deferred tax assets and participations in financial institutions.

Basel III further provides for a countercyclical buffer that could require banks to hold up to 2.5% of CET1 or other capital that would be available to fully absorb losses. This requirement is expected to be imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk. This countercyclical buffer will be phased in from January 1, 2016 through January 1, 2019.

Capital instruments that do not meet the strict criteria for inclusion in CET1 are excluded. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out.

Swiss Requirements

The legislation implementing the Basel III framework in Switzerland in respect of capital requirements for systemically relevant banks goes beyond Basel III's minimum standards, including requiring us, as a systemically relevant bank, to have the following minimum, buffer and progressive components.

▶ Refer to "Swiss Requirements" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management in the Credit Suisse Annual Report 2013 for further information.

▶ Refer to the chart "Swiss capital and leverage ratio phase-in requirements for Credit Suisse" for Swiss capital requirements and applicable effective dates during the phase-in period.

The minimum requirement of CET1 capital is 4.5% of RWA.

The buffer requirement is 8.5% and can be met with additional CET1 capital of 5.5% of RWA and a maximum of 3% of

high-trigger capital instruments. High-trigger capital instruments must convert into common equity or be written off if the CET1 ratio falls below 7%.

The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business. For 2014, FINMA set our progressive component requirement at 3.66%. The progressive component requirement may be met with CET1 capital or low-trigger capital instruments. In order to qualify, low-trigger capital instruments must convert into common equity or be written off if the CET1 ratio falls below a specified percentage, the lowest of which may be 5%. In addition, until the end of 2017, the progressive component requirement may also be met with high-trigger capital instruments. Both high and low-trigger capital instruments must comply with the Basel III minimum requirements for tier 2 capital (including subordination, point-of-non-viability loss absorption and minimum maturity).

Similar to Basel III, the Swiss Requirements include a supplemental countercyclical buffer of up to 2.5% of RWA that can be activated during periods of excess credit growth. Effective January 1, 2013, FINMA introduced increased capital charges for mortgages that finance certain residential property in Switzerland. In February 2013, the countercyclical capital buffer was activated and it requires banks to hold CET1 capital in the amount of 1% of their RWA pertaining to such mortgages (mortgage multiplier). These increased capital charges, which are applied for both Bank for International Settlements (BIS) and FINMA purposes, will be

phased in by January 1, 2019. As of the end of 1Q14, our countercyclical buffer was CHF 151 million, which is equivalent to an additional requirement of 0.05% of CET1 capital. In January 2014, upon the request of SNB, the Swiss Federal Council further increased the countercyclical buffer from 1% to 2%, effective June 30, 2014.

In December 2013, FINMA issued a decree specifying capital adequacy requirements for the Bank, on a stand-alone basis (Bank parent company), and the Bank and the Group, each on a consolidated basis, as systemically relevant institutions (FINMA Decree).

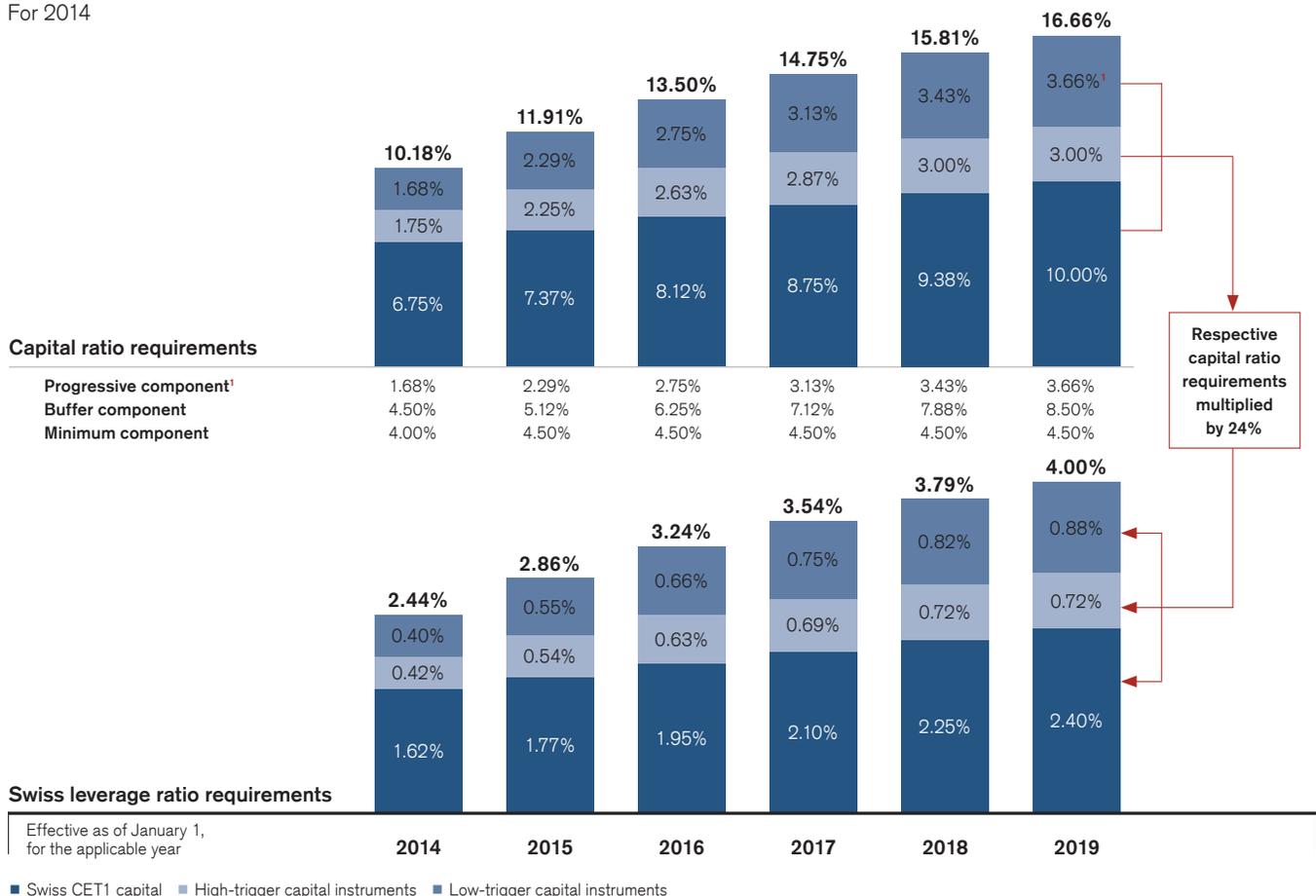
Beginning in 1Q14, we adjusted the presentation of our Swiss capital metrics and terminology and we now refer to Swiss Core Capital as Swiss CET1 capital and Swiss Total Capital as Swiss

total eligible capital. Swiss Total Capital previously reflected the tier 1 participation securities, which were fully redeemed in 1Q14. Swiss CET1 capital consists of BIS CET1 capital and certain other Swiss adjustments. Swiss total eligible capital consists of Swiss CET1 capital, high-trigger capital instruments, low-trigger capital instruments and additional tier 1 instruments and tier 2 instruments subject to phase-out and phase-in deductions from CET1.

We must also comply with a leverage ratio applicable to Swiss systemically relevant banks (Swiss leverage ratio). This leverage ratio must be at least 24% of each of the respective minimum, buffer and progressive component requirements. Since the ratio is defined by reference to capital requirements subject to phase-in arrangements, the ratio will also be phased in.

Swiss capital and leverage ratio phase-in requirements for Credit Suisse

For 2014



Excludes countercyclical buffer required as of September 30, 2013.

¹ The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA.

Risk measurement models

Within the Basel framework for FINMA regulatory capital purposes, we implemented risk measurement models, including an incremental risk charge (IRC), stressed Value-at-Risk (VaR), risks not in VaR, comprehensive risk measure framework and advanced credit valuation adjustment (CVA).

FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR backtesting exception over four in the prior rolling 12-month period. In 1Q14, our market risk capital multiplier remained at FINMA and BIS minimum levels and we did not experience an increase in market risk capital.

▶ Refer to "Risk measurement models" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management in the Credit Suisse Annual Report 2013 for further information.

▶ Refer to "Market risk" in Risk management for further information on Credit Suisse's risk measurement models and backtesting exceptions.

REGULATORY DEVELOPMENTS AND PROPOSALS

In January 2014, the BCBS published the framework and disclosure requirements for the Basel III leverage ratio. The required Basel III leverage ratio, which seeks to measure tier 1 capital against exposure, is expected to be at least 3%. Although the effective date of the Basel III leverage ratio is not until 2018, banks will be required to disclose the ratio on a consolidated basis beginning in 2015, subject to implementation by national regulators.

In accordance with BCBS's G-SIB loss absorbency requirements and FINMA's capital adequacy disclosure requirements, banks with a balance sheet exceeding EUR 200 billion must publish annually 12 financial indicators, such as size and complexity. Depending on these financial indicators, the FSB will set the progressive buffer for G-SIBs. The reporting requirement became effective December 31, 2013 and disclosures must be made by April 30, 2014.

In March 2014, the BCBS published a final standard on the treatment of counterparty credit risk associated with derivative transactions. The new requirement will replace the current exposure method and the existing standardized method and will become effective on January 1, 2017.

From January 1, 2014, the Capital Requirement Directive (CRD) IV package of legislation (comprising a directive and a regulation) will replace the current CRD directive with new measures implementing Basel III and other requirements. As part of the transition to CRD IV, the UK's Prudential Regulation Authority has reviewed the permissions of UK financial institutions, including those of our subsidiaries, to use their current internal modeling for capital calculation purposes as well as new models required for CRD IV compliance. The majority of the models for our subsidiaries were approved and certain models will require updates in line with latest BCBS guidance and regulatory feedback on modeling techniques.

In July 2013, the Fed, Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency released final capital rules that overhaul the existing US bank regulatory capital

rules and implement the Basel III framework and certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The final rules are largely consistent with the Basel III framework published by the BCBS, although they diverge in several important respects due to requirements of the Dodd-Frank Act and do not address other, more recent aspects of the Basel III framework. In February 2014, the Fed adopted a rule under the Dodd-Frank Act that creates a new framework for regulation of the US operations of foreign banking organizations. The rule requires Credit Suisse to create a single US intermediate holding company (IHC) to hold all of its US subsidiaries; this will not apply to Credit Suisse AG's New York branch (New York Branch). The IHC will be subject to local risk-based capital and leverage requirements. In addition, both the IHC itself and the combined US operations of Credit Suisse (including the IHC and the New York Branch) will be subject to other new prudential requirements. The new framework's prudential requirements generally become effective in July 2016.

FINMA Decree

The SNB has previously designated the Group as a financial group of systemic importance under applicable Swiss law. Following that designation, in December 2013 the FINMA Decree was issued. In addition to the capital adequacy requirements described above, it also specified liquidity, risk diversification and disclosure requirements for the Bank parent company.

The FINMA Decree became effective on February 2, 2014 and requires the Group to fully comply with the special requirements for systemically important banks set out in the Capital Adequacy Ordinance. To facilitate the application of these requirements within the Group and to allow Credit Suisse to continue its central treasury policy, the FINMA Decree also references forms of relief granted by FINMA within its stated authority that is designed to prevent the application of requirements at the Bank parent company level from effectively increasing the regulatory capital requirements applicable to the Group, notwithstanding all reasonable efforts by the Group to avoid such a situation. FINMA also requires certain capital disclosures at the Bank parent company level as of the end of March 31, 2014, which can be found on our website. In addition, the FINMA Decree requires the disclosure of the following forms of relief:

- **New approach to standalone capital requirements:** Withdrawal of the previously granted form of relief for funding that the Bank parent company provides to Group subsidiaries. The new approach results in an increase in RWA at the Bank parent company level.
- **Reduction of regulatory capital requirement:** Risk-weighted capital requirement reduced to 14% from a current 16.66%, of which at least 10% must be held in the form of CET1 capital. This measure is a form of relief at the Bank parent company level in comparison with the minimum requirements set out by FINMA at the Group level.
- **Equal treatment of direct and indirect investments:** Direct and indirect investments in Group subsidiaries that are

active in the financial sector and are held by the Bank parent company are treated equally. Directly and indirectly held investments in Group subsidiaries up to a bank-specific threshold set by FINMA are risk-weighted at 200%. Amounts above the threshold are deducted 50% from CET1 capital and 50% from total eligible capital. The deduction approach is similar to the treatment of capital instruments under Basel III and continues the previously applicable treatment under Swiss regulations. This measure may have the effect of changing RWA and/or total eligible capital. Depending on the calibration of the threshold, investments in Group subsidiaries require total eligible capital in a range between 28% (if all investments are risk-weighted) and 100% (if all investments are deducted from total eligible capital).

Overall, withdrawal of previous forms of relief, the introduction of stricter requirements and the provision of new forms of relief avoids a situation in which requirements at the Bank parent company would effectively dictate requirements at the Group level and, as such, effectively lead to higher capital ratios at the Bank parent company level.

CAPITAL ISSUANCES AND REDEMPTIONS

In March 2014, pursuant to a tender offer, we repurchased USD 1.4 billion of outstanding 7.875% perpetual series B subordinated tier 1 participation securities. We subsequently exercised a regulatory call of the USD 99 million of such securities that had not been tendered, with the result that no such securities remain outstanding. Prior to the announcement of the tender offer and as advised by FINMA, these tier 1 participation securities formed part of Swiss CET1 capital under the Swiss Requirements, whereas under Basel III, these instruments were included in additional tier 1 instruments subject to phase-out. These transactions were approved by FINMA.

In January 2014, Contingent Capital Awards (CCA) were granted to certain employees as part of their 2013 deferred variable compensation. In March 2014, employees holding 2011 Partner Asset Facility (PAF2) awards, which were restructured, reallocated a portion of their PAF2 holdings to CCA. Both of these events added CHF 0.5 billion to regulatory capital in 1Q14. CCA qualify as additional tier 1 and high-trigger capital instruments for regulatory capital purposes.

► Refer to "Note 28 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group in the Annual Report 2013 for further information on CCA.

Higher Trigger Capital Amount

The capital ratio write-down triggers for certain of our outstanding capital instruments take into account the fact that other outstanding capital instruments that contain relatively higher capital ratios as part of their trigger feature are expected to convert or be written down prior to the write down of such capital instruments. The

amount of additional capital that is expected to be contributed by such conversion or write down is referred to as the Higher Trigger Capital Amount.

With respect to the USD 2.5 billion 6.5% tier 2 capital notes due in August 2023 and the EUR 1.25 billion 5.75% tier 2 capital notes due in September 2025, the Higher Trigger Capital Amount was CHF 10.5 billion and the Higher Trigger Capital Ratio (i.e., the ratio of the Higher Trigger Capital Amount to the aggregate of all RWA of the Group) was 3.8%, both as of the end of 1Q14. With respect to the USD 2.25 billion 7.5% tier 1 capital notes and the CHF 290 million 6.0% tier 1 capital notes, the Higher Trigger Capital Amount was CHF 8.2 billion and the Higher Trigger Capital Ratio was 2.9%, both as of the end of 1Q14. CCA are expected to increase both of these Higher Trigger Capital Amounts over time.

► Refer to "Capital issuances and redemptions" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management in the Credit Suisse Annual Report 2013 for further information on Higher Trigger Capital Amount.

► Refer to the table "BIS statistics – Basel III – Group" for further information on the BIS statistics used to calculate such measures.

BIS CAPITAL METRICS

Regulatory capital and ratios

Our CET1 ratio was 14.3% as of the end of 1Q14, compared to 15.7% as of the end of 4Q13, due to an increase in RWA and a decrease in CET1 capital. Our tier 1 ratio was 15.6% as of the end of 1Q14, compared to 16.8% as of the end of 4Q13. Our total capital ratio decreased to 19.1% as of the end of 1Q14 compared to 20.6% as of the end of 4Q13.

CET1 capital was CHF 40.9 billion as of the end of 1Q14 compared to CHF 43.0 billion as of the end of 4Q13, mainly reflecting the 20% phase-in of regulatory deductions from CET1 including goodwill, other intangible assets, certain deferred tax assets and a 20% decrease in the adjustment for the accounting treatment of pension plans, pursuant to phase-in requirements. CET1 capital was also impacted by a quarterly dividend accrual and a negative foreign exchange translation impact, partially offset by net income and the impact of share-based compensation.

Additional tier 1 capital increased to CHF 3.7 billion, mainly due to the issuance of CHF 0.5 billion CCA and the 20% decrease in phase-in deductions, including goodwill, other intangible assets and other capital deductions, partially offset by the redemption of the tier 1 participation securities in March 2014. Tier 2 capital decreased slightly to CHF 10.0 billion as of the end of 1Q14.

Total eligible capital was CHF 54.6 billion as of the end of 1Q14 compared to CHF 56.3 billion as of the end of 4Q13, reflecting the decrease in CET1 capital, partially offset by the increase in additional tier 1 capital.

We reported a look-through CET1 ratio of 10.0% as of the end of 1Q14, compared to an updated long-term target of 11.0%. As of the end of 1Q14, the look-through total capital ratio was 15.1%, unchanged from the end of 4Q13.

BIS statistics – Basel III – Group

end of	Phase-in			Look-through		
	1Q14	4Q13	% change QoQ	1Q14	4Q13	% change QoQ
Eligible capital (CHF million)						
Total shareholders' equity	43,230	42,164	3	43,230	42,164	3
Regulatory adjustments ¹	(1,213)	(1,069)	13	(1,213)	(1,069)	13
Adjustments subject to phase-in	(1,114) ²	1,894 ³	–	(14,159)	(14,615)	(3)
CET1 capital	40,903	42,989	(5)	27,858	26,480	5
Additional tier 1 instruments	8,000 ⁴	7,484	7	8,000	7,484	7
Additional tier 1 instruments subject to phase-out ⁵	2,088	3,652	(43)	–	–	–
Deductions from additional tier 1 capital	(6,414) ⁶	(8,064)	(20)	–	–	–
Additional tier 1 capital	3,674	3,072	20	8,000	7,484	7
Total tier 1 capital	44,577	46,061	(3)	35,858	33,964	6
Tier 2 instruments	6,340 ⁷	6,263	1	6,340	6,263	1
Tier 2 instruments subject to phase-out	3,924	4,321	(9)	–	–	–
Deductions from tier 2 capital	(263)	(357)	(26)	(2)	(18)	(89)
Tier 2 capital	10,001	10,227	(2)	6,338	6,245	1
Total eligible capital	54,578	56,288	(3)	42,196	40,209	5
Risk-weighted assets (CHF million)						
Credit risk	187,609	175,631	7	181,307	167,888	8
Market risk	34,143	39,133	(13)	34,143	39,133	(13)
Operational risk	58,400	53,075	10	58,400	53,075	10
Non-counterparty risk	5,844	6,007	(3)	5,844	6,007	(3)
Risk-weighted assets	285,996	273,846	4	279,694	266,103	5
Capital ratios (%)						
CET1 ratio	14.3	15.7	–	10.0	10.0	–
Tier 1 ratio	15.6	16.8	–	12.8	12.8	–
Total capital ratio	19.1	20.6	–	15.1	15.1	–

¹ Includes regulatory adjustments not subject to phase-in, including a cumulative dividend accrual.

² Reflects 20% phase-in deductions including goodwill, other intangible assets, certain deferred tax assets and 80% of an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements.

³ Includes an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements and other regulatory adjustments.

⁴ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 5.7 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 2.3 billion consists of capital instruments with a capital ratio write-down trigger of 5.125%.

⁵ Includes hybrid capital instruments that are subject to phase-out.

⁶ Includes 80% of goodwill and other intangible assets (CHF 6.5 billion) and other capital deductions, including gains/(losses) due to changes in own credit risks on fair valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.

⁷ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 2.5 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 3.8 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

BIS statistics – Basel III – Bank

end of	1Q14	4Q13	Phase-in % change QoQ
Eligible capital (CHF million)			
Total shareholders' equity	41,062	39,992	3
Regulatory adjustments ¹	(2,493)	(3,504)	(29)
Adjustments subject to phase-in	(1,440) ²	1,540 ³	–
CET1 capital	37,129	38,028	(2)
Additional tier 1 instruments	7,135 ⁴	6,644	7
Additional tier 1 instruments subject to phase-out ⁵	2,088	3,652	(43)
Deductions from additional tier 1 capital	(5,679) ⁶	(7,219)	(21)
Additional tier 1 capital	3,544	3,077	15
Total tier 1 capital	40,673	41,105	(1)
Tier 2 instruments	6,340 ⁷	6,263	1
Tier 2 instruments subject to phase-out	3,344	5,016	(33)
Deductions from tier 2 capital	(244)	(318)	(23)
Tier 2 capital	9,440	10,961	(14)
Total eligible capital	50,113	52,066	(4)
Risk-weighted assets (CHF million)			
Credit risk	178,779	166,324	7
Market risk	34,115	39,111	(13)
Operational risk	58,400	53,075	10
Non-counterparty risk	5,598	5,758	(3)
Risk-weighted assets	276,892	264,268	5
Capital ratios (%)			
CET1 ratio	13.4	14.4	–
Tier 1 ratio	14.7	15.6	–
Total capital ratio	18.1	19.7	–

¹ Includes regulatory adjustments not subject to phase-in, including a cumulative dividend accrual.

² Reflects 20% phase-in deductions including goodwill, other intangible assets, certain deferred tax assets and 80% of an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements.

³ Includes an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements and other regulatory adjustments.

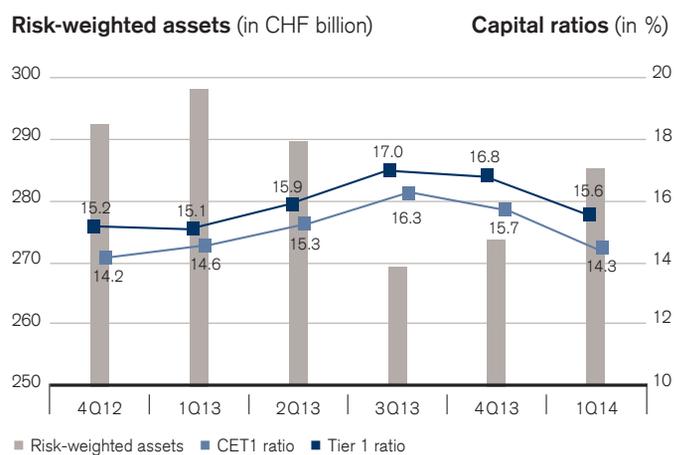
⁴ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 5.7 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 1.4 billion consists of capital instruments with a capital ratio write-down trigger of 5.125%.

⁵ Includes hybrid capital instruments that are subject to phase-out.

⁶ Includes 80% of goodwill and other intangible assets (CHF 5.8 billion) and other capital deductions, including gains/(losses) due to changes in own credit risks on fair valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.

⁷ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 2.5 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 3.8 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

Risk-weighted assets and capital ratios – Basel III



CET1 capital movement – Basel III

	1Q14	4Q13
CET1 capital (CHF million)		
Balance at beginning of period	42,989	43,780
Net income	859	(476)
Foreign exchange impact	(233)	(516)
Impact of phase-in requirements	(3,015)	–
Other	303 ¹	201 ¹
Balance at end of period	40,903	42,989

¹ Reflects the effect of share-based compensation, a dividend accrual and a change in other regulatory adjustments.

Other regulatory disclosures

In connection with the implementation of Basel III, additional regulatory disclosures are required. Additional information on capital instruments, including the main features and terms and conditions of regulatory capital instruments that form part of the eligible capital base of the Group, subsidiary regulatory reporting, reconciliation requirements, Pillar 3 disclosures and additional capital disclosures for the Bank parent company can be found on our website.

► Refer to https://www.credit-suisse.com/investors/en/regulatory_disclosures/index.jsp for additional information.

Risk-weighted assets

Our balance sheet positions and off-balance sheet exposures translate into RWA that are categorized as market, credit, operational and non-counterparty risk RWA. Market risk RWA reflect the capital requirements of potential changes in the fair values of financial instruments in response to market movements inherent in both balance sheet and off-balance sheet items. Credit risk RWA reflect the capital requirements for the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Under Basel III, certain regulatory capital adjustments are dependent on the level of CET1 capital (thresholds). The amount above the threshold is deducted from CET1 capital and the amount below the threshold is risk weighted. RWA subject to such threshold adjustments are included in credit risk RWA. Operational risk RWA reflect the capital requirements for the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty-risk RWA primarily reflect the capital requirements for our premises and equipment. It is not the nominal size, but the nature (including risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWA.

Risk-weighted assets by division – Basel III

	1Q14	end of 4Q13	% change QoQ
Risk-weighted assets by division (CHF million)			
Private Banking & Wealth Management	99,730	94,395	6
Investment Banking	164,065	156,402	5
Corporate Center	22,201	23,049	(4)
Risk-weighted assets	285,996	273,846	4

Risk-weighted asset movement by risk type – Basel III

1Q14	Credit risk (excluding CVA)	Credit risk (CVA)	Market risk	Operational risk	Non- counterparty risk	Total risk- weighted assets
Risk-weighted asset movement by risk type (CHF million)						
Balance at beginning of period	164,924	10,707	39,133	53,075	6,007	273,846
Foreign exchange impact	(983)	(79)	(400)	0	0	(1,462)
Movements in risk levels	(31)	1,732	(6,311)	0	(163)	(4,773)
of which credit risk – book size ¹	259	2,616	–	–	–	–
of which credit risk – book quality ²	(290)	(884)	–	–	–	–
Model and parameter updates ³	252	(214)	(575)	0	0	(537)
Methodology and policy – internal ⁴	2,306	4,396	(1,286)	0	0	5,416
Methodology and policy – external ⁵	4,599	0	3,582	5,325	0	13,506
Balance at end of period	171,067	16,542	34,143	58,400	5,844	285,996

¹ Represents changes in portfolio size.

² Represents changes in average risk weighting across credit risk classes.

³ Represents movements arising from updates to models and recalibrations of parameters.

⁴ Represents internal changes impacting how exposures are treated.

⁵ Represents externally prescribed regulatory changes impacting how exposures are treated.

RWA increased 4%, from CHF 273.8 billion as of the end of 4Q13 to CHF 286.0 billion as of the end of 1Q14, reflecting an increase in credit risk and operational risk, partially offset by a decrease in market risk and a decrease resulting from foreign exchange translation.

The increase in **credit risk (excluding CVA)** was primarily driven by methodology changes that affected both Investment Banking and Private Banking & Wealth Management. Within Investment Banking, externally driven methodology changes resulted from an increase in the risk weighting of private equity positions, while internally driven changes primarily resulted from the recalibration of derivative add-ons and the loss of netting for central clearing counterparty default funds. Externally driven methodology changes within Private Banking & Wealth Management resulted from an increase to the risk weighting of private equity positions, particularly within Asset Management, and an increase resulting from the mortgage multiplier relating to the financing of certain residential property in Switzerland. Overall, the movements in risk levels resulted in a marginal decrease in RWA. Investment Banking movements in risk levels were due to increases in lending and secured financing offset by decreases in securitization portfolio exposures. Private Banking & Wealth Management movements in risk levels were due to decreases in Asset Management fund positions offset by increases in Wealth Management Clients and Corporate & Institutional Clients lending.

Credit risk related to CVA risk increased during the period driven by internally driven methodology changes and increases

related to movements in risk levels within Investment Banking. Internally driven methodology changes were due to changes in the hedging of CVA risk and the modeling of derivative exposures. The increases related to movements in risk levels were due to increases in exposures and hedged positions.

The decrease in **market risk** was primarily driven by decreases related to movements in risk levels partially offset by increases due to externally driven methodology changes mainly resulting from the regulatory requirement to hold capital against short trading book securitization positions starting on January 1, 2014. The movements in risk levels were driven by a decrease in trading book securitization exposures following increased protection on low-rated tranches portfolios, including protection provided by the Capital Opportunity Facility (COF), a component of our employee deferred compensation plan. Additionally, stressed VaR was lower driven by decreases in exposures across foreign exchange products, equities and emerging markets. The decrease resulting from changes in model and parameters was primarily due to an update in the stressed spread parameters.

The increase in **operational risk** resulted from the implementation of a revised advanced management approach (AMA) model, a FINMA imposed cap applied to benefits derived from insurance protection and an update to the litigation add-on component following an increase in the aggregate range of reasonably possible litigation losses not covered by existing provisions.

SWISS CAPITAL METRICS

Swiss regulatory capital and ratios

► Refer to "Swiss Requirements" for further information on Swiss regulatory requirements.

As of the end of 1Q14, our Swiss CET1 capital and Swiss total capital ratios were 14.2% and 19.0%, respectively, compared

to the Swiss capital ratio phase-in requirements of 6.75% and 10.18%, respectively.

On a look-through basis, our Swiss CET1 capital was CHF 27.7 billion and our Swiss CET1 ratio was 9.9% as of the end of 1Q14. Our Swiss total eligible capital was CHF 42.0 billion and our Swiss total capital ratio was 15.0% as of the end of 1Q14, each on a look-through basis.

Swiss statistics – Basel III – Group

end of	Phase-in			Look-through		
	1Q14	4Q13	% change QoQ	1Q14	4Q13	% change QoQ
Capital development (CHF million)						
CET1 capital	40,903	42,989	(5)	27,858	26,480	5
Swiss regulatory adjustments ¹	(151)	1,658	–	(163)	1,824	–
Swiss CET1 capital²	40,752	44,647	(9)	27,695	28,304	(2)
High-trigger capital instruments	8,231 ³	7,743	6	8,231	7,743	6
Low-trigger capital instruments	6,109 ⁴	6,005	2	6,109	6,005	2
Additional tier 1 and tier 2 instruments subject to phase-out ⁵	6,012	–	–	–	–	–
Deductions from additional tier 1 and tier 2 capital ⁵	(6,677)	–	–	(2)	–	–
Swiss total eligible capital²	54,427	58,395	(7)	42,033	42,052	0
Risk-weighted assets (CHF million)						
Risk-weighted assets – Basel III	285,996	273,846	4	279,694	266,103	5
Swiss regulatory adjustments ⁶	737	1,015	(27)	736	1,031	(29)
Swiss risk-weighted assets	286,733	274,861	4	280,430	267,134	5
Capital ratios (%)						
Swiss CET1 ratio	14.2	16.2	–	9.9	10.6	–
Swiss total capital ratio	19.0	21.2	–	15.0	15.7	–

¹ Includes adjustments for certain unrealized gains outside the trading book and, in 4Q13, also included tier 1 participation securities, which were redeemed in 1Q14.

² Previously referred to as Swiss Core Capital and Swiss Total Capital, respectively.

³ Consists of CHF 5.7 billion additional tier 1 instruments and CHF 2.5 billion tier 2 instruments.

⁴ Consists of CHF 2.3 billion additional tier 1 instruments and CHF 3.8 billion tier 2 instruments.

⁵ Reflects the FINMA Decree, which was effective in 1Q14.

⁶ Primarily includes differences in the credit risk multiplier.

Swiss statistics – Basel III – Bank

end of	1Q14	4Q13	Phase-in % change QoQ
Capital development (CHF million)			
CET1 capital	37,129	38,028	(2)
Swiss regulatory adjustments ¹	(90)	1,711	–
Swiss CET1 capital ²	37,039	39,739	(7)
High-trigger capital instruments	8,228 ³	7,743	6
Low-trigger capital instruments	5,247 ⁴	5,164	2
Additional tier 1 and tier 2 instruments subject to phase-out ⁵	5,432	–	–
Deductions from additional tier 1 and tier 2 capital ⁵	(5,923)	–	–
Swiss total eligible capital ²	50,023	52,646	(5)
Risk-weighted assets (CHF million)			
Risk-weighted assets – Basel III	276,892	264,268	5
Swiss regulatory adjustments ⁶	740	1,020	(27)
Swiss risk-weighted assets	277,632	265,288	5
Capital ratios (%)			
Swiss CET1 ratio	13.3	15.0	–
Swiss total capital ratio	18.0	19.8	–

¹ Includes adjustments for certain unrealized gains outside the trading book and, in 4Q13, also included tier 1 participation securities, which were redeemed in 1Q14.

² Previously referred to as Swiss Core Capital and Swiss Total Capital, respectively.

³ Consists of CHF 5.7 billion additional tier 1 instruments and CHF 2.5 billion tier 2 instruments.

⁴ Consists of CHF 1.4 billion additional tier 1 instruments and CHF 3.8 billion tier 2 instruments.

⁵ Reflects the FINMA Decree, which was effective in 1Q14.

⁶ Primarily includes differences in the credit risk multiplier.

The following table presents the Swiss Requirements for each of the relevant capital components and discloses our current capital metrics against those requirements.

Swiss capital requirements and coverage

end of	Group					Bank				
	Minimum component	Capital requirements		Excess	1Q14	Minimum component	Capital requirements		Excess	1Q14
		Buffer component	Progressive component				Buffer component	Progressive component		
Risk-weighted assets (CHF billion)										
Swiss risk-weighted assets	-	-	-	-	286.7	-	-	-	-	277.6
2014 Swiss capital requirements ¹										
Minimum Swiss total capital ratio	4.0%	4.5%	1.68%	-	10.18%	4.0%	4.5%	1.68%	-	10.18%
Minimum Swiss total eligible capital (CHF billion)	11.5	12.9	4.8	-	29.2	11.1	12.5	4.7	-	28.3
Swiss capital coverage (CHF billion)										
Swiss CET1 capital	11.5	7.9	-	21.4	40.8	11.1	7.6	-	18.3	37.0
High-trigger capital instruments	-	5.0	-	3.2	8.2	-	4.9	-	3.4	8.2
Low-trigger capital instruments	-	-	4.8	1.3	6.1	-	-	4.7	0.6	5.2
Additional tier 1 and tier 2 instruments subject to phase-out	-	-	-	6.0	6.0	-	-	-	5.4	5.4
Deductions from additional tier 1 and tier 2 capital	-	-	-	(6.7)	(6.7)	-	-	-	(5.9)	(5.9)
Swiss total eligible capital	11.5	12.9	4.8	25.2	54.4	11.1	12.5	4.7	21.8	50.0
Capital ratios (%)										
Swiss total capital ratio	4.0%	4.5%	1.68%	8.8%	19.0%	4.0%	4.5%	1.68%	7.8%	18.0%

Rounding differences may occur. Excludes countercyclical buffer that was required as of September 30, 2013.

¹ The Swiss capital requirements are based on a percentage of RWA.

Swiss leverage ratio

The Swiss leverage ratio is calculated as Swiss total eligible capital, divided by a three-month average exposure, which consists of balance sheet assets, off-balance sheet exposures, consisting of guarantees and commitments, and regulatory adjustments, including cash collateral netting reversals and derivative add-ons. As of the end of 1Q14, our Swiss leverage ratio was 4.8% and the

total average exposure was CHF 1,137.6 billion. As of the end of 1Q14, our total exposure was CHF 1,140 billion, compared to our updated long-term target of approximately CHF 1,000 billion.

The Group's look-through Swiss leverage ratio was 3.7% as of the end of 1Q14, compared to the 4.0% requirement for 2019 taking into account FINMA's reduction of our progressive component requirement beginning in 2014.

Swiss leverage ratio – Group

end of	Phase-in			Look-through		
	1Q14	4Q13	% change QoQ	1Q14	4Q13	% change QoQ
Swiss total eligible capital (CHF million)						
Swiss total eligible capital	54,427	58,395	(7)	42,033	42,052	0
Exposure (CHF million) ¹						
Balance sheet assets	879,250	890,242	(1)	879,250	890,242	(1)
Off-balance sheet exposures	135,500	133,426	2	135,500	133,426	2
Regulatory adjustments	122,813	130,150	(6)	108,996	113,596	(4)
Total average exposure	1,137,563	1,153,818	(1)	1,123,746	1,137,264	(1)
Swiss leverage ratio (%)						
Swiss leverage ratio	4.8	5.1	-	3.7	3.7	-

¹ Calculated as the average of the month-end amounts for the previous three calendar months.

Swiss leverage ratio – Bank

end of			Phase-in
	1Q14	4Q13	% change QoQ
Swiss total eligible capital (CHF million)			
Swiss total eligible capital	50,023	52,646	(5)
Exposure (CHF million)¹			
Balance sheet assets	860,940	872,097	(1)
Off-balance sheet exposures	134,878	132,567	2
Regulatory adjustments	121,540	127,795	(5)
Total average exposure	1,117,358	1,132,459	(1)
Swiss leverage ratio (%)			
Swiss leverage ratio	4.5	4.6	–

¹ Calculated as the average of the month-end amounts for the previous three calendar months.

The following table presents the Swiss Requirements relating to each of the relevant capital components and discloses our current leverage metrics against those requirements.

Swiss leverage requirements and coverage

end of	Group					Bank				
	Minimum component	Capital requirements Buffer component	Progressive component	Excess	1Q14	Minimum component	Capital requirements Buffer component	Progressive component	Excess	1Q14
Exposure (CHF billion)										
Total average exposure	–	–	–	–	1,137.6	–	–	–	–	1,117.4
2013 Swiss leverage requirements¹										
Minimum Swiss leverage ratio	0.96%	1.08%	0.40%	–	2.44%	0.96%	1.08%	0.40%	–	2.44%
Minimum Swiss leverage (CHF billion)	10.9	12.3	4.6	–	27.8	10.7	12.1	4.5	–	27.3
Swiss capital coverage (CHF billion)										
Swiss CET1 capital	10.9	7.5	–	22.3	40.8	10.7	7.4	–	18.9	37.0
High-trigger capital instruments	–	4.8	–	3.5	8.2	–	4.7	–	3.5	8.2
Low-trigger capital instruments	–	–	4.6	1.5	6.1	–	–	4.5	0.8	5.2
Additional tier 1 and tier 2 instruments subject to phase-out	–	–	–	6.0	6.0	–	–	–	5.4	5.4
Deductions from additional tier 1 and tier 2 capital	–	–	–	(6.7)	(6.7)	–	–	–	(5.9)	(5.9)
Swiss Total Capital	10.9	12.3	4.6	26.6	54.4	10.7	12.1	4.5	22.7	50.0
Swiss leverage ratio (%)										
Swiss leverage ratio	0.96%	1.08%	0.40%	2.34%	4.78%	0.96%	1.08%	0.40%	2.03%	4.48%

Rounding differences may occur.

¹ The leverage requirements are based on a percentage of total average exposure.

Total shareholders' equity

Our total shareholders' equity increased to CHF 43.2 billion as of the end of 1Q14 compared to CHF 42.2 billion as of the end of 4Q13. Total shareholders' equity was impacted by net income, the effect of share-based compensation and the purchase of subsidiary shares from non-controlling interests, relating to the

redemption of tier 1 participation securities. These increases were partially offset by the impact of foreign exchange-related movements on cumulative translation adjustments and treasury shares purchases and sales.

► Refer to the "Consolidated statements of changes in equity (unaudited)" in III – Condensed consolidated financial statements – unaudited for further information on shareholders' equity.

Capital

	1Q14	end of 4Q13	% change QoQ
Shareholders' equity (CHF million)			
Common shares	64	64	0
Additional paid-in capital	28,406	27,853	2
Retained earnings	31,092	30,261	3
Treasury shares, at cost	(249)	(139)	79
Accumulated other comprehensive income/(loss)	(16,083)	(15,875)	1
Total shareholders' equity	43,230	42,164	3
Goodwill	(7,956)	(7,999)	(1)
Other intangible assets	(228)	(210)	9
Tangible shareholders' equity¹	35,046	33,955	3
Shares outstanding (million)			
Common shares issued	1,596.1	1,596.1	0
Treasury shares	(8.9)	(5.2)	71
Shares outstanding	1,587.2	1,590.9	0
Par value (CHF)			
Par value	0.04	0.04	0
Book value per share (CHF)			
Total book value per share	27.24	26.50	3
Goodwill per share	(5.01)	(5.03)	0
Other intangible assets per share	(0.15)	(0.13)	15
Tangible book value per share¹	22.08	21.34	3

¹ Management believes that tangible shareholders' equity and tangible book value per share, both non-GAAP financial measures, are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

Risk management

In 1Q14, overall position risk decreased 5%, utilized economic capital decreased 2%, average risk management VaR in US dollars increased 5% and gross impaired loans were stable at CHF 1.5 billion.

ECONOMIC CAPITAL AND POSITION RISK

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. It is our core Group-wide risk management tool for measuring and reporting all quantifiable risks. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating).

We regularly review our economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In the event of methodology changes, prior-period balances are restated in order to show meaningful trends.

In 1Q14, we made an enhancement to the position risk dataset for risk management purposes. For real estate & structured assets, the dataset now includes funding risk for off-balance sheet residential mortgage-backed securities (RMBS) conduit positions. For fixed income trading, we have enhanced the scope for default risk for the traded credit spread portfolio to include credit default swaps (CDS). The net impact of these dataset changes on position risk for the Group as of the end of 4Q13 was a decrease of CHF 343 million, or 2.8%, reflecting net short positions in the portfolio.

For utilized economic capital used for capital management purposes, the decrease from the above dataset changes on position

risk was partially offset by an increase resulting from the implementation of a revised internal AMA model to calculate the regulatory capital requirement for operational risk. The net impact of the dataset and methodology changes on utilized economic capital for the Group as of the end of 4Q13 was a decrease of CHF 308 million, or 1.0%.

► Refer to "Economic capital and position risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2013 for further information on economic capital and position risk.

► Refer to "Operational risk" for further information on the revised AMA model to calculate the regulatory capital requirement for operational risk.

Key position risk trends

Position risk for risk management purposes as of the end of 1Q14 decreased 5% compared to the end of 4Q13. Excluding the US dollar translation impact, position risk decreased 4%, mainly due to lower credit spread, foreign exchange and interest rate exposures in fixed income trading and decreased exposures in Eastern Europe in emerging markets country event risk. A decrease in equity trading & investments was mainly due to lower cash equities and liquid hedge fund exposures. These decreases were partially offset by increases from new loan commitments and counterparty risk in Investment Banking in international lending & counterparty exposures.

Position risk

	1Q14	4Q13	end of 1Q13	QoQ	% change YoY
Position risk (CHF million)					
Fixed income trading ¹	1,431	2,825	2,196	(49)	(35)
Equity trading & investments	1,548	1,715	1,832	(10)	(16)
Private banking corporate & retail lending	2,338	2,350	2,383	(1)	(2)
International lending & counterparty exposures	5,419	4,957	4,494	9	21
Emerging markets country event risk	1,126	1,412	1,470	(20)	(23)
Real estate & structured assets ²	1,991	2,037	2,132	(2)	(7)
Simple sum across risk categories	13,853	15,296	14,507	(9)	(5)
Diversification benefit ³	(2,686)	(3,596)	(3,149)	(25)	(15)
Position risk (99% confidence level for risk management purposes)	11,167	11,700	11,358	(5)	(2)

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ This category comprises fixed income trading, foreign exchange and commodity exposures.

² This category comprises commercial and residential real estate (including RMBS and CMBS), asset-backed securities exposure, real estate acquired at auction and real estate fund investments.

³ Reflects the net difference between the sum of the position risk categories and the position risk on the total portfolio.

Compared to the end of 1Q13, position risk for risk management purposes decreased 2%. Excluding the US dollar translation impact, position risk increased 4%, mainly due to new loan commitments and increased counterparty risk in Investment Banking in international lending & counterparty exposures. These increases were partially offset by reduced credit spread and interest rate exposures in fixed income trading, decreased exposures in Latin America in emerging markets country event risk and reduced private equity exposures in equity trading & investments.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolios.

Economic capital

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Economic capital resources (CHF million)					
Look-through CET1 capital (Basel III)	27,858	26,480	24,797	5	12
Economic adjustments ¹	10,228	11,464	9,576	(11)	7
Economic capital resources	38,086	37,944	34,373	0	11
Utilized economic capital (CHF million)					
Position risk (99.97% confidence level)	19,665	20,665	20,180	(5)	(3)
Operational risk	5,212	4,731	4,608	10	13
Other risks ²	6,572	6,574	7,021	0	(6)
Utilized economic capital	31,449	31,970	31,809	(2)	(1)
Utilized economic capital by segment (CHF million)					
Private Banking & Wealth Management	9,407	9,378	9,945	0	(5)
Investment Banking	19,865	20,367	19,625	(2)	1
Corporate Center ³	2,196	2,244	2,258	(2)	(3)
Utilized economic capital – Credit Suisse⁴	31,449	31,970	31,809	(2)	(1)
Average utilized economic capital by segment (CHF million)					
Private Banking & Wealth Management	9,392	9,504	9,877	(1)	(5)
Investment Banking	20,116	19,469	19,249	3	5
Corporate Center ³	2,220	2,250	2,250	(1)	(1)
Average utilized economic capital – Credit Suisse⁵	31,710	31,204	31,357	2	1

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ Includes primarily high-trigger capital instruments, adjustments to unrealized gains on owned real estate, reduced recognition of deferred tax assets and adjustments to treatment of pensions. Economic adjustments are made to Look-through CET1 capital to enable comparison between economic capital utilization and economic capital resources under the Basel III framework.

² Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, interest rate risk on treasury positions, diversification benefits, the impact from deferred share-based compensation awards and an estimate for the impacts of certain methodology changes planned for 2014.

³ Includes primarily expense risk, diversification benefits from the divisions and foreign exchange risk between economic capital resources and utilized economic capital.

⁴ Includes a diversification benefit of CHF 19 million, CHF 19 million and CHF 19 million as of the end of 1Q14, 4Q13 and 1Q13, respectively.

⁵ Includes a diversification benefit of CHF 18 million, CHF 19 million and CHF 19 million as of the end of 1Q14, 4Q13 and 1Q13, respectively.

Utilized economic capital trends

In 1Q14, our utilized economic capital decreased 2%, mainly due to lower position risk primarily in Investment Banking, partially offset by higher operational risk across the business divisions.

For Private Banking & Wealth Management, utilized economic capital was stable, as higher operational risk was offset by a reduction in other risks.

For Investment Banking, utilized economic capital decreased 2%, mainly due to decreased position risk in fixed income trading and emerging markets country event risk, largely offset by higher position risk in international lending & counterparty exposures, higher operational risk and higher risks relating to equity options captured as a model add-on in other risks.

For Corporate Center, utilized economic capital decreased 2%, mainly due to a decrease in foreign exchange risk between utilized economic capital and economic capital resources.

MARKET RISK

Trading portfolios

We primarily assume market risk through the trading activities in Investment Banking. Private Banking & Wealth Management also engages in trading activities, but to a much lesser extent. We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations. Risks associated with the embedded derivative elements of our structured products are actively monitored and managed on a portfolio basis as part of our overall trading portfolio and are reflected in our VaR measures.

Trading risks are measured using VaR along with a number of other risk measurement tools. VaR measures the potential loss in fair value of trading positions due to adverse market movements over a defined time horizon at a specified confidence level. VaR relies on historical data and is considered a useful tool for estimating potential loss in normal markets in which there are no abrupt changes in market conditions. We use risk management VaR for internal risk management purposes and regulatory VaR for regulatory capital purposes. For risk management VaR, we use a

one-day holding period and a 98% confidence level. This means there is a 1-in-50 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR. For regulatory VaR, we present one-day, 99% VaR, which is a ten-day VaR adjusted to a one-day holding period. Our VaR methodology is the same for both VaR measures, except for the confidence levels and holding periods. Other tools, including stress testing, are more appropriate for modeling the impact from severe market conditions.

We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. In 1Q14, we updated our VaR models to better capture the volatility skew risk for equity derivatives. The cumulative impact of this update on the average 1Q14 risk management VaR was immaterial and prior periods have not been restated.

For regulatory capital purposes, we operate under the Basel III market risk framework which includes an IRC, stressed VaR and, since January 1, 2013, consideration of the impact of changes in a counterparty's credit spreads (also known as CVA).

► Refer to "Market risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2013 for further information.

In order to show the aggregate market risk in our trading books, the chart entitled "Daily risk management VaR" shows the trading-related market risk on a consolidated basis.

We measure VaR in US dollars, as substantially all market risk relates to Investment Banking.

Average risk management VaR increased 5% to USD 46 million from 4Q13, driven by increases in foreign exchange and equity exposures and higher market volatility, partially offset by increased portfolio diversification benefit and reduced credit spread exposures. Compared to 1Q13, average risk management VaR increased 7% due to an increase in equity exposures and reduced portfolio diversification benefit, partially offset by reduced interest rate and credit spread exposures.

Period-end risk management VaR decreased 8% to USD 47 million from 4Q13, reflecting mainly lower equity exposures, partially offset by increased market volatility. Compared to 1Q13, period-end risk management VaR increased 21%, mainly reflecting increased foreign exchange exposures and reduced portfolio diversification benefit.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (CHF)

in / end of	Interest rate	Credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Risk management VaR (98%)	Regulatory VaR (99%)
							Total	Total
1Q14 (CHF million)								
Average	13	31	10	3	19	(35)	41	35
Minimum	9	29	5	1	14	- ¹	36	26
Maximum	17	33	17	4	24	- ¹	46	45
End of period	14	31	9	2	15	(29)	42	34
4Q13 (CHF million)								
Average	12	34	8	2	17	(33)	40	32
Minimum	8	32	3	1	13	- ¹	33	22
Maximum	16	37	15	3	24	- ¹	45	44
End of period	10	32	6	3	24	(30)	45	31
1Q13 (CHF million)								
Average	23	38	11	2	17	(51)	40	48
Minimum	17	33	6	1	12	- ¹	34	32
Maximum	45	41	24	3	36	- ¹	55	77
End of period	17	37	8	3	15	(43)	37	32

Excludes risks associated with counterparty and own credit exposures.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (USD)

in / end of	Interest rate	Credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Risk management VaR (98%)	Regulatory VaR (99%)
							Total	Total
1Q14 (USD million)								
Average	14	35	12	3	21	(39)	46	40
Minimum	10	33	6	1	15	- ¹	41	28
Maximum	19	37	19	5	27	- ¹	52	51
End of period	16	35	10	2	17	(33)	47	38
4Q13 (USD million)								
Average	13	37	9	2	18	(35)	44	35
Minimum	9	35	3	1	15	- ¹	37	24
Maximum	17	41	17	4	27	- ¹	51	49
End of period	11	36	7	3	27	(33)	51	35
1Q13 (USD million)								
Average	25	40	12	2	18	(54)	43	51
Minimum	18	36	6	1	13	- ¹	36	34
Maximum	49	44	25	3	38	- ¹	58	83
End of period	18	40	8	3	16	(46)	39	34

Excludes risks associated with counterparty and own credit exposures.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Various techniques are used to assess the accuracy of the regulatory VaR model used for trading portfolios, including backtesting. We conduct such backtesting using actual daily trading revenues. Actual daily trading revenues are compared with a regulatory 99% VaR calculated using a one-day holding period. A backtesting exception occurs when a trading loss exceeds the daily VaR estimate. We had no such backtesting exceptions in 1Q14 and in the 12-month-period through 1Q14. Since there were fewer than five backtesting exceptions in the rolling 12-month period through 1Q14, in line with BIS industry guidelines, the VaR model is deemed to be statistically valid.

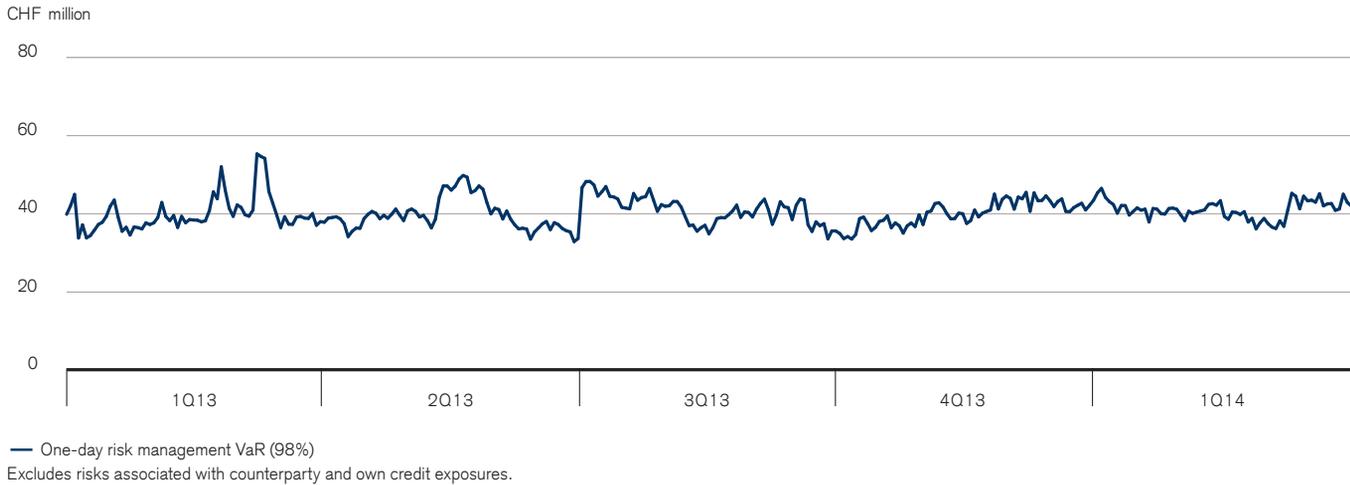
For capital purposes, FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital

for every regulatory VaR exception over four in the prior rolling 12-month period calculated using a subset of actual daily trading revenues.

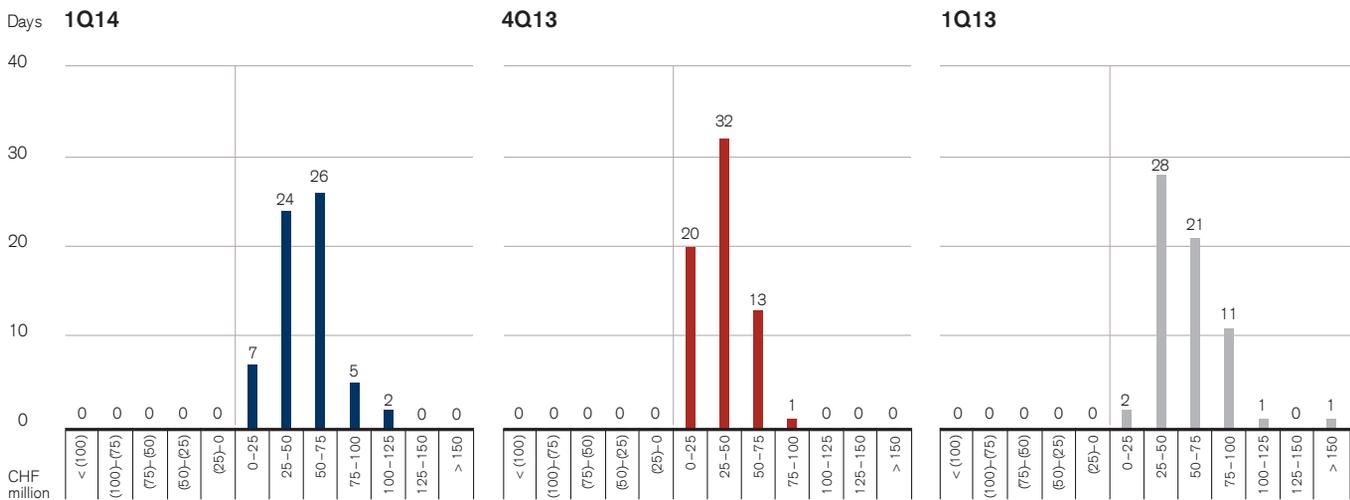
► Refer to "Risk measurement models" in Capital management – Regulatory capital framework for further information on the use of our regulatory VaR model in the calculation of trading book market risk capital requirements.

The histogram entitled "Actual daily trading revenues" compares the actual daily trading revenues for 1Q14 with those for 4Q13 and 1Q13. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities. In 1Q14 and 4Q13, we had no trading loss days.

Daily risk management VaR



Actual daily trading revenues



Excludes Neue Aargauer Bank.

Trading revenues do not include valuation adjustments associated with counterparty and own credit exposures.

Banking portfolios

We assume non-trading interest rate risk through interest rate-sensitive positions originated by Private Banking & Wealth Management and risk-transferred to Treasury, money market and funding activities by Treasury and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking & Wealth Management to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying product). Treasury and certain other areas of the Group running interest rate risk positions actively manage the positions within approved limits. This risk is monitored on a daily basis.

The impact of a one basis point parallel increase of the yield curves on the fair value of interest rate-sensitive non-trading book positions would have amounted to a valuation increase of CHF 6.9 million as of the end of 1Q14, compared to a valuation increase of CHF 8.5 million as of the end of 4Q13.

CREDIT RISK

Credit risk is the possibility of a loss being incurred by us as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral, or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Credit risk

	1Q14	4Q13	end of 1Q13	% change	
				QoQ	YoY
Balance sheet (CHF million)					
Gross loans	251,629	248,014	249,995	1	1
Loans held-for-sale	20,223	18,914	19,772	7	2
Traded loans	6,427	6,397	5,122	0	25
Derivative instruments ¹	32,432	33,665	35,979	(4)	(10)
Total balance sheet	310,711	306,990	310,868	1	0
Off-balance sheet (CHF million)					
Irrevocable loan commitments ²	103,332	96,990	97,601	7	6
Credit guarantees and similar instruments	4,286	4,214 ³	12,415	2	(65)
Irrevocable commitments under documentary credits	5,090	5,512	5,498	(8)	(7)
Total off-balance sheet	112,708	106,716	115,514	6	(2)
Total credit risk	423,419	413,706	426,382	2	(1)

Before risk mitigation, for example, collateral and credit hedges.

¹ Positive replacement value after netting agreements.

² Irrevocable loan commitments do not include unused credit limits which are revocable at the Group's sole discretion upon notice to the client. 1Q13 has been adjusted to the current presentation.

³ Prior period has been corrected.

Sources of credit risk

The majority of our credit risk is concentrated in the Wealth Management Clients and Corporate & Institutional Clients businesses within the Private Banking & Wealth Management division and in the Investment Banking division. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Our regular review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at fair value are reflected in valuation changes recorded directly in revenues, and therefore are not part of the impaired loans balance.

► Refer to "Credit risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2013 for further information on credit risk.

► Refer to "Note 27 – Financial instruments" in III – Condensed consolidated financial statements – unaudited for further information on counterparty credit risk.

Credit risk overview

The following table represents credit risk from loans, irrevocable loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of risk mitigation such as cash collateral and marketable securities or credit hedges. Irrevocable loan commitments include irrevocable credit facilities for Investment Banking and Private Banking & Wealth Management, but do not include unused credit limits which can be revoked at our sole discretion upon notice to the client.

Loans

end of	Private Banking & Wealth Management			Investment Banking			Credit Suisse ¹		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Loans (CHF million)									
Mortgages	95,700	94,978	92,703	0	0	0	95,700	94,978	92,703
Loans collateralized by securities	34,253	31,565	29,251	0	0	0	34,253	31,565	29,251
Consumer finance	5,530	5,672	6,837	253	266	624	5,783	5,938	7,461
Consumer	135,483	132,215	128,791	253	266	624	135,736	132,481	129,415
Real estate	26,302	26,557	25,126	1,018	755	651 ²	27,320	27,312	25,777 ²
Commercial and industrial loans	50,799	48,953	50,062	14,931	14,356	15,044 ²	65,760	63,334	65,128 ²
Financial institutions	7,987	7,538	7,791	11,485	14,302	17,612 ²	19,472	21,840	25,403 ²
Governments and public institutions	1,251	1,236	1,313	2,090	1,811	2,959 ²	3,341	3,047	4,272 ²
Corporate & institutional	86,339 ³	84,284 ³	84,292 ³	29,524	31,224	36,266	115,893	115,533	120,580
Gross loans	221,822	216,499	213,083	29,777	31,490	36,890	251,629	248,014	249,995
of which held at fair value	227	226	252	19,753	19,231	22,400	19,980	19,457	22,652
Net (unearned income) / deferred expenses	(84)	(71)	(63)	(20)	(20)	(21)	(104)	(91)	(84)
Allowance for loan losses ⁴	(719)	(715)	(782)	(143)	(151)	(134)	(866)	(869)	(916)
Net loans	221,019	215,713	212,238	29,614	31,319	36,735	250,659	247,054	248,995
Impaired loans (CHF million)									
Non-performing loans	620	608	708	221	251	221	845	862	929
Non-interest-earning loans	283	280	321	0	1	3	283	281	324
Total non-performing and non-interest-earning loans	903	888	1,029	221	252	224	1,128	1,143	1,253
Restructured loans	0	6	0	0	0	20	0	6	20
Potential problem loans	368	340	494	3	0	14	371	340	508
Total other impaired loans	368	346	494	3	0	34	371	346	528
Gross impaired loans⁴	1,271	1,234	1,523	224	252	258	1,499	1,489	1,781
of which loans with a specific allowance	1,180	1,165	1,393	217	244	189	1,401	1,412	1,582
of which loans without a specific allowance	91	69	130	7	8	69	98	77	199
Allowance for loan losses (CHF million)									
Balance at beginning of period⁴	715	723	785	151	146	137	869	871	922
Net movements recognized in statements of operations	31	41	30	(2)	12	(10)	30	54	20
Gross write-offs	(33)	(56)	(52)	(13)	(4)	(2)	(46)	(60)	(54)
Recoveries	6	7	5	4	(1)	2	10	6	7
Net write-offs	(27)	(49)	(47)	(9)	(5)	0	(36)	(54)	(47)
Provisions for interest	2	1	6	3	5	1	5	6	7
Foreign currency translation impact and other adjustments, net	(2)	(1)	8	0	(7)	6	(2)	(8)	14
Balance at end of period⁴	719	715	782	143	151	134	866	869	916
of which individually evaluated for impairment	546	537	593	103	114	96	653	654	689
of which collectively evaluated for impairment	173	178	189	40	37	38	213	215	227
Loan metrics (%)									
Total non-performing and non-interest-earning loans / Gross loans ⁵	0.4	0.4	0.5	2.2	2.1	1.5	0.5	0.5	0.6
Gross impaired loans / Gross loans ⁵	0.6	0.6	0.7	2.2	2.1	1.8	0.6	0.7	0.8
Allowance for loan losses / Total non-performing and non-interest-earning loans ⁴	79.6	80.5	76.0	64.7	59.9	59.8	76.8	76.0	73.1
Allowance for loan losses / Gross impaired loans ⁴	56.6	57.9	51.3	63.8	59.9	51.9	57.8	58.4	51.4

¹ Includes Corporate Center, in addition to Private Banking & Wealth Management and Investment Banking.

² Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions and from governments and public institutions to commercial and industrial loans, respectively.

³ Includes loans secured by financial collateral and mortgages. The value of financial collateral and mortgages, considered up to the amount of the related loans, was CHF 70,566 million, CHF 67,522 million and CHF 65,929 million as of the end of 1Q14, 4Q13 and 1Q13, respectively.

⁴ Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value.

⁵ Excludes loans carried at fair value.

Loan exposure

Compared to the end of 4Q13, gross loans increased CHF 3.6 billion to CHF 251.6 billion. In Private Banking & Wealth Management, gross loans were CHF 221.8 billion, up CHF 5.3 billion from 4Q13, reflecting increased lending driven by loans collateralized by securities and commercial and industrial loans. Gross loans in Investment Banking decreased CHF 1.7 billion to CHF 29.8 billion, primarily from decreases in loans to financial institutions, partially offset by higher commercial and industrial loans.

Gross impaired loans were stable at CHF 1.5 billion. In Private Banking & Wealth Management, gross impaired loans slightly increased CHF 37 million to CHF 1.3 billion, primarily due to higher potential problem and non-performing loans. In Investment Banking, gross impaired loans decreased CHF 28 million to CHF 224 million, driven by a loan repayment and a write-off of a non-performing loan.

We recorded a net provision for credit losses of CHF 34 million in 1Q14, compared to CHF 53 million in 4Q13, with a net provision of CHF 33 million in Private Banking & Wealth Management. Investment Banking did not require a provision for credit losses in 1Q14.

Compared to the end of 1Q13, gross loans increased 1%. An increase in Private Banking & Wealth Management of 4% was primarily due to an increase in loans collateralized by securities, higher residential mortgages and higher loans to the real estate sector, partially offset by the US dollar translation impact and a decrease in consumer finance. In Investment Banking, a decrease of 19% was related to lower loans to financial institutions and the US dollar translation impact, partially offset by higher commercial and industrial loans and increased loans to the real estate sector. Gross impaired loans decreased 16% driven by decreases in potential problem loans and total non-performing and non-interest-earning loans across the Group.

Selected European credit risk exposures

The scope of our disclosure of European credit risk exposure includes all countries of the EU which are rated below AA or its equivalent by at least one of the three major rating agencies and where our gross exposure exceeds our quantitative threshold of EUR 0.5 billion. We believe this external rating is a useful measure in determining the financial ability of countries to meet their financial obligations, including giving an indication of vulnerability to adverse business, financial and economic conditions.

Monitoring of selected European credit risk exposures

Our credit risk exposure to these European countries is managed as part of our risk management process. The Group makes use of country limits and performs scenario analyses on a regular basis,

which include analyses on our indirect sovereign credit risk exposures from our exposures to selected European financial institutions. This assessment of indirect sovereign credit risk exposures includes analysis of publicly available disclosures of counterparties' exposures to the European countries within the defined scope of our disclosure. We monitor the concentration of collateral underpinning our over-the-counter (OTC) derivative and reverse repurchase agreement exposures through monthly reporting. We also monitor the impact of sovereign rating downgrades on collateral eligibility. Strict limits on sovereign collateral from G-7 and non-G-7 countries are monitored monthly. Similar disclosure is part of our regular risk reporting to regulators.

Presentation of selected European credit risk exposures

The basis for the presentation of the country exposure is our internal risk domicile view. The risk domicile view is based on the domicile of the legal counterparty, i.e., it may include exposure to a legal entity domiciled in the reported country where its parent is located outside of the country.

The credit risk exposure in the table and the related description of developments is presented on a risk-based view before deduction of any related allowance for loan losses. We present our credit risk exposure and related risk mitigation for the following distinct categories:

- *Gross credit risk exposure* includes the principal amount of loans drawn, letters of credit issued and undrawn portions of committed facilities, the positive replacement value (PRV) of derivative instruments after consideration of legally enforceable netting agreements, the notional value of investments in money market funds and the market values of securities financing transactions and the debt cash trading portfolio (short-term securities) netted at issuer level.
- *Risk mitigation* includes CDS and other hedges, at their net notional amount, guarantees, insurance and collateral (primarily cash, securities and, to a lesser extent, real estate, mainly for Private Banking & Wealth Management exposure to corporates & other). Collateral values applied for the calculation of the net exposure are determined in accordance with our risk management policies and reflect applicable margining considerations.
- *Net credit risk exposure* represents gross credit risk exposure net of risk mitigation.
- *Inventory* represents the long inventory positions in trading and non-trading physical debt and synthetic positions, each at market value, all netted at issuer level. Physical debt is non-derivative debt positions (e.g., bonds), and synthetic positions are created through OTC contracts (e.g., CDS purchased and/or sold and total return swaps (TRS)).

Selected European credit risk exposures

end of 1Q14	Gross credit risk exposure	Risk mitigation		Net credit risk exposure	Inventory ²	Net synthetic inventory ³	Total credit risk exposure	
		CDS	Other ¹				Gross	Net
Croatia (EUR billion)								
Sovereigns	0.6	0.0	0.5	0.1	0.0	(0.2)	0.6	0.1
Total	0.6	0.0	0.5	0.1	0.0	(0.2)	0.6	0.1
Cyprus (EUR billion)								
Corporates & other	0.7	0.0	0.7	0.0	0.0	0.0	0.7	0.0
Total	0.7	0.0	0.7	0.0	0.0	0.0	0.7	0.0
Greece (EUR billion)								
Sovereigns	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.2
Corporates & other	0.5	0.0	0.5	0.0	0.0	(0.1)	0.5	0.0
Total	0.7	0.0	0.5	0.2	0.0	(0.1)	0.7	0.2
Ireland (EUR billion)								
Financial institutions	0.9	0.0	0.4	0.5	0.2	0.0	1.1	0.7
Corporates & other	0.7	0.0	0.6	0.1	0.0	0.0	0.7	0.1
Total	1.6	0.0	1.0	0.6	0.2	0.0	1.8	0.8
Italy (EUR billion)								
Sovereigns	3.6	2.8	0.3	0.5	0.5	(0.3)	4.1	1.0
Financial institutions	1.5	0.0	0.9	0.6	0.1	(0.1)	1.6	0.7
Corporates & other	2.5	0.1	1.9	0.5	0.1	(0.1)	2.6	0.6
Total	7.6	2.9	3.1	1.6	0.7	(0.5)	8.3	2.3
Portugal (EUR billion)								
Sovereigns	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0
Financial institutions	0.1	0.0	0.1	0.0	0.1	(0.2)	0.2	0.1
Corporates & other	0.1	0.0	0.1	0.0	0.1	0.0	0.2	0.1
Total	0.3	0.0	0.3	0.0	0.2	(0.2)	0.5	0.2
Spain (EUR billion)								
Sovereigns	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Financial institutions	0.6	0.0	0.4	0.2	0.5	0.1	1.1	0.7
Corporates & other	1.8	0.1	1.1	0.6	0.1	(0.1)	1.9	0.7
Total	2.4	0.1	1.5	0.8	0.7	0.1	3.1	1.5
Total (EUR billion)								
Sovereigns	4.5	2.8	0.9	0.8	0.6	(0.4)	5.1	1.4
Financial institutions	3.1	0.0	1.8	1.3	0.9	(0.2)	4.0	2.2
Corporates & other	6.3	0.2	4.9	1.2	0.3	(0.3)	6.6	1.5
Total	13.9	3.0	7.6	3.3	1.8	(0.9)	15.7	5.1

¹ Includes other hedges (derivative instruments), guarantees, insurance and collateral.

² Represents long inventory positions netted at issuer level.

³ Substantially all of which results from CDS; represents long positions net of short positions.

CDS presented in the risk mitigation column are purchased as a direct hedge to our OTC exposure and the risk mitigation impact is considered to be the notional amount of the contract for risk purposes, with the mark-to-market fair value of CDS risk-managed against the protection provider. Net notional amounts of CDS reflect the notional amount of CDS protection purchased less the notional amount of CDS protection sold and are based on the origin of the CDS reference credit, rather than that of the CDS counterparty. CDS included in the inventory column represent contracts recorded in our trading books that are hedging the credit risk of the instruments included in the inventory column and are disclosed on the same basis as the value of the fixed income instrument they are hedging.

We do not have any tranching CDS positions on these European countries and only an insignificant amount of indexed credit derivatives is included in inventory.

The credit risk of CDS contracts themselves, i.e., the risk that the CDS counterparty will not perform in the event of a default, is managed separately from the credit risk of the reference credit. To mitigate such credit risk, all CDS contracts are collateralized and executed with counterparties with whom we have an enforceable International Swaps and Derivatives Association (ISDA) master agreement that provides for daily margining.

Development of selected European credit risk exposures

On a gross basis, before taking into account risk mitigation, our risk-based sovereign credit risk exposure to Croatia, Cyprus, Greece, Ireland, Italy, Portugal and Spain as of the end of 1Q14 was EUR 5.1 billion, up from EUR 4.3 billion as of the end of 4Q13. Our net exposure to these sovereigns was EUR 1.4 billion, up from EUR 0.8 billion compared to the end of 4Q13. Our non-sovereign risk-based credit risk exposure in these countries as of the end of 1Q14 included net exposure to financial institutions of EUR 2.2 billion and to corporates and other counterparties of EUR 1.5 billion,

compared to EUR 2.3 billion and EUR 1.9 billion, respectively, as of the end of 4Q13. A significant majority of the purchased credit protection is transacted with banks outside of the disclosed countries. For credit protection purchased from banks in the disclosed countries, such credit risk is reflected in the gross and net exposure to each respective country.

Sovereign debt rating developments

In 1Q14, the long-term sovereign debt ratings of the countries listed in the table were affected as follows: Standard & Poor's lowered Croatia's rating to BB from BB+ and Moody's increased Ireland's rating to Baa3 from Ba1 and Spain's rating to Baa2 from Baa3. The rating changes did not have a significant impact on the Group's financial position, result of operations, liquidity or capital resources.

OPERATIONAL RISK

Effective January 1, 2014, we have implemented a revised FINMA-approved internal AMA model to calculate the regulatory capital requirement for operational risk. The AMA capital calculation includes all litigation-related provisions and also an add-on component relating to the aggregate range of the reasonably possible litigation losses that are disclosed in our financial statements but are not covered by existing provisions.

► Refer to "Operational risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2013 for further information on the revised AMA model used for regulatory capital calculation.

The increase in the capital required for operational risk primarily reflected the implementation of the revised AMA model, including a limitation set by FINMA of the capital benefit for insurance-based risk transfer to 5% of the total AMA capital charge, and an increase in the aggregate range of reasonably possible litigation losses.

Balance sheet and off-balance sheet

Total assets were CHF 878.1 billion, total liabilities were CHF 833.8 billion and total equity was CHF 44.3 billion. Both total assets and total liabilities were stable for the quarter. The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

Balance sheet summary

	1Q14	4Q13	end of 1Q13	% change QoQ	% change YoY
Assets (CHF million)					
Cash and due from banks	65,972	68,692	57,242	(4)	15
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	162,890	160,022	180,513	2	(10)
Trading assets	237,069	229,413	264,201	3	(10)
Net loans	250,659	247,054	248,995	1	1
Brokerage receivables	49,353	52,045	58,538	(5)	(16)
All other assets	112,147	115,580	137,129	(3)	(18)
Total assets	878,090	872,806	946,618	1	(7)
Liabilities and equity (CHF million)					
Due to banks	24,211	23,108	35,033	5	(31)
Customer deposits	348,450	333,089	316,681	5	10
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	88,675	94,032	127,182	(6)	(30)
Trading liabilities	73,029	76,635	91,490	(5)	(20)
Long-term debt	132,434	130,042	143,094	2	(7)
Brokerage payables	70,250	73,154	73,466	(4)	(4)
All other liabilities	96,759	95,580	114,726	1	(16)
Total liabilities	833,808	825,640	901,672	1	(8)
Total shareholders' equity	43,230	42,164	37,825	3	14
Noncontrolling interests	1,052	5,002	7,121	(79)	(85)
Total equity	44,282	47,166	44,946	(6)	(1)
Total liabilities and equity	878,090	872,806	946,618	1	(7)

BALANCE SHEET

Total assets were CHF 878.1 billion as of the end of 1Q14, stable from the end of 4Q13, reflecting an increase from operating activities, offset by the foreign exchange translation impact. Excluding the foreign exchange translation impact, total assets increased CHF 9.7 billion.

Compared to the end of 4Q13, trading assets increased CHF 7.7 billion, or 3%, due to increases in equity and debt securities, partially offset by a decrease in derivative instruments. Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions increased CHF 2.9 billion, or 2%, primarily due to higher customer and bank cash collateral, partially offset by lower reverse repurchase transactions. Net loans were stable at CHF 250.7 billion, primarily reflecting increased loans collateralized by securities in Private Banking & Wealth Management and increased commercial and industrial loans in Private Banking & Wealth Management and Investment Banking, offset by decreased loans to financial institutions in Investment Banking. Cash and due from banks decreased CHF 2.7 billion, or 4%, driven by decreases in central bank holdings. Brokerage receivables decreased CHF 2.7 billion, or 5%, mainly driven by decreases in margin lending and futures margin, partially offset by increases in open trades. All other assets decreased CHF 3.4 billion, or 3%, including decreases of CHF 2.5 billion in other investments, CHF 0.8 billion in assets of discontinued operations held-for-sale and CHF 0.7 billion in other assets, partially offset by an increase of CHF 0.3 billion in investment securities.

Total liabilities were CHF 833.8 billion as of the end of 1Q14, stable from the end of 4Q13, driven by an increase from operating activities, offset by the foreign exchange translation impact. Excluding the foreign exchange translation impact, total liabilities decreased CHF 11.9 billion.

Compared to the end of 4Q13, customer deposits increased CHF 15.4 billion, or 5%, primarily driven by increases in certificates

of deposits and investment accounts. Long-term debt increased CHF 2.4 billion, or 2%, primarily reflecting issuances of senior debt, partially offset by maturing of senior debt and non-recourse liabilities from consolidated VIEs. Due to banks increased CHF 1.1 billion, or 5%, mainly driven by increases of deposits with central banks. Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions decreased CHF 5.4 billion, or 6%, reflecting a decrease in repurchase agreements. Trading liabilities decreased CHF 3.6 billion, or 5%, reflecting a decrease in derivative instruments, partially offset by an increase in short positions. Brokerage payables decreased CHF 2.9 billion, or 4%, primarily due to lower client activity. All other liabilities were stable at CHF 96.8 billion with an increase of CHF 4.0 billion in short-term borrowings and a decrease of CHF 2.7 billion in other liabilities.

► Refer to "Funding sources and uses" in Liquidity and funding management and "Capital management" for further information, including our funding of the balance sheet and the leverage ratio.

OFF-BALANCE SHEET

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with special purpose entities (SPEs), and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

► Refer to "Liquidity and funding management" in III – Treasury, Risk, Balance sheet and Off-balance sheet in the Credit Suisse Annual Report 2013 and "Note 25 – Guarantees and commitments" and "Note 29 – Litigation" in III – Condensed consolidated financial statements – unaudited for further information.



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Report of Independent Registered Public Accounting Firm to the Board of Directors of

Credit Suisse Group AG, Zurich

We have reviewed the accompanying condensed consolidated balance sheets of Credit Suisse Group AG and subsidiaries (the “Group”) as of March 31, 2014 and 2013 and the related condensed consolidated statements of operations, changes in equity, comprehensive income, and cash flows for the three-month periods ended March 31, 2014 and 2013. These condensed consolidated financial statements are the responsibility of the Group’s management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Group as of December 31, 2013, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows for the year then ended (not presented herein); and in our report dated April 3, 2014, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2013, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG AG

Simon Ryder
Licensed Audit Expert

Anthony Anzeyino
Global Lead Partner

Zurich, Switzerland
May 2, 2014

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Condensed consolidated financial statements – unaudited

Consolidated statements of operations (unaudited)

in	1Q14	4Q13	1Q13
Consolidated statements of operations (CHF million)			
Interest and dividend income	4,445	4,073	4,822
Interest expense	(2,267)	(2,326)	(3,016)
Net interest income	2,178	1,747	1,806
Commissions and fees	3,275	3,425	3,248
Trading revenues	638	295	1,815
Other revenues	738	672	220
Net revenues	6,829	6,139	7,089
Provision for credit losses	34	53	22
Compensation and benefits	2,993	2,807	2,991
General and administrative expenses	1,690	3,223	1,732
Commission expenses	369	389	470
Total other operating expenses	2,059	3,612	2,202
Total operating expenses	5,052	6,419	5,193
Income/(loss) from continuing operations before taxes	1,743	(333)	1,874
Income tax expense/(benefit)	543	(63)	499
Income/(loss) from continuing operations	1,200	(270)	1,375
Income/(loss) from discontinued operations, net of tax	15	(2)	6
Net income/(loss)	1,215	(272)	1,381
Net income attributable to noncontrolling interests	356	204	78
Net income/(loss) attributable to shareholders	859	(476)	1,303
of which from continuing operations	844	(474)	1,297
of which from discontinued operations	15	(2)	6
Basic earnings per share (CHF)			
Basic earnings/(loss) per share from continuing operations	0.47	(0.37)	0.76
Basic earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Basic earnings/(loss) per share	0.48	(0.37)	0.76
Diluted earnings per share (CHF)			
Diluted earnings/(loss) per share from continuing operations	0.47	(0.37)	0.75
Diluted earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Diluted earnings/(loss) per share	0.48	(0.37)	0.75

Consolidated statements of comprehensive income (unaudited)

in	1Q14	4Q13	1Q13
Comprehensive income (CHF million)			
Net income/(loss)	1,215	(272)	1,381
Gains/(losses) on cash flow hedges	17	11	2
Foreign currency translation	(273)	(578)	927
Unrealized gains/(losses) on securities	8	(11)	(7)
Actuarial gains/(losses)	35	836	70
Net prior service credit/(cost)	(20)	(15)	(27)
Other comprehensive income/(loss), net of tax	(233)	243	965
Comprehensive income/(loss)	982	(29)	2,346
Comprehensive income attributable to noncontrolling interests	331	143	205
Comprehensive income/(loss) attributable to shareholders	651	(172)	2,141

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated balance sheets (unaudited)

end of	1Q14	4Q13	1Q13
Assets (CHF million)			
Cash and due from banks	65,972	68,692	57,242
of which reported at fair value	404	527	575
of which reported from consolidated VIEs	737	952	1,934
Interest-bearing deposits with banks	1,728	1,515	1,781
of which reported at fair value	308	311	416
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	162,890	160,022	180,513
of which reported at fair value	88,081	96,587	106,474
of which reported from consolidated VIEs	1,104	1,959	0
Securities received as collateral, at fair value	23,029	22,800	33,199
of which encumbered	18,184	17,964	22,093
Trading assets, at fair value	237,069	229,413	264,201
of which encumbered	72,288	72,976	75,138
of which reported from consolidated VIEs	3,492	3,610	3,962
Investment securities	3,320	2,987	3,428
of which reported at fair value	3,320	2,987	3,428
of which reported from consolidated VIEs	76	100	20
Other investments	7,806	10,329	12,084
of which reported at fair value	5,274	7,596	9,053
of which reported from consolidated VIEs	1,951	1,983	2,339
Net loans	250,659	247,054	248,995
of which reported at fair value	19,980	19,457	22,652
of which encumbered	702	638	552
of which reported from consolidated VIEs	2,047	4,207	5,465
allowance for loan losses	(866)	(869)	(916)
Premises and equipment	4,926	5,091	5,593
of which reported from consolidated VIEs	505	513	565
Goodwill	7,956	7,999	8,584
Other intangible assets	228	210	256
of which reported at fair value	55	42	42
Brokerage receivables	49,353	52,045	58,538
Other assets	62,405	63,065	72,204
of which reported at fair value	32,588	31,518	35,746
of which encumbered	610	722	722
of which reported from consolidated VIEs	13,711	14,330	17,754
Assets of discontinued operations held-for-sale	749	1,584	0
Total assets	878,090	872,806	946,618

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated balance sheets (unaudited) (continued)

end of	1Q14	4Q13	1Q13
Liabilities and equity (CHF million)			
Due to banks	24,211	23,108	35,033
of which reported at fair value	1,270	1,450	2,756
Customer deposits	348,450	333,089	316,681
of which reported at fair value	3,170	3,252	4,707
of which reported from consolidated VIEs	233	265	164
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	88,675	94,032	127,182
of which reported at fair value	70,824	76,104	102,500
Obligation to return securities received as collateral, at fair value	23,029	22,800	33,199
Trading liabilities, at fair value	73,029	76,635	91,490
of which reported from consolidated VIEs	18	93	111
Short-term borrowings	24,181	20,193	24,657
of which reported at fair value	6,305	6,053	5,941
of which reported from consolidated VIEs	5,176	4,286	8,443
Long-term debt	132,434	130,042	143,094
of which reported at fair value	64,694	63,369	64,547
of which reported from consolidated VIEs	12,239	12,992	14,508
Brokerage payables	70,250	73,154	73,466
Other liabilities	48,768	51,447	56,870
of which reported at fair value	21,617	21,973	25,233
of which reported from consolidated VIEs	777	710	1,208
Liabilities of discontinued operations held-for-sale	781	1,140	0
Total liabilities	833,808	825,640	901,672
Common shares	64	64	54
Additional paid-in capital	28,406	27,853	23,808
Retained earnings	31,092	30,261	29,474
Treasury shares, at cost	(249)	(139)	(446)
Accumulated other comprehensive income/(loss)	(16,083)	(15,875)	(15,065)
Total shareholders' equity	43,230	42,164	37,825
Noncontrolling interests	1,052	5,002	7,121
Total equity	44,282	47,166	44,946
Total liabilities and equity	878,090	872,806	946,618

end of	1Q14	4Q13	1Q13
Additional share information			
Par value (CHF)	0.04	0.04	0.04
Authorized shares ¹	2,269,616,660	2,269,616,660	2,118,134,039
Common shares issued	1,596,119,349	1,596,119,349	1,339,652,645
Treasury shares	(8,866,124)	(5,183,154)	(27,495,313)
Shares outstanding	1,587,253,225	1,590,936,195	1,312,157,332

¹ Includes issued shares and unissued shares (conditional, conversion and authorized capital).

Consolidated statements of changes in equity (unaudited)

	Attributable to shareholders						Non-controlling interests	Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity		
1Q14 (CHF million)								
Balance at beginning of period	64	27,853	30,261	(139)	(15,875)	42,164	5,002	47,166
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{1,2}	–	238	–	–	–	238	(1,812)	(1,574)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ²	–	–	–	–	–	–	21	21
Net income/(loss)	–	–	859	–	–	859	356	1,215
Total other comprehensive income/(loss), net of tax	–	–	–	–	(208)	(208)	(25)	(233)
Sale of treasury shares	–	3	–	1,896	–	1,899	–	1,899
Repurchase of treasury shares	–	–	–	(2,025)	–	(2,025)	–	(2,025)
Share-based compensation, net of tax	–	311 ³	–	19	–	330	–	330
Dividends paid	–	–	(28)	–	–	(28)	(17)	(45)
Changes in redeemable noncontrolling interests	–	2	–	–	–	2	–	2
Change in scope of consolidation, net	–	–	–	–	–	–	(2,473)	(2,473)
Other	–	(1)	–	–	–	(1)	–	(1)
Balance at end of period	64	28,406	31,092	(249)	(16,083)	43,230	1,052	44,282

¹ Distributions to owners in funds include the return of original capital invested and any related dividends.

² Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

³ Includes a net tax charge of CHF 48 million from the excess recognized compensation expense over fair value of shares delivered.

Consolidated statements of changes in equity (unaudited) (continued)

	Attributable to shareholders						Non-controlling interests	Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity		
4Q13 (CHF million)								
Balance at beginning of period	64	27,503	30,859	(85)	(16,179)	42,162	6,849	49,011
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	–	–	–	–	–	(22)	(22)
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	216	–	–	–	216	(1,876)	(1,660)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	81	81
Net income/(loss)	–	–	(476)	–	–	(476)	213	(263)
Total other comprehensive income/(loss), net of tax	–	–	–	–	304	304	(61)	243
Issuance of common shares	–	18	–	–	–	18	–	18
Sale of treasury shares	–	(6)	–	2,847	–	2,841	–	2,841
Repurchase of treasury shares	–	–	–	(2,904)	–	(2,904)	–	(2,904)
Share-based compensation, net of tax	–	308	–	3	–	311	–	311
Financial instruments indexed to own shares	–	(172)	–	–	–	(172)	–	(172)
Dividends paid	–	–	(122)	–	–	(122)	(19)	(141)
Changes in redeemable noncontrolling interests	–	(5)	–	–	–	(5)	–	(5)
Change in scope of consolidation, net	–	–	–	–	–	–	(163)	(163)
Other	–	(9)	–	–	–	(9)	–	(9)
Balance at end of period	64	27,853	30,261	(139)	(15,875)	42,164	5,002	47,166
1Q13 (CHF million)								
Balance at beginning of period	53	23,636	28,171	(459)	(15,903)	35,498	6,786	42,284
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(163)	(163)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	294	294
Net income/(loss)	–	–	1,303	–	–	1,303	80	1,383
Total other comprehensive income/(loss), net of tax	–	–	–	–	838	838	127	965
Issuance of common shares	1	470	–	–	–	471	–	471
Sale of treasury shares	–	(26)	–	2,209	–	2,183	–	2,183
Repurchase of treasury shares	–	–	–	(2,303)	–	(2,303)	–	(2,303)
Share-based compensation, net of tax	–	(350)	–	107	–	(243)	–	(243)
Financial instruments indexed to own shares	–	80	–	–	–	80	–	80
Dividends paid	–	–	–	–	–	–	(11)	(11)
Changes in redeemable noncontrolling interests	–	(2)	–	–	–	(2)	–	(2)
Change in scope of consolidation, net	–	–	–	–	–	–	8	8
Balance at end of period	54	23,808	29,474	(446)	(15,065)	37,825	7,121	44,946

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated statements of cash flows (unaudited)

in	1Q14	1Q13
Operating activities of continuing operations (CHF million)		
Net income	1,215	1,381
(Income)/loss from discontinued operations, net of tax	(15)	(6)
Income from continuing operations	1,200	1,375
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)		
Impairment, depreciation and amortization	300	338
Provision for credit losses	34	22
Deferred tax provision/(benefit)	401	261
Share of net income/(loss) from equity method investments	128	98
Trading assets and liabilities, net	(11,698)	(4,742)
(Increase)/decrease in other assets	(1,538)	(8,575)
Increase/(decrease) in other liabilities	(1,530)	4,422
Other, net	267	515
Total adjustments	(13,636)	(7,661)
Net cash provided by/(used in) operating activities of continuing operations	(12,436)	(6,286)
Investing activities of continuing operations (CHF million)		
(Increase)/decrease in interest-bearing deposits with banks	(213)	188
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	(3,710)	8,338
Purchase of investment securities	(430)	(16)
Proceeds from sale of investment securities	27	11
Maturities of investment securities	70	75
Investments in subsidiaries and other investments	(316)	(762)
Proceeds from sale of other investments	504	1,001
(Increase)/decrease in loans	(5,189)	(4,037)
Proceeds from sales of loans	511	275
Capital expenditures for premises and equipment and other intangible assets	(200)	(242)
Proceeds from sale of premises and equipment and other intangible assets	0	7
Other, net	96	(7)
Net cash provided by/(used in) investing activities of continuing operations	(8,850)	4,831

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated statements of cash flows (unaudited) (continued)

in	1Q14	1Q13
Financing activities of continuing operations (CHF million)		
Increase/(decrease) in due to banks and customer deposits	17,329	9,139
Increase/(decrease) in short-term borrowings	4,086	5,336
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(4,716)	(9,689)
Issuances of long-term debt	14,689	7,962
Repayments of long-term debt	(12,079)	(16,559)
Issuances of common shares	0	471
Sale of treasury shares	1,899	2,183
Repurchase of treasury shares	(2,025)	(2,303)
Dividends paid	(45)	(11)
Other, net	(850)	(793)
Net cash provided by/(used in) financing activities of continuing operations	18,288	(4,264)
Effect of exchange rate changes on cash and due from banks (CHF million)		
Effect of exchange rate changes on cash and due from banks	507	1,294
Net cash provided by/(used in) discontinued operations (CHF million)		
Net cash provided by/(used in) discontinued operations	(229)	(96)
Net increase/(decrease) in cash and due from banks (CHF million)		
Net increase/(decrease) in cash and due from banks	(2,720)	(4,521)
Cash and due from banks at beginning of period	68,692	61,763
Cash and due from banks at end of period	65,972	57,242

Supplemental cash flow information (unaudited)

in	1Q14	1Q13
Cash paid for income taxes and interest (CHF million)		
Cash paid for income taxes	369	255
Cash paid for interest	2,649	3,303
Assets acquired and liabilities assumed in business acquisitions (CHF million)		
Fair value of assets acquired	14	0
Assets and liabilities sold in business divestitures (CHF million)		
Assets sold	8	0
Liabilities sold	1	0

Notes to the condensed consolidated financial statements – unaudited

1 Summary of significant accounting policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of Credit Suisse Group AG (the Group) are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). These condensed consolidated financial statements should be read in conjunction with the US GAAP consolidated financial statements and notes thereto for the year ended December 31, 2013 included in the Credit Suisse Annual Report 2013.

► Refer to “Note 1 – Summary of significant accounting policies” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for a description of the Group’s significant accounting policies.

Certain financial information, which is normally included in annual consolidated financial statements prepared in accordance with US GAAP, but not required for interim reporting purposes, has been condensed or omitted. Certain reclassifications have been made to the prior

period’s consolidated financial statements to conform to the current period’s presentation. These condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the condensed consolidated financial statements for the periods presented. The 4Q13 consolidated statements of operations and comprehensive income, the 1Q13 consolidated balance sheets and the 4Q13 consolidated statements of changes in equity have been added for convenience of the reader and are not a required presentation under US GAAP. The results of operations for interim periods are not indicative of results for the entire year.

In preparing these condensed consolidated financial statements, management is required to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the condensed consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2 Recently issued accounting standards

Recently adopted accounting standards

The following provides the most relevant recently adopted accounting standards.

► Refer to “Note 2 – Recently issued accounting standards” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for a description of accounting standards adopted in 2013.

ASC Topic 210 – Balance Sheet

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-11, “Disclosures about Offsetting Assets and Liabilities” (ASU 2011-11), an update to Accounting Standards Codification (ASC) Topic 210 – Balance Sheet. The amendments in ASU 2011-11 require an entity to prepare additional disclosures about offsetting and related arrangements. In January 2013, the FASB issued ASU 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities” (ASU 2013-01), an update to ASC Topic 210 – Balance Sheet. ASU 2013-01 clarifies the scope of ASU 2011-11. The adoption of ASU 2011-11 and ASU 2013-01 on January 1, 2013 did not have an impact on the Group’s financial position, results of operations or cash flows.

► Refer to “Note 20 – Offsetting of financial assets and financial liabilities” for further information.

ASC Topic 220 – Comprehensive Income

In January 2013, the FASB issued ASU 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (ASU 2013-02), an update to ASC Topic 220 – Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income (AOCI) by component. The adoption

of ASU 2013-02 on January 1, 2013 did not have an impact on the Group’s financial position, results of operations or cash flows.

► Refer to “Note 19 – Accumulated other comprehensive income and additional share information” for further information.

ASC Topic 830 – Foreign Currency Matters

In March 2013, the FASB issued ASU 2013-05, “Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity” (ASU 2013-05), an update to ASC Topic 830 – Foreign Currency Matters. The amendments provide guidance for the treatment of the cumulative translation adjustment when an entity ceases to hold a controlling financial interest in a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective prospectively for interim and annual reporting periods beginning after December 15, 2013 with early adoption permitted. The Group elected to early adopt ASU 2013-05 on January 1, 2013 which did not have a material impact on the Group’s financial position, results of operations or cash flows.

ASC Topic 946 – Financial Services – Investment Companies

In June 2013, the FASB issued ASU 2013-08, “Amendments to the Scope, Measurement, and Disclosure Requirements” (ASU 2013-08) an update to Topic 946 – Financial Services – Investment Companies. The amendments change the approach to the investment company assessment in Topic 946, clarify the characteristics of an investment company and provide comprehensive guidance for assessing whether an entity is an investment company. The adoption of ASU 2013-08 on January 1, 2014 did not

have a material impact on the Group's financial position, results of operations or cash flows.

Standards to be adopted in future periods

ASC Topic 205 – Presentation of Financial Statements

ASC Topic 360 – Property, Plant, and Equipment

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" (ASU 2014-08), an update to Topic 205

– Presentation of Financial Statements and Topic 360 – Property, Plant, and Equipment. The amendments change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. ASU 2014-08 is effective for interim and annual reporting periods beginning after December 15, 2014 with early adoption permitted. The Group will evaluate the impact of adoption of ASU 2014-08 on the Group's financial position, results of operations and cash flows when any future discontinued operations or disposals are identified.

3 Business developments

Business developments

▶ Refer to "Note 4 – Discontinued operations" for information on business divestitures in 1Q14.

In April 2014, the Group entered into an agreement with the current head of Credit Suisse Hedging-Griffo Asset Management pursuant to which he will be the controlling shareholder of a new

firm, Verde Asset Management, and the Group will be a minority shareholder. The transaction is subject to customary closing conditions and the approval of the change of management to Verde Asset Management by shareholders of the relevant funds managed by Credit Suisse Hedging-Griffo. The transaction is expected to close by year-end 2014.

4 Discontinued operations

In December 2013, the Group announced the sale of its domestic private banking business booked in Germany (German private banking business) to ABN AMRO. This transaction is subject to customary closing conditions and is expected to close in the course of 2014. As of the end of 1Q14, the German private banking business had total assets and liabilities of CHF 749 million and CHF 781 million, respectively, that were held-for-sale. ABN AMRO is a company unrelated to the Group.

In January 2014, the Group completed the sale of CFG, its private equity fund of funds and co-investment business, to Grosvenor Capital Management and recognized a pre-tax gain on disposal of CHF 91 million in 1Q14 net of allocated goodwill of CHF 23 million. As of the end of 4Q13, CFG had total assets of CHF 31 million that were held-for-sale. The Group will continue to hold investments in, and have unfunded commitments to, investment funds managed by CFG. Grosvenor Capital Management is a company unrelated to the Group.

In March 2014, the Group completed the spin-off of DLJ Merchant Banking Partners, the Group's mid-market leveraged buyout business, for no consideration to aPriori Capital Partners L.P., an independent advisory firm established and controlled by members of the business' management. The transaction was completed with no gain or loss from disposal and insignificant impact on net revenues, operating expenses and net income/(loss) from discontinued operations for 1Q14 and prior periods have not been restated. The Group will retain certain carried interest rights. aPriori Capital Partners L.P. is a company unrelated to the Group.

▶ Refer to "Note 4 – Discontinued operations" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information.

Assets held-for-sale

end of	1Q14	4Q13
German private banking business (CHF million)		
Cash	234	960
Loans	507	575
Other assets	8	18
Total assets held-for-sale	749	1,553
CFG (CHF million)		
Fees receivable	–	8
Goodwill	–	23
Total assets held-for-sale	–	31
Group (CHF million)		
Total assets held-for-sale	749	1,584

Liabilities held-for-sale

end of	1Q14	4Q13
German private banking business (CHF million)		
Deposits	740	1,118
Other liabilities	41	22
Total liabilities held-for-sale	781	1,140
Group (CHF million)		
Total liabilities held-for-sale	781	1,140

For the operations discontinued in 2013 and 1Q14, the revenues, expenses and gains from disposals were included in the results of the Private Banking & Wealth Management segment. The reclassification of these revenues and expenses from the segment results to discontinued operations for Group reporting was effected through the Corporate Center.

The results of operations of the businesses sold have been reflected in income/(loss) from discontinued operations in the

consolidated statements of operations for the relevant periods presented. The assets and liabilities of discontinued operations for which the sale has not yet been completed are presented as assets of discontinued operations held-for-sale and liabilities of discontinued operations held-for-sale, respectively, and prior periods are not reclassified.

Income/(loss) from discontinued operations

in	1Q14	4Q13	1Q13
Operations-related (CHF million)			
Net revenues	12	48	74
of which German private banking business	8	14	14
of which ETF business	–	–	14
of which Strategic Partners	–	–	14
of which CFG	0	33	30
Operating expenses	16	28	52
of which German private banking business	14	18	18
of which ETF business	–	–	10
of which Strategic Partners	–	–	6
of which CFG	0	10	16
Income tax expense/(benefit)	1	7	13
of which German private banking business	0	(2)	(1)
of which ETF business	–	–	2
of which Strategic Partners	–	–	4
of which CFG	0	9	8
Income/(loss), net of tax	(5)	13	9
of which German private banking business	(6)	(2)	(3)
of which ETF business	–	–	2
of which Strategic Partners	–	–	4
of which CFG	0	14	6
Transaction-related (CHF million)			
Gain on disposal	91	–	–
of which CFG	91	–	–
Transaction-related expenses	32	25	5
of which German private banking business	26	–	–
of which ETF business	–	–	3
of which CFG	0	21	2
Income tax expense/(benefit)	39	(10)	(2)
of which ETF business	–	–	(1)
of which CFG	42	(9)	(1)
Income/(loss), net of tax	20	(15)	(3)
of which German private banking business	(26)	–	–
of which ETF business	–	–	(2)
of which CFG	49	(12)	(1)
Discontinued operations – total (CHF million)			
Income/(loss) from discontinued operations, net of tax	15	(2)	6
of which German private banking business	(32)	(2)	(3)
of which ETF business	–	–	0
of which Strategic Partners	–	–	4
of which CFG	49	2	5

5 Segment information

Overview

The Group is a global financial services company domiciled in Switzerland. The Group's business consists of two segments: Private Banking & Wealth Management and Investment Banking. The two segments are complemented by Shared Services, which provides support in the areas of finance, operations, human resources, legal and compliance, risk management and IT. Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses that have not been allocated to the segments. In addition, Corporate Center includes consolidation and

elimination adjustments required to eliminate intercompany revenues and expenses. For the operations discontinued, the revenues, expenses and gains from disposals were included in the results of the Private Banking & Wealth Management segment. The reclassification of these revenues and expenses from the segment results to discontinued operations for Group reporting was effected through the Corporate Center.

► Refer to "Note 5 – Segment information" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information on segment information, revenue sharing and cost allocation, funding and taxes.

Net revenues and income before taxes

in	1Q14	4Q13	1Q13
Net revenues (CHF million)			
Private Banking & Wealth Management	3,240	3,429	3,278
Investment Banking	3,416	2,668	3,945
Corporate Center	(187)	(177)	(205)
Noncontrolling interests without SEI	360	219	71
Net revenues	6,829	6,139	7,089
Income/(loss) from continuing operations before taxes (CHF million)			
Private Banking & Wealth Management	1,012	424	881
Investment Banking	827	(564)	1,300
Corporate Center	(439)	(389)	(376)
Noncontrolling interests without SEI	343	196	69
Income/(loss) from continuing operations before taxes	1,743	(333)	1,874

Total assets

end of	1Q14	4Q13	1Q13
Total assets (CHF million)			
Private Banking & Wealth Management	285,188	279,139	284,588
Investment Banking	503,883	502,799	582,272
Corporate Center	87,728	87,244	75,339
Noncontrolling interests without SEI	1,291	3,624	4,419
Total assets	878,090	872,806	946,618

6 Net interest income

in	1Q14	4Q13	1Q13
Net interest income (CHF million)			
Loans	1,226	1,221	1,188
Investment securities	11	10	12
Trading assets	2,168	1,814	2,425
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	561	556	671
Other	479	472	526
Interest and dividend income	4,445	4,073	4,822
Deposits	(236)	(225)	(258)
Short-term borrowings	(22)	(17)	(80)
Trading liabilities	(761)	(915)	(1,243)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(261)	(212)	(336)
Long-term debt	(927)	(895)	(1,044)
Other	(60)	(62)	(55)
Interest expense	(2,267)	(2,326)	(3,016)
Net interest income	2,178	1,747	1,806

7 Commissions and fees

in	1Q14	4Q13	1Q13
Commissions and fees (CHF million)			
Lending business	434	460	441
Investment and portfolio management	934	1,119	904
Other securities business	23	25	28
Fiduciary business	957	1,144	932
Underwriting	460	446	419
Brokerage	973	860	1,045
Underwriting and brokerage	1,433	1,306	1,464
Other services	451	515	411
Commissions and fees	3,275	3,425	3,248

8 Trading revenues

in	1Q14	4Q13	1Q13
Trading revenues (CHF million)			
Interest rate products	1,250	(2)	1,697
Foreign exchange products	(1,014)	298	384
Equity/index-related products	176	534	(82)
Credit products	40	(538)	(360)
Commodity, emission and energy products	63	71	43
Other products	123	(68)	133
Trading revenues	638	295	1,815

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

- ▶ Refer to “Note 8 – Trading revenues” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information on trading revenues and managing trading risks.

9 Other revenues

in	1Q14	4Q13	1Q13
Other revenues (CHF million)			
Noncontrolling interests without SEI	358	211	64
Loans held-for-sale	1	(1)	(5)
Long-lived assets held-for-sale	28	45	(15)
Equity method investments	61	147	36
Other investments	110	144	57
Other	180	126	83
Other revenues	738	672	220

10 Provision for credit losses

in	1Q14	4Q13	1Q13
Provision for credit losses (CHF million)			
Provision for loan losses	30	54	20
Provision for lending-related and other exposures	4	(1)	2
Provision for credit losses	34	53	22

11 Compensation and benefits

in	1Q14	4Q13	1Q13
Compensation and benefits (CHF million)			
Salaries and variable compensation	2,653	2,422	2,582
Social security	188	175	222
Other ¹	152	210	187
Compensation and benefits²	2,993	2,807	2,991

¹ Includes pension and other post-retirement expense of CHF 84 million, CHF 134 million and CHF 110 million in 1Q14, 4Q13 and 1Q13, respectively.

² Includes severance and other compensation expense relating to headcount reductions of CHF 24 million, CHF 52 million and CHF 67 million as of 1Q14, 4Q13 and 1Q13, respectively.

12 General and administrative expenses

in	1Q14	4Q13	1Q13
General and administrative expenses (CHF million)			
Occupancy expenses	273	327	288
IT, machinery, etc.	341	390	384
Provisions and losses	111	1,483	170
Travel and entertainment	81	92	89
Professional services	526	577	447
Goodwill impairment	0	12	0
Amortization and impairment of other intangible assets	5	6	6
Other	353	336	348
General and administrative expenses	1,690	3,223	1,732

13 Earnings per share

in	1Q14	4Q13	1Q13
Basic net income/(loss) attributable to shareholders (CHF million)			
Income/(loss) from continuing operations	844	(474)	1,297
Income/(loss) from discontinued operations, net of tax	15	(2)	6
Net income/(loss) attributable to shareholders	859	(476)	1,303
Preferred securities dividends	(28)	(122)	–
Net income/(loss) attributable to shareholders for basic earnings per share	831	(598)	1,303
Available for common shares	785	(598)	1,033
Available for unvested share-based payment awards	46	0	93
Available for mandatory convertible securities ¹	–	–	177
Diluted net income/(loss) attributable to shareholders (CHF million)			
Net income/(loss) attributable to shareholders for basic earnings per share	831	(598)	1,303
Income impact of assumed conversion on contracts that may be settled in shares or cash ²	–	–	(5)
Net income/(loss) attributable to shareholders for diluted earnings per share	831	(598)	1,298
Available for common shares	785	(598)	1,033
Available for unvested share-based payment awards	46	0	92
Available for mandatory convertible securities ¹	–	–	173
Weighted-average shares outstanding (million)			
Weighted-average shares outstanding for basic earnings per share available for common shares	1,621.2	1,601.9	1,354.6
Dilutive contracts that may be settled in shares or cash ³	–	–	24.9
Dilutive share options and warrants	1.4	0.0	2.0
Dilutive share awards	5.2	0.0	1.8
Weighted-average shares outstanding for diluted earnings per share available for common shares⁴	1,627.8	1,601.9⁵	1,383.3
Weighted-average shares outstanding for basic/diluted earnings per share available for unvested share-based payment awards	95.5	122.0	122.6
Weighted-average shares outstanding for basic/diluted earnings per share available for mandatory convertible securities¹	–	–	231.8
Basic earnings/(loss) per share available for common shares (CHF)			
Basic earnings/(loss) per share from continuing operations	0.47	(0.37)	0.76
Basic earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Basic earnings/(loss) per share available for common shares	0.48	(0.37)	0.76
Diluted earnings/(loss) per share available for common shares (CHF)			
Diluted earnings/(loss) per share from continuing operations	0.47	(0.37)	0.75
Diluted earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Diluted earnings/(loss) per share available for common shares	0.48	(0.37)	0.75

Prior periods have been adjusted to reflect the increase in the number of shares outstanding that arose from the 2Q13 stock dividend, as required under US GAAP.

¹ Reflects MACCS issued in July 2012 that were mandatorily convertible into shares on March 29, 2013, which shares were settled and delivered on April 8, 2013.

² Reflects changes in the fair value of the PAF2 units which are reflected in the net results of the Group until the awards are finally settled. Fair value of the PAF2 units which are reflected in the net results of the Group are not adjusted for 4Q13, as the effect would be antidilutive. In 1Q14, the Group restructured the PAF2 awards as due to regulatory changes the capital relief provided by PAF2 awards was no longer available under Basel III. The PAF2 units were converted into other capital eligible compensation instruments and will no longer be settleable in Credit Suisse Group shares.

³ Reflects weighted-average shares outstanding on PAF2 units. Weighted-average shares on PAF2 units for 4Q13 were excluded from the diluted earnings per share calculation, as the effect would be antidilutive. In 1Q14, the Group restructured the PAF2 awards as due to regulatory changes the capital relief provided by PAF2 awards was no longer available under Basel III. The PAF2 units were converted into other capital eligible compensation instruments and will no longer be settleable in Credit Suisse Group shares.

⁴ Weighted-average potential common shares relating to instruments that were not dilutive for the respective periods (and therefore not included in the diluted earnings per share calculation above) but could potentially dilute earnings per share in the future were 9.1 million, 36.0 million and 13.7 million for 1Q14, 4Q13 and 1Q13, respectively.

⁵ Due to the net loss in 4Q13, 1.7 million weighted-average share options and warrants outstanding and 0.8 million weighted-average share awards outstanding were excluded from the diluted earnings per share calculation, as the effect would be antidilutive.

14 Trading assets and liabilities

end of	1Q14	4Q13	1Q13
Trading assets (CHF million)			
Debt securities	112,678	110,116	132,709
Equity securities ¹	83,044	76,695	85,087
Derivative instruments ²	30,538	31,603	33,312
Other	10,809	10,999	13,093
Trading assets	237,069	229,413	264,201
Trading liabilities (CHF million)			
Short positions	40,647	40,161	52,348
Derivative instruments ²	32,382	36,474	39,142
Trading liabilities	73,029	76,635	91,490

¹ Including convertible bonds.

² Amounts shown net of cash collateral receivables and payables.

Cash collateral on derivative instruments

end of	1Q14	4Q13	1Q13
Cash collateral – netted (CHF million) ¹			
Cash collateral paid	24,735	23,870	35,137
Cash collateral received	19,425	20,500	31,626
Cash collateral – not netted (CHF million) ²			
Cash collateral paid	7,058	8,359	12,030
Cash collateral received	11,984	11,663	13,399

¹ Recorded as cash collateral netting on derivative instruments in Note 20 – Offsetting of financial assets and financial liabilities.

² Recorded as cash collateral on derivative instruments in Note 17 – Other assets and other liabilities.

15 Investment securities

end of	1Q14	4Q13	1Q13
Investment securities (CHF million)			
Securities available-for-sale	3,320	2,987	3,428
Total investment securities	3,320	2,987	3,428

Investment securities by type

end of	1Q14				4Q13			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Investment securities by type (CHF million)								
Debt securities issued by Swiss federal, cantonal or local governmental entities	372	19	1	390	389	15	2	402
Debt securities issued by foreign governments	1,762	42	0	1,804	1,350	39	1	1,388
Corporate debt securities	569	15	0	584	590	16	0	606
Collateralized debt obligations	426	14	0	440	480	11	1	490
Debt securities available-for-sale	3,129	90	1	3,218	2,809	81	4	2,886
Banks, trust and insurance companies	74	20	0	94	74	18	0	92
Industry and all other	8	0	0	8	9	0	0	9
Equity securities available-for-sale	82	20	0	102	83	18	0	101
Securities available-for-sale	3,211	110	1	3,320	2,892	99	4	2,987

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
1Q14 (CHF million)						
Debt securities issued by Swiss federal, cantonal or local governmental entities	0	0	26	1	26	1
Debt securities available-for-sale	0	0	26	1	26	1
4Q13 (CHF million)						
Debt securities issued by foreign governments	168	2	0	0	168	2
Corporate debt securities	109	1	0	0	109	1
Collateralized debt obligation	10	1	0	0	10	1
Debt securities available-for-sale	287	4	0	0	287	4

Management determined that the unrealized losses on debt securities are primarily attributable to general market interest rate, credit spread or exchange rate movements. No significant impairment charges were recorded as the Group does not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	1Q14		1Q13	
	Debt securities	Equity securities	Debt securities	Equity securities
Additional information (CHF million)				
Proceeds from sales	23	4	4	7

Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
1Q14 (CHF million)			
Due within 1 year	501	504	1.48
Due from 1 to 5 years	1,683	1,744	2.43
Due from 5 to 10 years	866	890	2.16
Due after 10 years	79	80	1.34
Total debt securities	3,129	3,218	2.18

16 Loans, allowance for loan losses and credit quality

Loans are divided in two portfolio segments, “consumer” and “corporate & institutional”. Consumer loans are disaggregated into the classes of mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans are disaggregated into the classes of real estate, commercial and industrial loans, financial institutions and governments and public institutions.

The determination of the loan classes is primarily driven by the customer segmentation in the two business divisions, Private Banking & Wealth Management and Investment Banking, both of which are engaged in credit activities.

The Group assigns both counterparty and transaction ratings to its credit exposures. The counterparty rating reflects the probability of default of the counterparty. The transaction rating reflects the expected loss, considering collateral, on a given transaction if the counterparty defaults. Credit risk is assessed and monitored on the single obligor and single obligation level as well as on the credit portfolio level as represented by the classes of loans. Credit limits are used to manage counterparty credit risk.

► Refer to “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information on loans, allowance for loan losses, credit quality and impaired loans.

Loans

end of	1Q14	4Q13	1Q13
Loans (CHF million)			
Mortgages	95,700	94,978	92,703
Loans collateralized by securities	34,253	31,565	29,251
Consumer finance	5,783	5,938	7,461
Consumer	135,736	132,481	129,415
Real estate ¹	27,320	27,312	25,777
Commercial and industrial loans ¹	65,760	63,334	65,128
Financial institutions ¹	19,472	21,840	25,403
Governments and public institutions ¹	3,341	3,047	4,272
Corporate & institutional	115,893	115,533	120,580
Gross loans	251,629	248,014	249,995
of which held at amortized cost	231,649	228,557	227,343
of which held at fair value	19,980	19,457	22,652
Net (unearned income)/deferred expenses	(104)	(91)	(84)
Allowance for loan losses	(866)	(869)	(916)
Net loans	250,659	247,054	248,995
Gross loans by location (CHF million)			
Switzerland	153,766	151,992	151,362
Foreign	97,863	96,022	98,633
Gross loans	251,629	248,014	249,995
Impaired loan portfolio (CHF million)			
Non-performing loans	845	862	929
Non-interest-earning loans	283	281	324
Total non-performing and non-interest-earning loans	1,128	1,143	1,253
Restructured loans	0	6	20
Potential problem loans	371	340	508
Total other impaired loans	371	346	528
Gross impaired loans	1,499	1,489	1,781

¹ Prior periods have been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions, and from governments and public institutions to commercial and industrial loans, respectively.

Allowance for loan losses by loan portfolio

	1Q14			4Q13			1Q13		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)									
Balance at beginning of period	267	602	869	271	600	871	288	634	922
Change in scope of consolidation	0	0	0	0	0	0	0	0	0
Net movements recognized in statements of operations	17	13	30	19	35	54	21	(1)	20
Gross write-offs	(26)	(20)	(46)	(28)	(32)	(60)	(33)	(21)	(54)
Recoveries	5	5	10	6	0	6	5	2	7
Net write-offs	(21)	(15)	(36)	(22)	(32)	(54)	(28)	(19)	(47)
Provisions for interest	1	4	5	1	5	6	2	5	7
Foreign currency translation impact and other adjustments, net	(1)	(1)	(2)	(2)	(6)	(8)	2	12	14
Balance at end of period	263	603	866	267	602	869	285	631	916
of which individually evaluated for impairment	213	440	653	217	437	654	232	457	689
of which collectively evaluated for impairment	50	163	213	50	165	215	53	174	227
Gross loans held at amortized cost (CHF million)									
Balance at end of period	135,725	95,924	231,649	132,470	96,087	228,557	129,405	97,938	227,343
of which individually evaluated for impairment ¹	560	939	1,499	569	920	1,489	646	1,135	1,781
of which collectively evaluated for impairment	135,165	94,985	230,150	131,901	95,167	227,068	128,759	96,803	225,562

¹ Represents gross impaired loans both with and without a specific allowance.

Purchases, reclassifications and sales

in	1Q14			4Q13			1Q13		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Loans held at amortized cost (CHF million)									
Purchases ¹	11	423	434	0	817	817	0	1,692	1,692
Reclassifications from loans held-for-sale ²	0	23	23	0	80	80	0	44	44
Reclassifications to loans held-for-sale ³	0	76	76	0	503	503	0	176	176
Sales ³	0	53	53	0	424	424	0	117	117

¹ Includes drawdowns under purchased loan commitments.

² Includes loans previously reclassified to held-for-sale that were not sold and were reclassified back to loans held-to-maturity.

³ All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

Credit quality of loans held at amortized cost

Management monitors the credit quality of loans through its credit risk management processes, which are structured to assess, quantify, measure, monitor and manage risk on a consistent basis. This process requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Management evaluates many factors when assessing the credit quality of loans. These factors include the volatility of default probabilities, rating changes, the magnitude of potential loss, internal risk ratings, and geographic, industry and other economic

factors. For the purpose of credit quality disclosures, the Group uses internal risk ratings as credit quality indicators.

The Group employs a set of credit ratings for the purpose of internally rating counterparties. Credit ratings are intended to reflect the risk of default of each obligor or counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

► Refer to "Credit quality of loans held at amortized cost" in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality in the Credit Suisse Annual Report 2013 for further information on internal ratings and the scope of the credit quality disclosures.

Gross loans held at amortized cost by internal counterparty rating

end of	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Total
1Q14 (CHF million)											
Mortgages	319	2,246	17,772	57,714	16,561	850	24	3	0	211	95,700
Loans collateralized by securities	1,104	453	4,316	26,007	2,162	111	4	7	0	89	34,253
Consumer finance	205	18	105	2,193	2,047	778	53	0	133	240	5,772
Consumer	1,628	2,717	22,193	85,914	20,770	1,739	81	10	133	540	135,725
Real estate	795	1,513	3,117	14,087	6,704	344	0	0	0	104	26,664
Commercial and industrial loans	258	981	2,275	21,897	23,862	3,100	198	19	9	698	53,297
Financial institutions	823	1,741	3,343	5,313	2,635	399	112	18	0	99	14,483
Governments and public institutions	69	339	183	481	123	63	222	0	0	0	1,480
Corporate & institutional	1,945	4,574	8,918	41,778	33,324	3,906	532	37	9	901	95,924
Gross loans held at amortized cost	3,573	7,291	31,111	127,692	54,094	5,645	613	47	142	1,441	231,649
Value of collateral ¹	2,641	5,830	27,581	119,727	45,448	3,311	87	36	11	671	205,343
4Q13 (CHF million)											
Mortgages	302	2,257	17,398	57,033	16,857	883	39	0	0	209	94,978
Loans collateralized by securities	182	349	4,214	24,497	2,131	90	2	6	0	94	31,565
Consumer finance	0	14	226	2,501	1,952	824	43	0	119	248	5,927
Consumer	484	2,620	21,838	84,031	20,940	1,797	84	6	119	551	132,470
Real estate	1,344	1,050	3,511	13,669	6,897	322	0	1	0	72	26,866
Commercial and industrial loans	183	740	1,901	21,232	23,131	3,621	232	6	6	671	51,723
Financial institutions	1,319	1,706	4,041	5,625	2,440	776	14	1	0	112	16,034
Governments and public institutions	78	324	178	440	148	73	223	0	0	0	1,464
Corporate & institutional	2,924	3,820	9,631	40,966	32,616	4,792	469	8	6	855	96,087
Gross loans held at amortized cost	3,408	6,440	31,469	124,997	53,556	6,589	553	14	125	1,406	228,557
Value of collateral ¹	2,553	5,046	28,186	116,971	45,376	3,372	102	1	10	616	202,233

¹ Includes the value of collateral up to the amount of the outstanding related loans. For mortgages, collateral values are generally values at the time of granting the loan.

Value of collateral

In Private Banking & Wealth Management, all collateral values for loans are regularly reviewed according to our risk management policies and directives, with maximum review periods determined by market liquidity, market transparency and appraisal costs. For example, traded securities are revalued on a daily basis and property values are appraised over a period of more than one year considering the characteristics of the borrower, current developments in the relevant real estate market and the current level of credit exposure to the borrower. If the credit exposure to a borrower has changed significantly, in volatile markets or in times of increasing general market risk, collateral values may be appraised more frequently. Management judgment is applied in assessing

whether markets are volatile or general market risk has increased to a degree that warrants a more frequent update of collateral values. Movements in monitored risk metrics that are statistically different compared to historical experience are considered in addition to analysis of externally-provided forecasts, scenario techniques and macro-economic research. For impaired loans, the fair value of collateral is determined within 90 days of the date the impairment was identified and thereafter regularly revalued by Group credit risk management within the impairment review process.

In Investment Banking, few loans are collateral dependent. The collateral values for these loans are appraised on at least an annual basis, or when a loan-relevant event occurs.

Gross loans held at amortized cost – aging analysis

end of	Current					Past due		Total
		Up to 30 days	31–60 days	61–90 days	More than 90 days	Total		
1Q14 (CHF million)								
Mortgages	95,357	118	24	32	169	343	95,700	
Loans collateralized by securities	33,995	156	9	4	89	258	34,253	
Consumer finance	4,883	554	89	65	181	889	5,772	
Consumer	134,235	828	122	101	439	1,490	135,725	
Real estate	26,527	28	5	18	86	137	26,664	
Commercial and industrial loans	51,975	876	46	32	368	1,322	53,297	
Financial institutions	14,169	220	1	3	90	314	14,483	
Governments and public institutions	1,478	2	0	0	0	2	1,480	
Corporate & institutional	94,149	1,126	52	53	544	1,775	95,924	
Gross loans held at amortized cost	228,384	1,954	174	154	983	3,265	231,649	
4Q13 (CHF million)								
Mortgages	94,657	103	26	25	167	321	94,978	
Loans collateralized by securities	31,365	95	2	12	91	200	31,565	
Consumer finance	5,218	377	93	55	184	709	5,927	
Consumer	131,240	575	121	92	442	1,230	132,470	
Real estate	26,774	19	2	2	69	92	26,866	
Commercial and industrial loans	50,879	343	77	74	350	844	51,723	
Financial institutions	15,841	87	2	1	103	193	16,034	
Governments and public institutions	1,459	5	0	0	0	5	1,464	
Corporate & institutional	94,953	454	81	77	522	1,134	96,087	
Gross loans held at amortized cost	226,193	1,029	202	169	964	2,364	228,557	

Impaired loans

► Refer to "Impaired loans" in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality in the Credit Suisse Annual Report 2013 for further information on impaired loan categories and allowance for specifically identified credit losses on impaired loans.

Gross impaired loans by category

end of	Non-performing and non-interest-earning loans			Other impaired loans			Total
	Non-performing loans	Non-interest-earning loans	Total	Restructured loans	Potential problem loans	Total	
1Q14 (CHF million)							
Mortgages	173	16	189	0	39	39	228
Loans collateralized by securities	19	70	89	0	1	1	90
Consumer finance	236	5	241	0	1	1	242
Consumer	428	91	519	0	41	41	560
Real estate	66	13	79	0	26	26	105
Commercial and industrial loans	292	147	439	0	276	276	715
Financial institutions	59	32	91	0	28	28	119
Corporate & institutional	417	192	609	0	330	330	939
Gross impaired loans	845	283	1,128	0	371	371	1,499
4Q13 (CHF million)							
Mortgages	167	13	180	0	45	45	225
Loans collateralized by securities	20	71	91	0	4	4	95
Consumer finance	244	5	249	0	0	0	249
Consumer	431	89	520	0	49	49	569
Real estate	53	15	68	0	5	5	73
Commercial and industrial loans	307	144	451	6	258	264	715
Financial institutions	71	33	104	0	28	28	132
Corporate & institutional	431	192	623	6	291	297	920
Gross impaired loans	862	281	1,143	6	340	346	1,489

Gross impaired loan detail

end of	1Q14			4Q13		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
Gross impaired loan detail (CHF million)						
Mortgages	206	195	29	207	197	28
Loans collateralized by securities	66	62	52	67	63	55
Consumer finance	224	205	132	231	211	134
Consumer	496	462	213	505	471	217
Real estate	82	76	14	71	65	15
Commercial and industrial loans	704	653	357	705	656	340
Financial institutions	119	114	69	131	127	82
Corporate & institutional	905	843	440	907	848	437
Gross impaired loans with a specific allowance	1,401	1,305	653	1,412	1,319	654
Mortgages	22	21	–	18	18	–
Loans collateralized by securities	24	24	–	28	28	–
Consumer finance	18	18	–	18	18	–
Consumer	64	63	–	64	64	–
Real estate	23	23	–	2	2	–
Commercial and industrial loans	11	11	–	10	10	–
Financial institutions	0	0	–	1	1	–
Corporate & institutional	34	34	–	13	13	–
Gross impaired loans without specific allowance	98	97	–	77	77	–
Gross impaired loans	1,499	1,402	653	1,489	1,396	654
of which consumer	560	525	213	569	535	217
of which corporate & institutional	939	877	440	920	861	437

Gross impaired loan detail (continued)

in	1Q14			4Q13			1Q13		
	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis
Gross impaired loan detail (CHF million)									
Mortgages	200	0	0	205	0	0	192	0	0
Loans collateralized by securities	65	0	0	68	2	2	69	0	0
Consumer finance	228	0	0	244	0	0	280	0	0
Consumer	493	0	0	517	2	2	541	0	0
Real estate	80	0	0	73	1	1	62	0	0
Commercial and industrial loans	698	0	0	682	1	1	753	3	3
Financial institutions	129	0	0	130	0	0	155	0	0
Governments and public institutions	0	0	0	0	0	0	0	0	0
Corporate & institutional	907	0	0	885	2	2	970	3	3
Gross impaired loans with a specific allowance	1,400	0	0	1,402	4	4	1,511	3	3
Mortgages	20	0	0	22	0	0	38	0	0
Loans collateralized by securities	27	0	0	28	0	0	28	0	0
Consumer finance	18	0	0	18	0	0	37	0	0
Consumer	65	0	0	68	0	0	103	0	0
Real estate	6	0	0	15	0	0	3	0	0
Commercial and industrial loans	11	0	0	20	0	0	119	0	0
Financial institutions	0	0	0	1	0	0	3	0	0
Corporate & institutional	17	0	0	36	0	0	125	0	0
Gross impaired loans without specific allowance	82	0	0	104	0	0	228	0	0
Gross impaired loans	1,482	0	0	1,506	4	4	1,739	3	3
of which consumer	558	0	0	585	2	2	644	0	0
of which corporate & institutional	924	0	0	921	2	2	1,095	3	3

17 Other assets and other liabilities

end of	1Q14	4Q13	1Q13
Other assets (CHF million)			
Cash collateral on derivative instruments	7,058	8,359	12,030
Cash collateral on non-derivative transactions	1,541	1,412	1,672
Derivative instruments used for hedging	1,894	2,062	2,667
Assets held-for-sale	20,615	19,306	20,281
of which loans	20,223	18,914	19,772
of which real estate	392	392	508
Assets held for separate accounts	10,268	11,236	13,023
Interest and fees receivable	4,831	4,859	5,350
Deferred tax assets	5,683	6,185	6,968
Prepaid expenses	585	552	862
Failed purchases	2,542	2,365	2,997
Other	7,388	6,729	6,354
Other assets	62,405	63,065	72,204
Other liabilities (CHF million)			
Cash collateral on derivative instruments	11,984	11,663	13,399
Cash collateral on non-derivative transactions	754	955	1,660
Derivative instruments used for hedging	512	384	931
Provisions ¹	2,633	2,641	1,511
of which off-balance sheet risk	62	60	63
Liabilities held for separate accounts	10,268	11,236	13,023
Interest and fees payable	5,001	5,641	6,395
Current tax liabilities	841	864	886
Deferred tax liabilities	427	394	160
Failed sales	2,235	2,396	3,234
Other	14,113	15,273	15,671
Other liabilities	48,768	51,447	56,870

¹ Includes provisions for bridge commitments.

18 Long-term debt

Long-term debt				Structured notes by product			
end of	1Q14	4Q13	1Q13	end of	1Q14	4Q13	1Q13
Long-term debt (CHF million)				Structured notes (CHF million)			
Senior	99,050	96,048	111,962	Equity	26,089	23,313	22,652
Subordinated	21,145	21,002	16,624	Fixed income	6,011	5,573	6,593
Non-recourse liabilities from consolidated VIEs	12,239	12,992	14,508	Emerging markets ¹	1,643	1,766	1,979
Long-term debt	132,434	130,042	143,094	Credit	3,424	3,453	2,340
of which reported at fair value	64,694	63,369	64,547	Other	1,260	710	1,372
of which structured notes	38,427	34,815	34,936	Total structured notes	38,427	34,815	34,936

¹ Transactions where the return is based on a referenced underlying or counterparty specific to emerging markets.

19 Accumulated other comprehensive income and additional share information

Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Accumu- lated other compre- hensive income
1Q14 (CHF million)						
Balance at beginning of period	(11)	(13,674)	52	(2,757)	515	(15,875)
Increase/(decrease)	12	(248)	8	(3)	0	(231)
Increase/(decrease) due to equity method investments	8	0	0	0	0	8
Reclassification adjustments, included in net income	(3)	0	0	38	(20)	15
Total increase/(decrease)	17	(248)	8	35	(20)	(208)
Balance at end of period	6	(13,922)	60	(2,722)	495	(16,083)
4Q13 (CHF million)						
Balance at beginning of period	(22)	(13,157)	63	(3,593)	530	(16,179)
Increase/(decrease)	8	(515)	(6)	738	0	225
Increase/(decrease) due to equity method investments	6	0	0	0	0	6
Reclassification adjustments, included in net income	(3)	(2)	(5)	98	(15)	73
Total increase/(decrease)	11	(517)	(11)	836	(15)	304
Balance at end of period	(11)	(13,674)	52	(2,757)	515	(15,875)
1Q13 (CHF million)						
Balance at beginning of period	(29)	(12,767)	84	(3,801)	610	(15,903)
Increase/(decrease)	5	754	(7)	6	0	758
Increase/(decrease) due to equity method investments	(3)	0	0	0	0	(3)
Reclassification adjustments, included in net income	0	46	0	64	(27)	83
Total increase/(decrease)	2	800	(7)	70	(27)	838
Balance at end of period	(27)	(11,967)	77	(3,731)	583	(15,065)

Details on significant reclassification adjustments

in	1Q14	4Q13	1Q13
Reclassification adjustments, included in net income (CHF million)			
Cumulative translation adjustments			
Sale of subsidiaries ¹	0	(2)	46
Actuarial gains/(losses)			
Amortization of recognized actuarial losses ²	50	129	86
Tax expense/(benefit)	(12)	(31)	(22)
Net of tax	38	98	64
Net prior service credit/(cost)			
Amortization of recognized prior service credit/(cost) ²	(25)	(19)	(34)
Tax expense/(benefit)	5	4	7
Net of tax	(20)	(15)	(27)

¹ Includes net releases of CHF 46 million in 1Q13 on the sale of JO Hambro. Upon settlement in 3Q13, further net releases of CHF 38 million were recognized. These were reclassified from cumulative translation adjustments and included in net income in other revenues, offset by a gain on the transaction.

² These components are included in the computation of total benefit costs. Refer to "Note 23 – Pension and other post-retirement benefits" for further information.

Additional share information

	1Q14	4Q13	1Q13
Common shares issued			
Balance at beginning of period	1,596,119,349	1,595,433,898	1,320,829,922
Issuance of common shares	0	685,451	18,822,723
of which share-based compensation	0	685,451	18,822,723
Balance at end of period	1,596,119,349	1,596,119,349	1,339,652,645
Treasury shares			
Balance at beginning of period	(5,183,154)	(3,032,833)	(27,036,831)
Sale of treasury shares	67,970,125	104,952,416	85,932,507
Repurchase of treasury shares	(72,306,505)	(107,185,940)	(90,504,926)
Share-based compensation	653,410	83,203	4,113,937
Balance at end of period	(8,866,124)	(5,183,154)	(27,495,313)
Common shares outstanding			
Balance at end of period	1,587,253,225¹	1,590,936,195²	1,312,157,332³

¹ At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 661,049,598 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 498,874,240 of these shares were reserved for capital instruments.

² At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 661,049,598 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 498,874,240 of these shares were reserved for capital instruments.

³ At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 752,676,931 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 732,326,910 of these shares were reserved for capital instruments (including MACCS).

20 Offsetting of financial assets and financial liabilities

The disclosures set out in the tables below include derivatives, reverse repurchase and repurchase agreements, and securities lending and borrowing transactions that:

- are offset in the Group's consolidated balance sheets; or
- are subject to an enforceable master netting agreement or similar agreement (enforceable master netting agreements), irrespective of whether they are offset in the Group's consolidated balance sheets.

Similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements.

Derivatives

The Group transacts bilateral OTC derivatives mainly under ISDA Master Agreements and Swiss Master Agreements for OTC derivative instruments. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement. They allow the Group to offset balances from derivative assets and liabilities as well as the receivables and payables to related cash collateral transacted with the same counterparty. Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities

received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For derivatives transacted with exchanges (exchange-traded derivatives) and central clearing counterparties (OTC-cleared derivatives), positive and negative replacement values and related cash collateral may be offset if the terms of the rules and regulations governing these exchanges and central clearing counterparties permit such netting and offset.

Where no such agreements exist, fair values are recorded on a gross basis.

Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value. There is an exception for certain bifurcated hybrid debt instruments which the Group did not elect to account for at fair value. However, these bifurcated embedded derivatives are generally not subject to enforceable master netting agreements and are not recorded as derivative instruments under trading assets and liabilities or other assets and other liabilities. Information on bifurcated embedded derivatives has therefore not been included in the offsetting disclosures.

The following table presents the gross amount of derivatives subject to enforceable master netting agreements by contract and transaction type, the amount of offsetting, the amount of derivatives not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of derivatives

end of	1Q14		4Q13	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Gross derivatives subject to enforceable master netting agreements (CHF billion)				
OTC-cleared	217.0	213.1	265.4	262.1
OTC	180.6	176.1	183.0	178.1
Exchange-traded	0.1	0.1	0.3	0.0
Interest rate products	397.7	389.3	448.7	440.2
OTC	49.1	60.0	58.5	68.2
Exchange-traded	0.2	0.1	0.1	0.2
Foreign exchange products	49.3	60.1	58.6	68.4
OTC	14.0	16.1	15.5	18.6
Exchange-traded	14.8	15.3	14.8	15.1
Equity/index-related products	28.8	31.4	30.3	33.7
OTC-cleared	5.8	5.6	5.2	5.1
OTC	19.4	20.0	20.8	21.2
Credit derivatives	25.2	25.6	26.0	26.3
OTC	3.7	3.1	4.4	4.0
Exchange-traded	0.6	0.6	0.5	0.8
Other products	4.3	3.7	4.9	4.8
OTC-cleared	222.8	218.7	270.6	267.2
OTC	266.8	275.3	282.2	290.1
Exchange-traded	15.7	16.1	15.7	16.1
Total gross derivatives subject to enforceable master netting agreements	505.3	510.1	568.5	573.4
Offsetting (CHF billion)				
OTC-cleared	(221.2)	(218.5)	(269.1)	(267.0)
OTC	(246.5)	(253.7)	(260.7)	(265.7)
Exchange-traded	(15.0)	(15.5)	(15.1)	(15.1)
Offsetting	(482.7)	(487.7)	(544.9)	(547.8)
of which counterparty netting	(462.9)	(462.9)	(523.9)	(523.9)
of which cash collateral netting	(19.8)	(24.8)	(21.0)	(23.9)
Net derivatives presented in the consolidated balance sheets (CHF billion)				
OTC-cleared	1.6	0.2	1.5	0.2
OTC	20.3	21.6	21.5	24.4
Exchange-traded	0.7	0.6	0.6	1.0
Total net derivatives subject to enforceable master netting agreements	22.6	22.4	23.6	25.6
Total derivatives not subject to enforceable master netting agreements¹	9.8	10.5	10.1	11.3
Total net derivatives presented in the consolidated balance sheets	32.4	32.9	33.7	36.9
of which recorded in trading assets and trading liabilities	30.5	32.4	31.6	36.5
of which recorded in other assets and other liabilities	1.9	0.5	2.1	0.4

¹ Represents derivatives where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Transactions under such agreements are netted in the consolidated balance sheets if they are with the same counterparty, have the same maturity date, settle through the same clearing institution and are subject to the same master netting agreement. The amounts offset are measured on the same basis as the underlying transaction (i.e., on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Transactions under these agreements are netted in the consolidated balance sheets if they meet the same right of offset criteria as for reverse repurchase and repurchase agreements. In general, most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at

inception of the transaction, and therefore they are not eligible for netting in the consolidated balance sheets. However, securities lending and borrowing transactions with explicit maturity dates may be eligible for netting in the consolidated balance sheets.

Reverse repurchase and repurchase agreements are collateralized principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides the Group with the right to liquidate the collateral held. As is the case in the Group's normal course of business, substantially all of the collateral received that may be sold or repledged was sold or repledged as of March 31, 2014 and December 31, 2013. In certain circumstances, financial collateral received may be restricted during the term of the agreement (e.g., in tri-party arrangements).

The following table presents the gross amount of securities purchased under resale agreements and securities borrowing transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities purchased under resale agreements and securities borrowing transactions not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of securities purchased under resale agreements and securities borrowing transactions

end of	1Q14			4Q13		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities purchased under resale agreements and securities borrowing transactions (CHF billion)						
Securities purchased under resale agreements	115.7	(36.9)	78.8	112.0	(25.1)	86.9
Securities borrowing transactions	27.4	(1.4)	26.0	22.7	(1.7)	21.0
Total subject to enforceable master netting agreements	143.1	(38.3)	104.8	134.7	(26.8)	107.9
Total not subject to enforceable master netting agreements¹	58.1	–	58.1	52.1	–	52.1
Total	201.2	(38.3)	162.9²	186.8	(26.8)	160.0²

¹ Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 88,081 million and CHF 96,587 million of the total net amount as of the end of 1Q14 and 4Q13, respectively, are reported at fair value.

The following table presents the gross amount of securities sold under repurchase agreements and securities lending transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities sold under repurchase

agreements and securities lending transactions not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of securities sold under repurchase agreements and securities lending transactions

end of	1Q14			4Q13		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities sold under repurchase agreements and securities lending transactions (CHF billion)						
Securities sold under repurchase agreements	90.5	(38.3)	52.2	86.5	(26.8)	59.7
Securities lending transactions	9.7	0.0	9.7	6.6	0.0	6.6
Obligation to return securities received as collateral, at fair value	17.0	0.0	17.0	18.5	0.0	18.5
Total subject to enforceable master netting agreements	117.2	(38.3)	78.9	111.6	(26.8)	84.8
Total not subject to enforceable master netting agreements¹	32.8	–	32.8	32.0	–	32.0
Total	150.0	(38.3)	111.7	143.6	(26.8)	116.8
of which securities sold under repurchase agreements and securities lending transactions	127.0	(38.3)	88.7 ²	120.8	(26.8)	94.0 ²
of which obligation to return securities received as collateral, at fair value	23.0	0.0	23.0	22.8	0.0	22.8

¹ Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 70,824 million and CHF 76,104 million of the total net amount as of the end of 1Q14 and 4Q13, respectively, are reported at fair value.

The following table presents the net amount presented in the consolidated balance sheets of financial assets and liabilities subject to enforceable master netting agreements and the gross amount of financial instruments and cash collateral not offset in the consolidated balance sheets. The table excludes derivatives, reverse repurchase and repurchase agreements and securities lending and

borrowing transactions not subject to enforceable master netting agreements where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place. Net exposure reflects risk mitigation in the form of collateral.

Amounts not offset in the consolidated balance sheets

end of	1Q14				4Q13			
	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure
Financial assets subject to enforceable master netting agreements (CHF billion)								
Derivatives	22.6	4.7	0.0	17.9	23.6	4.9	0.1	18.6
Securities purchased under resale agreements	78.8	78.8	0.0	0.0	86.9	86.9	0.0	0.0
Securities borrowing transactions	26.0	25.4	0.0	0.6	21.0	20.2	0.0	0.8
Total financial assets subject to enforceable master netting agreements	127.4	108.9	0.0	18.5	131.5	112.0	0.1	19.4
Financial liabilities subject to enforceable master netting agreements (CHF billion)								
Derivatives	22.4	9.2	0.0	13.2	25.6	9.9	0.0	15.7
Securities sold under repurchase agreements	52.2	52.2	0.0	0.0	59.7	59.7	0.0	0.0
Securities lending transactions	9.7	8.3	0.0	1.4	6.6	6.2	0.0	0.4
Obligation to return securities received as collateral, at fair value	17.0	16.5	0.0	0.5	18.5	17.5	0.0	1.0
Total financial liabilities subject to enforceable master netting agreements	101.3	86.2	0.0	15.1	110.4	93.3	0.0	17.1

¹ The total amount reported in financial instruments (recognized financial assets and financial liabilities and non-cash financial collateral) and cash collateral is limited to the amount of the related instruments presented in the consolidated balance sheets and therefore any over-collateralization of these positions is not included.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the use of CDS and credit insurance contracts. Therefore the net exposure

presented in the table above is not representative for the Group's counterparty exposure.

21 Tax

The income tax expense of CHF 543 million recorded in 1Q14 included the impact of the geographical mix of results and an income tax expense of CHF 151 million from a change in the New York state tax laws enacted in 1Q14 which resulted in a decrease of related deferred tax assets.

The presentation of net deferred tax assets related to net operating losses, net deferred tax assets on temporary differences and net deferred tax liabilities is in accordance with ASC Topic 740 – Income Taxes guidance to interim reporting. Nettable gross deferred tax liabilities are allocated on a pro-rata basis to gross deferred tax assets on net operating losses and gross deferred tax assets on temporary differences. This approach is aligned with the underlying treatment of netting gross deferred tax assets and liabilities under the Basel III framework. Valuation allowances have been allocated against such deferred tax assets on net operating losses first with any remainder allocated to such deferred tax assets on temporary differences. This presentation is considered the most appropriate disclosure given the underlying nature of the gross deferred tax balances.

As of March 31, 2014, the Group had accumulated undistributed earnings from foreign subsidiaries of CHF 6.4 billion which are considered indefinitely reinvested. The Group would need to accrue and pay taxes on these undistributed earnings if such earnings were repatriated. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

The Group is currently subject to ongoing tax audits, inquiries and litigation with the tax authorities in a number of jurisdictions, including Brazil, the Netherlands, the US, the UK and Switzerland. Although the timing of completion is uncertain, it is reasonably possible that some of these will be resolved within 12 months of the reporting date. It is reasonably possible that there will be a decrease between zero and CHF 72 million in unrecognized tax benefits within 12 months of the reporting date.

The Group remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2010; Brazil – 2008; Japan – 2008; the UK – 2006; the US – 2006; and the Netherlands – 2005.

Effective tax rate

in	1Q14	4Q13	1Q13
Effective tax rate (%)	31.2	18.9	26.6

Tax expense reconciliation

in	1Q14
CHF million	
Income tax expense/(benefit) computed at the Swiss statutory tax rate of 22%	383
Increase/(decrease) in income taxes resulting from	
Foreign tax rate differential	118
Changes in tax law and rates	151
Other non-deductible expenses	57
Changes in deferred tax valuation allowance	6
Lower taxed income	(29)
Income taxable to noncontrolling interests	(140)
Tax deductible impairments of Swiss subsidiary investments	(18)
Other	15
Income tax expense	543

Foreign tax rate differential

1Q14 included a foreign tax expense of CHF 118 million in respect of profits earned in higher tax jurisdictions, mainly Brazil and the US.

Changes in tax law and rates

1Q14 included a tax expense of CHF 151 million related to the change in New York state tax laws.

Other non-deductible expenses

1Q14 included non-deductible interest expenses of CHF 39 million, non-deductible bank levy costs and other non-deductible expenses of CHF 18 million.

Changes in deferred tax valuation allowance

1Q14 included the impact of the increase of valuation allowances of CHF 12 million in respect of three of the Group's operating entities, two in Europe and one in Asia, partially offset by the release of valuation allowances in respect of two of the Group's operating entities in Europe of CHF 6 million. All impacts are related to estimated current year earnings.

Lower taxed income

1Q14 included a CHF 17 million income tax benefit related to non-taxable life insurance income, and a tax benefit of CHF 12 million from non-taxable dividends.

Other

1Q14 included a tax expense of CHF 9 million relating to the increase of tax contingency accruals.

Net deferred tax assets

end of	1Q14	4Q13
Net deferred tax assets (CHF million)		
Deferred tax assets	5,683	6,185
of which net operating losses	1,436	1,380
of which deductible temporary differences	4,247	4,805
Deferred tax liabilities	(427)	(394)
Net deferred tax assets	5,256	5,791

22 Employee deferred compensation

The Group's current and previous deferred compensation plans include share awards, performance share awards, CCA, COF awards, Plus Bond awards, Partner Asset Facilities awards, Adjustable Performance Plan awards, Restricted Cash Awards, Scaled Incentive Share Units (SISUs), Incentive Share Units (ISUs) and other cash awards.

▶ Refer to "Note 28 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information.

The following tables show the expense for deferred compensation awards recognized in the consolidated statements of operations, the estimated unrecognized expense for deferred compensation awards granted in 1Q14 and prior periods and the associated remaining requisite service period over which the unrecognized expense will be recognized. The estimated unrecognized deferred compensation expense was based on the fair value of each award on the date of grant and included the current estimated outcome of relevant performance criteria and estimated future forfeitures but no estimate for future mark-to-market adjustments.

Deferred compensation expense

in	1Q14	4Q13	1Q13
Deferred compensation expense (CHF million)			
Share awards	250	174	254
Performance share awards	172	122	204
Contingent Capital Awards	96	–	–
Capital Opportunity Facility awards	1	–	–
Plus Bond awards ¹	10	11	10
2011 Partner Asset Facility awards ²	11	57	(7)
Adjustable Performance Plan share awards	1	4	5
Adjustable Performance Plan cash awards ³	(2)	(2)	(3)
Restricted Cash Awards	23	28	54
Scaled Incentive Share Units	0	9	7
Incentive Share Units ³	0	(1)	(2)
2008 Partner Asset Facility awards ²	22	13	42
Other cash awards	128	100	117
Discontinued operations	(3)	(4)	(1)
Total deferred compensation expense	709	511	680

¹ Compensation expense primarily relates to mark-to-market changes of the underlying assets of the Plus Bonds and the amortization of the voluntary Plus Bonds elected in 1Q13 and expensed over a three-year vesting period.

² Compensation expense mainly includes the change in underlying fair value of the indexed assets during the period.

³ Includes forfeitures.

Additional information

end of	1Q14
Estimated unrecognized deferred compensation expense (CHF million)	
Share awards	1,378
Performance share awards	692
Contingent Capital Awards	318
Capital Opportunity Facility	8
Plus Bond awards	14
Adjustable Performance Plan share awards	7
Adjustable Performance Plan cash awards	9
Restricted Cash Awards	107
Other cash awards	243
Estimated unrecognized deferred compensation expense	2,776
Weighted-average requisite service period (years)	
Aggregate remaining weighted-average requisite service period	1.3

1Q14 activity

In 1Q14, the Group granted share awards, performance share awards and CCA as part of the 2013 variable compensation. Expense recognition for these awards began in 1Q14 and will continue over the remaining service or vesting period of each respective award.

Share awards

In 1Q14, the Group granted 32.0 million share awards at a weighted average share price of CHF 28.11. Each share award granted entitles the holder of the award to receive one Group share, does not contain a leverage component or a multiplier effect and is subject to service conditions as it vests over three years, such that the share awards vest equally on each of the three anniversaries of the grant date. Share awards granted after January 1, 2014 do not include the right to receive dividend equivalents during the vesting period.

Performance share awards

In 1Q14, the Group granted 24.3 million performance share awards at a weighted average share price of CHF 28.13. Each performance share award granted entitles the holder of the award to receive one Group share. Performance share awards also vest over three years, such that the share awards vest equally on each of the three anniversaries of the grant date. Unlike share awards, however, the outstanding performance share awards are subject to a negative adjustment in the event of a divisional loss or a negative return on equity of the Group. Performance share awards granted after January 1, 2014 do not include the right to receive dividend equivalents during the vesting period.

Contingent Capital Awards

In 1Q14, managing directors and directors were granted a new form of award, CCA. The Group awarded CHF 391 million of

CCA, which will vest on the third anniversary of the grant date and will be expensed over the vesting period.

Scaled Incentive Share Units

In 1Q14, SISU leverage units granted in 2010 were settled. In accordance with the terms of the plan, the SISU leverage units did not have a value at settlement.

2011 Partner Asset Facility

In 1Q14, the Group restructured the PAF2 awards. PAF2 awards were linked to a portfolio of the Group's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be available. As a result of the restructuring, PAF2 holders were required to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to one of the following options, or a combination thereof: i) COF: participants elected for their award to be referenced to a COF. The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions to be entered into with the Group chosen by a COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants who elected the COF will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021; and ii) CCA: participants elected to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards. The principal differences between the two forms of CCA are that these CCA are expected to settle approximately one year earlier and provide semi-annual cash payments of interest equivalents at slightly lower rates. Settlement is expected to occur in February 2016, subject to regulatory approvals.

In March 2014, 5,084 employees converted their PAF2 holdings of CHF 684 million into CCA (CHF 516 million) and COF (CHF 168 million).

Amendment to share plans

The terms of all past and future share-based awards granted to the Executive Board were amended in 2014 to enable election of settlement in cash or shares. The amendments permit Executive Board members to elect once a year, at a predefined date in advance of settlement, to receive their vested share-based awards in the form of shares, cash or 50% in the form of shares and 50% in cash, in each case based on the Group share price at the time of settlement. An election to receive cash is subject to reversal if the Group share price falls by more than 25% between election and settlement. The timing and pricing of settlement will be the same as under the previous award plan and as under the plans of the non-Executive Board population. This change does not affect deferred share-based awards to non-Executive Board members, which will continue to be settled in the form of Group shares.

Share-based award activity

	1Q14				
Number of awards (in millions)	Share awards	Performance share awards	Adjustable Performance Plan share awards	SISU awards	ISU awards
Share-based award activities					
Balance at beginning of period	72.9	41.4	14.5	4.7	1.2
Granted	32.0	24.3	0.8 ¹	0.0	0.0
Settled	(1.0)	0.0	0.0	0.0	0.0
Forfeited	(0.3)	0.0	0.0	0.0	(0.2)
Balance at end of period	103.6	65.7	15.3	4.7	1.0
of which vested	30.4	17.7	8.3	4.7	0.1
of which unvested	73.2	48.0	7.0	0.0	0.9

¹ Represents additional units earned in 1Q14 as the original Adjustable Performance Plan awards met performance criteria in accordance with the terms and conditions of the awards.

23 Pension and other post-retirement benefits

The Group previously disclosed that it expected to contribute CHF 529 million to the Swiss and international defined benefit plans and other post-retirement defined benefit plans in 2014. As

of the end of 1Q14, CHF 147 million of contributions had been made.

Components of total benefit costs

in	1Q14	4Q13	1Q13
Total benefit costs (CHF million)			
Service costs on benefit obligation	69	90	94
Interest costs on benefit obligation	120	108	109
Expected return on plan assets	(181)	(184)	(184)
Amortization of recognized prior service cost/(credit)	(22)	(23)	(23)
Amortization of recognized actuarial losses	50	90	86
Net periodic benefit costs	36	81	82
Settlement losses/(gains)	0	39	0
Curtailement losses/(gains)	(3)	4	(11)
Special termination benefits	3	3	8
Total benefit costs	36	127	79

24 Derivatives and hedging activities

► Refer to “Note 31 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information.

Fair value of derivative instruments

The tables below present gross derivative replacement values by type of contract and balance sheet location and whether the derivative is used for trading purposes or in a qualifying hedging

relationship. Notional amounts have also been provided as an indication of the volume of derivative activity within the Group.

Information on bifurcated embedded derivatives has not been included in these tables. Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value.

► Refer to “Note 27 – Financial instruments” for further information.

Fair value of derivative instruments

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 1Q14						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	11,184.9	2.9	3.0	0.0	0.0	0.0
Swaps	30,209.3	348.2	342.1	64.5	2.5	0.8
Options bought and sold (OTC)	3,802.7	45.7	45.7	0.0	0.0	0.0
Futures	950.9	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	656.5	0.3	0.1	0.0	0.0	0.0
Interest rate products	46,804.3	397.1	390.9	64.5	2.5	0.8
Forwards	2,193.1	16.8	16.5	26.3	0.1	0.2
Swaps	1,403.9	25.3	36.5	0.0	0.0	0.0
Options bought and sold (OTC)	989.3	9.6	10.6	9.4	0.0	0.0
Futures	45.2	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	13.1	0.2	0.1	0.0	0.0	0.0
Foreign exchange products	4,644.6	51.9	63.7	35.7	0.1	0.2
Forwards	3.7	0.7	0.0	0.0	0.0	0.0
Swaps	243.2	4.8	7.2	0.0	0.0	0.0
Options bought and sold (OTC)	235.7	10.8	10.3	0.0	0.0	0.0
Futures	51.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	407.4	16.9	17.1	0.0	0.0	0.0
Equity/index-related products	941.8	33.2	34.6	0.0	0.0	0.0
Credit derivatives²	1,421.2	25.6	26.1	0.0	0.0	0.0
Forwards	20.0	0.6	0.7	0.0	0.0	0.0
Swaps	47.5	2.6	2.0	0.0	0.0	0.0
Options bought and sold (OTC)	34.9	0.9	0.8	0.0	0.0	0.0
Futures	29.5	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	52.1	0.6	0.8	0.0	0.0	0.0
Other products³	184.0	4.7	4.3	0.0	0.0	0.0
Total derivative instruments	53,995.9	512.5	519.6	100.2	2.6	1.0

The notional amount, PRV and NRV (trading and hedging) was CHF 54,096.1 billion, CHF 515.1 billion and CHF 520.6 billion, respectively, as of March 31, 2014.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Primarily credit default swaps.

³ Primarily precious metals, commodity, energy and emission products.

Fair value of derivative instruments (continued)

end of 4Q13	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	9,366.2	2.5	2.6	0.0	0.0	0.0
Swaps	30,589.6	399.6	393.8	68.5	2.8	0.7
Options bought and sold (OTC)	3,889.5	44.3	44.9	0.0	0.0	0.0
Futures	830.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	705.9	0.3	0.2	0.0	0.0	0.0
Interest rate products	45,382.0	446.7	441.5	68.5	2.8	0.7
Forwards	2,098.0	21.6	21.5	30.5	0.3	0.1
Swaps	1,382.1	28.9	39.2	0.0	0.0	0.0
Options bought and sold (OTC)	815.6	10.7	11.6	9.4	0.0	0.0
Futures	48.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	5.5	0.1	0.2	0.0	0.0	0.0
Foreign exchange products	4,350.0	61.3	72.5	39.9	0.3	0.1
Forwards	4.0	0.7	0.1	0.0	0.0	0.0
Swaps	236.1	5.4	7.9	0.0	0.0	0.0
Options bought and sold (OTC)	225.3	12.2	12.0	0.0	0.0	0.0
Futures	50.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	416.2	17.0	17.2	0.0	0.0	0.0
Equity/index-related products	932.2	35.3	37.2	0.0	0.0	0.0
Credit derivatives ²	1,483.3	26.8	27.2	0.0	0.0	0.0
Forwards	19.2	0.7	1.1	0.0	0.0	0.0
Swaps	45.4	2.9	2.5	0.0	0.0	0.0
Options bought and sold (OTC)	35.2	1.1	1.0	0.0	0.0	0.0
Futures	31.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	48.9	0.7	0.9	0.0	0.0	0.0
Other products ³	179.8	5.4	5.5	0.0	0.0	0.0
Total derivative instruments	52,327.3	575.5	583.9	108.4	3.1	0.8

The notional amount, PRV and NRV (trading and hedging) was CHF 52,435.7 billion, CHF 578.6 billion and CHF 584.7 billion, respectively, as of December 31, 2013.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Primarily credit default swaps.

³ Primarily precious metals, commodity, energy and emission products.

Netting of derivative instruments

► Refer to "Derivatives" in Note 20 – Offsetting of financial assets and financial liabilities for further information of the netting of derivative instruments.

Fair value hedges

in	1Q14	4Q13	1Q13
Gains/(losses) recognized in income on derivatives (CHF million)			
Interest rate products	(290)	59	88
Foreign exchange products	0	(1)	(2)
Total	(290)	58	86
Gains/(losses) recognized in income on hedged items (CHF million)			
Interest rate products	300	(55)	(86)
Foreign exchange products	0	1	2
Total	300	(54)	(84)
Details of fair value hedges (CHF million)			
Net gains on the ineffective portion	10	4	2

Represents gains/(losses) recognized in trading revenues.

Cash flow hedges

in	1Q14	4Q13	1Q13
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	14	9	5
Foreign exchange products	9	6	(3)
Total	23	15	2
Gains/(losses) reclassified from AOCI into income (CHF million)			
Interest rate products ¹	4	2	1
Foreign exchange products ²	(1)	0	(1)
Total	3	2	0

¹ Included in trading revenues.

² Included in other revenues.

As of the end of 1Q14, the maximum length of time over which the Group hedged its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was three years.

The net gain associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 10 million.

Net investment hedges

in	1Q14	4Q13	1Q13
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Foreign exchange products	59	198	(551)
Total	59	198	(551)

Represents gains/(losses) on effective portion.

¹ Included in other revenues.

The Group includes all derivative instruments not included in hedge accounting relationships in its trading activities.

► Refer to “Note 8 – Trading revenues” for gains and losses on trading activities by product type.

Disclosures relating to contingent credit risk

Certain of the Group’s derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the level specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either the Group or the counterparty, at the existing mark-to-market replacement value of the derivative contract.

Contingent credit risk

end of	1Q14							4Q13
	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total
Contingent credit risk (CHF billion)								
Current net exposure	11.7	1.1	0.2	13.0	11.7	1.1	0.1	12.9
Collateral posted	10.7	1.1	–	11.8	10.6	1.2	–	11.8
Additional collateral required in a one-notch downgrade event	0.5	0.6	0.0	1.1	0.6	0.8	0.0	1.4
Additional collateral required in a two-notch downgrade event	2.1	0.9	0.0	3.0	2.3	1.1	0.0	3.4

Credit derivatives

► Refer to “Note 31 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information on credit derivatives.

Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the “Fair value of derivative instruments” tables. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative as a derivative instrument (a) in which one or more of its underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit risk-related events specified in the contract.

Certain cash collateralized debt obligations (CDOs) and other derivative instruments were excluded as they do not fall within the scope of US GAAP rules. TRS of CHF 9.4 billion and CHF 7.4 billion as of the end of 1Q14 and 4Q13, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

The following table provides the Group’s current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and SPEs that include credit support agreements, the related collateral posted and the additional collateral required in a one-notch and a two-notch downgrade event, respectively. The table also includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the NRV and a percentage of the notional value of the derivative.

Credit protection sold

Credit protection sold is the maximum potential payout, which is based on the notional value of derivatives and represents the amount of future payments that the Group would be required to make as a result of credit risk-related events.

Credit protection purchased

Credit protection purchased represents those instruments where the underlying reference instrument is identical to the reference instrument of the credit protection sold.

Other protection purchased

In the normal course of business, the Group purchases protection to offset the risk of credit protection sold that may have similar, but not identical, reference instruments and may use similar, but not identical, products, which reduces the total credit derivative exposure. Other protection purchased is based on the notional value of the instruments.

Fair value of credit protection sold

The fair values of the credit protection sold give an indication of the amount of payment risk, as the negative fair values increase when the potential payment under the derivative contracts becomes more probable.

Credit protection sold/purchased

end of	1Q14					4Q13				
	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold
Single-name instruments (CHF billion)										
Investment grade ²	(290.6)	274.5	(16.1)	36.7	5.4	(305.9)	287.9	(18.0)	37.7	5.2
Non-investment grade	(101.3)	97.1	(4.2)	11.1	2.6	(108.7)	104.9	(3.8)	10.5	2.5
Total single-name instruments	(391.9)	371.6	(20.3)	47.8	8.0	(414.6)	392.8	(21.8)	48.2	7.7
of which sovereign	(78.7)	76.1	(2.6)	8.3	(0.1)	(88.1)	85.0	(3.1)	8.9	(0.4)
of which non-sovereign	(313.2)	295.5	(17.7)	39.5	8.1	(326.5)	307.8	(18.7)	39.3	8.1
Multi-name instruments (CHF billion)										
Investment grade ²	(198.7)	196.2	(2.5)	57.9	1.9	(219.1)	212.1	(7.0)	47.3	3.3
Non-investment grade	(66.8)	64.6 ³	(2.2)	10.1	3.1	(65.0)	59.0 ³	(6.0)	13.5	1.5
Total multi-name instruments	(265.5)	260.8	(4.7)	68.0	5.0	(284.1)	271.1	(13.0)	60.8	4.8
of which sovereign	(9.9)	9.7	(0.2)	1.1	0.1	(10.8)	10.9	0.1	1.1	0.0
of which non-sovereign	(255.6)	251.1	(4.5)	66.9	4.9	(273.3)	260.2	(13.1)	59.7	4.8
Total instruments (CHF billion)										
Investment grade ²	(489.3)	470.7	(18.6)	94.6	7.3	(525.0)	500.0	(25.0)	85.0	8.5
Non-investment grade	(168.1)	161.7	(6.4)	21.2	5.7	(173.7)	163.9	(9.8)	24.0	4.0
Total instruments	(657.4)	632.4	(25.0)	115.8	13.0	(698.7)	663.9	(34.8)	109.0	12.5
of which sovereign	(88.6)	85.8	(2.8)	9.4	0.0	(98.9)	95.9	(3.0)	10.0	(0.4)
of which non-sovereign	(568.8)	546.6	(22.2)	106.4	13.0	(599.8)	568.0	(31.8)	99.0	12.9

¹ Represents credit protection purchased with identical underlyings and recoveries.

² Based on internal ratings of BBB and above.

³ Includes the Clock Finance transaction.

The following table reconciles the notional amount of credit derivatives included in the table “Fair value of derivative instruments” to the table “Credit protection sold/purchased”.

Credit derivatives

end of	1Q14	4Q13
Credit derivatives (CHF billion)		
Credit protection sold	657.4	698.7
Credit protection purchased	632.4	663.9
Other protection purchased	115.8	109.0
Other instruments ¹	15.6	11.7
Total credit derivatives	1,421.2	1,483.3

¹ Consists of certain cash collateralized debt obligations, total return swaps and other derivative instruments.

The segregation of the future payments by maturity range and underlying risk gives an indication of the current status of the potential for performance under the derivative contracts.

Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
1Q14 (CHF billion)				
Single-name instruments	82.5	267.4	42.0	391.9
Multi-name instruments	17.0	201.2	47.3	265.5
Total instruments	99.5	468.6	89.3	657.4
4Q13 (CHF billion)				
Single-name instruments	91.2	281.4	42.0	414.6
Multi-name instruments	19.2	208.2	56.7	284.1
Total instruments	110.4	489.6	98.7	698.7

25 Guarantees and commitments

Guarantees

In the ordinary course of business, guarantees are provided that contingently obligate Credit Suisse to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing or other contractual arrangement. The total gross amount disclosed within the Guarantees table reflects the maximum potential payment under the guarantees. The carrying value represents the higher of the initial fair value (generally the related fee received or receivable) less cumulative amortization and the Group's current

best estimate of payments that will be required under existing guarantee arrangements.

Guarantees provided by the Group are classified as follows: credit guarantees and similar instruments, performance guarantees and similar instruments, securities lending indemnifications, derivatives and other guarantees.

► Refer to "Guarantees" in V – Consolidated financial statements – Credit Suisse Group – Note 32 – Guarantees and commitments in the Credit Suisse Annual Report 2013 for a detailed description of guarantees.

Guarantees

end of	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount ¹	Carrying value	Collateral received
1Q14 (CHF million)						
Credit guarantees and similar instruments	2,776	1,510	4,286	4,205	16	2,377
Performance guarantees and similar instruments	4,667	3,198	7,865	7,101	74	3,455
Securities lending indemnifications	11,922	0	11,922	11,922	0	11,922
Derivatives ²	19,278	11,390	30,668	30,668	800	- ³
Other guarantees	3,393	1,186	4,579	4,567	36	2,457
Total guarantees	42,036	17,284	59,320	58,463	926	20,211
4Q13 (CHF million)						
Credit guarantees and similar instruments ⁴	2,688	1,526	4,214	4,066	14	2,333
Performance guarantees and similar instruments ⁴	4,910	3,136	8,046	7,125	107	3,312
Securities lending indemnifications	11,479	0	11,479	11,479	0	11,479
Derivatives ²	18,247	13,403	31,650	31,650	715	- ³
Other guarantees	4,003	1,212	5,215	5,191	3	2,631
Total guarantees	41,327	19,277	60,604	59,511	839	19,755

¹ Total net amount is computed as the gross amount less any participations.

² Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Group had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments.

³ Collateral for derivatives accounted for as guarantees is not significant.

⁴ Prior period has been corrected.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Group's banking subsidiaries in Switzerland, the Group's share in the deposit insurance guarantee program for the period July 1, 2013 to June 30, 2014 is CHF 0.6 billion. These deposit insurance guarantees were reflected in other guarantees.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking's sale of US residential mortgage loans, the Group has provided certain representations and warranties relating to the loans sold. The Group has provided these representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac (GSEs); institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that the Group has purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; loan-to-value ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were

breached, the Group may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether the Group will incur a loss in connection with repurchases and make whole payments depends on: the extent to which claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether the Group can successfully claim against parties that sold loans to the Group and made representations and warranties to the Group; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

With respect to its outstanding repurchase claims, the Group is unable to estimate reasonably possible losses in excess of the amounts accrued because of the heterogeneity of its portfolio, the complexity of legal and factual determinations related to each claim, the limited amount of discovery and/or other factors.

The following tables present the total amount of residential mortgage loans sold during the period from January 1, 2004 to

March 31, 2014 by counterparty type and the development of outstanding repurchase claims and provisions for outstanding repurchase claims in 1Q14, 4Q13 and 1Q13, including realized losses from the repurchase of residential mortgage loans sold.

Residential mortgage loans sold

January 1, 2004 to March 31, 2014 (USD billion)

Government-sponsored enterprises	8.2
Private investors ¹	23.7
Non-agency securitizations	134.1 ²
Total residential mortgage loans sold	166.0

¹ Primarily banks.

² Of the total residential mortgage loans sold to non-agency securitizations USD 25.7 billion were outstanding as of the end of 1Q14. The difference of the total balance of mortgage loans sold and the outstanding balance as of the end of 1Q14 is attributable to borrower payments of USD 89.5 billion and losses of USD 18.9 billion due to loan defaults.

Residential mortgage loans sold – outstanding repurchase claims

	1Q14				4Q13			
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total
Outstanding repurchase claims (USD million)								
Balance at beginning of period	77	420	83	580	66	419	72	557
New claims	6	1	6	13	21	2	541	564
Claims settled through repurchases	0	0	0	0 ¹	0	(1)	0	(1) ¹
Other settlements	(3)	(1)	(5)	(9) ²	(5)	0	0	(5) ²
Total claims settled	(3)	(1)	(5)	(9)	(5)	(1)	0	(6)
Claims rescinded	(11)	0	0	(11)	(5)	0	0	(5)
Transfers to/from arbitration and litigation, net ³	0	(2)	(1)	(3)	0	0	(530)	(530)
Balance at end of period	69	418	83	570	77	420	83	580

	1Q13			
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total
Outstanding repurchase claims (USD million)				
Balance at beginning of period	67	464	1,395	1,926
New claims	12	22	340	374
Claims settled through repurchases	(3)	0	0	(3) ¹
Other settlements	(3)	0	(3)	(6) ²
Total claims settled	(6)	0	(3)	(9)
Claims rescinded	(6)	(4)	0	(10)
Transfers to/from arbitration and litigation, net ³	0	0	(334)	(334)
Balance at end of period	67	482	1,398	1,947

¹ Settled at a repurchase price of USD 0 million, USD 0 million and USD 3 million in 1Q14, 4Q13 and 1Q13, respectively.

² Settled at USD 7 million, USD 3 million and USD 5 million in 1Q14, 4Q13 and 1Q13, respectively.

³ Refer to "Note 29 – Litigation" for repurchase claims that are in arbitration or litigation.

Provisions for outstanding repurchase claims

	1Q14	4Q13	1Q13
Provisions for outstanding repurchase claims (USD million)¹			
Balance at beginning of period	146	88	55
Increase/(decrease) in provisions, net	(3)	61	12
Realized losses ²	(7) ³	(3) ⁴	(8) ⁵
Balance at end of period	136⁶	146⁶	59⁴

¹ Excludes provisions for repurchase claims related to residential mortgage loans sold that are in arbitration or litigation. Refer to "Note 29 – Litigation" for further information.

² Includes indemnifications paid to resolve loan repurchase claims.

³ Primarily related to non-agency securitizations.

⁴ Primarily related to government-sponsored enterprises.

⁵ Primarily related to government-sponsored enterprises and non-agency securitizations.

⁶ Primarily related to government-sponsored enterprises and private investors.

Representations and warranties relating to residential mortgage loans sold to non-agency securitization vehicles are more limited in scope than those relating to residential mortgage loans sold to GSEs, and it can be more difficult to establish causation and standing in making a repurchase claim for breach of representations and warranties on residential mortgage loans sold in non-agency securitizations. The Group is involved in litigation relating to representations and warranties on residential mortgage loans sold.

▶ Refer to "Note 29 – Litigation" for further information.

Repurchase claims on residential mortgage loans sold that are subject to arbitration or litigation proceedings, or become so during the reporting period, are not included in the Guarantees and commitments disclosure of repurchase claims and related loss contingencies and provisions but are addressed in litigation and related loss contingencies and provisions.

Repurchase claims relating to residential mortgage loans sold may increase in the future based on the large number of defaults in residential mortgages, including those sold or securitized by the Group.

Disposal-related contingencies and other indemnifications

The Group has certain guarantees for which its maximum contingent liability cannot be quantified. These guarantees include disposal-related contingencies in connection with the sale of assets or businesses, and other indemnifications. These guarantees are not reflected in the "Guarantees" table.

▶ Refer to "Disposal-related contingencies and other indemnifications" in V – Consolidated financial statements – Credit Suisse Group – Note 32 – Guarantees and commitments in the Credit Suisse Annual Report 2013 for a description of these guarantees.

Other commitments

Other commitments of the Group are classified as follows: irrevocable commitments under documentary credits, irrevocable loan commitments, forward reverse repurchase agreements and other commitments.

▶ Refer to "Other commitments" in V – Consolidated financial statements – Credit Suisse Group – Note 32 – Guarantees and commitments in the Credit Suisse Annual Report 2013 for a description of these commitments.

Other commitments

end of	1Q14						4Q13			
	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount ¹	Collateral received	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount ¹	Collateral received
Other commitments (CHF million)										
Irrevocable commitments under documentary credits	5,062	28	5,090	4,991	3,156	5,484	28	5,512	5,452	3,381
Irrevocable loan commitments ²	32,964	70,368	103,332	99,781	54,013	27,250	69,740	96,990	92,732	47,996
Forward reverse repurchase agreements	32,377	0	32,377	32,377	32,377	26,893	0	26,893	26,893	26,893
Other commitments	2,269	1,221	3,490	3,490	410	2,481	1,410	3,891	3,891	350
Total other commitments	72,672	71,617	144,289	140,639	89,956	62,108	71,178	133,286	128,968	78,620

¹ Total net amount is computed as the gross amount less any participations.

² Irrevocable loan commitments do not include a total gross amount of CHF 91,854 million and CHF 90,254 million of unused credit limits as of the end of 1Q14 and 4Q13, respectively, which were revocable at the Group's sole discretion upon notice to the client.

26 Transfers of financial assets and variable interest entities

In the normal course of business, the Group enters into transactions with, and makes use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and is generally structured to isolate the SPE's assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist the Group and its clients in securitizing financial assets and creating investment products. The Group also uses SPEs for other client-driven activity, such as to facilitate financings, and Group tax or regulatory purposes.

TRANSFERS OF FINANCIAL ASSETS

Securitizations

The majority of the Group's securitization activities involve mortgages and mortgage-related securities and are predominantly transacted using SPEs. In a typical securitization, the SPE purchases assets financed by proceeds received from the SPE's issuance of debt and equity instruments, certificates, commercial paper (CP) and other notes of indebtedness. These assets and liabilities are recorded on the balance sheet of the SPE and not reflected on the Group's consolidated balance sheet, unless either the Group sold the assets to the entity and the accounting requirements for sale were not met or the Group consolidates the SPE.

The Group purchases commercial and residential mortgages for the purpose of securitization and sells these mortgage loans to SPEs. These SPEs issue commercial mortgage-backed securities (CMBS), RMBS and asset-backed securities (ABS) that are collateralized by the assets transferred to the SPE and that pay a return based on the returns on those assets. Investors in these mortgage-backed securities or ABS typically have recourse to the assets in the SPEs, unless a third-party guarantee has been received to further enhance the creditworthiness of the assets. The investors and the SPEs have no recourse to the Group's assets. The Group is typically an underwriter of, and makes a market in, these securities.

The Group also transacts in re-securitizations of previously issued RMBS securities. Typically, certificates issued out of an existing securitization vehicle are sold into a newly created and separate securitization vehicle. Often, these re-securitizations are initiated in order to repackage an existing security to give the investor a higher rated tranche.

The Group also uses SPEs for other asset-backed financings relating to client-driven activity and for Group tax or regulatory purposes. Types of structures included in this category include CDOs, leveraged finance, repack and other types of transactions, including life insurance structures, emerging market structures set up for financing, loan participation or loan origination purposes, and other alternative structures created for the purpose of investing in venture capital-like investments. CDOs are collateralized by the assets transferred to the CDO vehicle and pay a return based on the returns on those assets. Leveraged finance structures are used to assist in the syndication of certain loans held by the Group, while repack structures are designed to give a client collateralized exposure to specific cash flows or credit risk backed by collateral purchased from the Group. In these asset-backed financing structures investors typically only have recourse to the collateral of the SPE and do not have recourse to the Group's assets.

When the Group transfers assets into an SPE, it must assess whether that transfer is accounted for as a sale of the assets. Transfers of assets may not meet sale requirements if the assets have not been legally isolated from the Group and/or if the Group's continuing involvement is deemed to give it effective control over the assets. If the transfer is not deemed a sale, it is instead accounted for as a secured borrowing, with the transferred assets as collateral.

Gains and losses on securitization transactions depend, in part, on the carrying values of mortgages and CDOs involved in the transfer and are allocated between the assets sold and any beneficial interests retained according to the relative fair values at the date of sale.

The Group does not retain material servicing responsibilities from securitization activities.

The following table provides the gains or losses and proceeds from the transfer of assets relating to 1Q14 and 1Q13 securitizations of financial assets that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Group and the SPEs used in any securitizations in which the Group still has continuing involvement, regardless of when the securitization occurred.

Securitizations

in	1Q14	1Q13
Gains and cash flows (CHF million)		
CMBS		
Net gain ¹	1	4
Proceeds from transfer of assets	673	1,359
Cash received on interests that continue to be held	30	11
RMBS		
Net gain ¹	8	3
Proceeds from transfer of assets	5,220	8,062
Purchases of previously transferred financial assets or its underlying collateral	(4)	(3)
Servicing fees	0	1
Cash received on interests that continue to be held	88	136
Other asset-backed financings		
Net gain ¹	15	5
Proceeds from transfer of assets	943	140
Purchases of previously transferred financial assets or its underlying collateral ²	0	(32)
Cash received on interests that continue to be held	2	222

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans.

² Represents market making activity and voluntary repurchases at fair value where no repurchase obligations were present.

Continuing involvement in transferred financial assets

The Group may have continuing involvement in the financial assets that are transferred to an SPE which may take several forms, including, but not limited to, servicing, recourse and guarantee arrangements, agreements to purchase or redeem transferred assets, derivative instruments, pledges of collateral and beneficial interests in the transferred assets.

► Refer to "Transfer of financial assets" in V – Consolidated financial statements – Credit Suisse Group – Note 33 – Transfer of financial assets and variable interest entities in the Credit Suisse Annual Report 2013 for a detailed description of continuing involvement in transferred financial assets.

The following table provides the outstanding principal balance of assets to which the Group continued to be exposed after the transfer of the financial assets to any SPE and the total assets of the SPE as of the end of 1Q14 and 4Q13, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	1Q14	4Q13
CHF million		
CMBS		
Principal amount outstanding	38,774	37,308
Total assets of SPE	49,371	48,715
RMBS		
Principal amount outstanding	40,719	45,571
Total assets of SPE	43,764	48,741
Other asset-backed financings		
Principal amount outstanding	26,368	27,854
Total assets of SPE	26,368	27,854

Principal amount outstanding relates to assets transferred from the Group and does not include principal amounts for assets transferred from third parties.

Fair value of beneficial interests

The fair value measurement of the beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Group may utilize to hedge the inherent risks.

Key economic assumptions at the time of transfer

▶ Refer to "Note 27 – Financial instruments" for information on fair value hierarchy levels.

Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer	1Q14		4Q13	
	CMBS	RMBS	CMBS	RMBS
CHF million, except where indicated				
Fair value of beneficial interests	369	643	633	2,993
of which level 2	369	565	476	2,879
of which level 3	0	78	156	114
Weighted-average life, in years	3.5	4.6	7.3	7.7
Prepayment speed assumption (rate per annum), in % ¹	- ²	6.0–23.0	- ²	2.0–31.0
Cash flow discount rate (rate per annum), in % ³	1.0–6.0	3.0–15.0	1.6–11.6	0.0–45.9
Expected credit losses (rate per annum), in %	1.0–2.0	3.0–14.0	0.0–7.5	0.0–45.8

Transfers of assets in which the Group does not have beneficial interests are not included in this table.

¹ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

² To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

³ The rate was based on the weighted-average yield on the beneficial interests.

Key economic assumptions as of the reporting date

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of the end of 1Q14 and 4Q13.

Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

	1Q14			4Q13		
	CMBS ¹	RMBS	Other asset-backed financing activities ²	CMBS ¹	RMBS	Other asset-backed financing activities ²
CHF million, except where indicated						
Fair value of beneficial interests	1,677	2,370	245	1,132	2,354	284
of which non-investment grade	44	412	173	26	359	204
Weighted-average life, in years	5.2	8.0	4.5	6.5	8.6	3.7
Prepayment speed assumption (rate per annum), in % ³	-	1.0–26.7	-	-	1.0–23.5	-
Impact on fair value from 10% adverse change	-	(29.3)	-	-	(26.6)	-
Impact on fair value from 20% adverse change	-	(58.5)	-	-	(48.6)	-
Cash flow discount rate (rate per annum), in % ⁴	0.1–23.8	0.2–35.5	0.9–21.2	1.1–37.1	1.7–22.4	1.0–23.1
Impact on fair value from 10% adverse change	(27.1)	(56.4)	(3.5)	(25.5)	(65.0)	(2.4)
Impact on fair value from 20% adverse change	(53.2)	(109.6)	(7.1)	(50.0)	(124.9)	(4.9)
Expected credit losses (rate per annum), in %	0.0–23.3	1.1–34.2	0.5–12.1	0.2–36.6	0.1–17.3	0.7–21.0
Impact on fair value from 10% adverse change	(12.9)	(35.1)	(1.6)	(10.9)	(42.2)	(0.4)
Impact on fair value from 20% adverse change	(25.5)	(68.8)	(2.9)	(21.5)	(79.6)	(0.7)

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

² CDOs within this category are generally structured to be protected from prepayment risk.

³ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

⁴ The rate was based on the weighted-average yield on the beneficial interests.

These sensitivities are hypothetical and do not reflect economic hedging activities. Changes in fair value based on a 10% or 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the beneficial interests is calculated without changing any other assumption. In practice, changes in one assumption may result in changes in other assumptions (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of the end of 1Q14 and 4Q13.

► Refer to "Note 28 – Assets pledged and collateral" for further information.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

end of	1Q14	4Q13
CHF million		
CMBS		
Other assets	380	432
Liability to SPE, included in Other liabilities	(380)	(432)
Other asset-backed financings		
Trading assets	168	216
Other assets	160	157
Liability to SPE, included in Other liabilities	(328)	(373)

VARIABLE INTEREST ENTITIES

As a normal part of its business, the Group engages in various transactions that include entities that are considered VIEs and are grouped into three primary categories: CDOs, CP conduits and financial intermediation.

► Refer to "Variable interest entities" in V – Consolidated financial statements – Credit Suisse Group – Note 33 – Transfer of financial assets and variable interest entities in the Credit Suisse Annual Report 2013 for a detailed description of VIEs, CDOs, CP conduit or financial intermediation.

Collateralized debt obligations

The Group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The Group may act as underwriter, placement agent or asset manager and may warehouse assets prior to the closing of a transaction.

Commercial paper conduit

The Group continues to act as the administrator and provider of liquidity and credit enhancement facilities for one asset-backed CP conduit, Alpine, a client-focused multi-seller conduit vehicle. Alpine publishes portfolio and asset data and submits its portfolio to a rating agency for public ratings based on the cash flows of the portfolio taken as a whole. This CP conduit purchases assets, primarily loans and receivables, from clients and finances such purchases through the issuance of CP backed by these assets. For an asset to qualify for acquisition by the CP conduit, it must be rated at least investment grade after giving effect to the related asset-specific credit enhancement primarily provided by the client seller of the asset. The clients provide credit support to investors of the CP conduit in the form of over-collateralization and other asset-specific enhancements. Further, an unaffiliated investor retains a limited first-loss position in Alpine's entire portfolio. Alpine is a separate legal entity that is wholly owned by the Group. However, its assets are available to satisfy only the claims of its creditors. In addition, the Group, as administrator and liquidity and credit enhancement facilities provider, has significant exposure to and power over the activities of Alpine. Alpine is considered a VIE for accounting purposes and the Group is deemed the primary beneficiary and consolidates this entity.

The overall average maturity of the conduit's outstanding CP was approximately 50 days and 19 days as of 1Q14 and 4Q13, respectively. As of 1Q14 and 4Q13, Alpine had the highest short-term ratings from Moody's and Dominion Bond Rating Service and was rated A-1 by Standard & Poor's and F-1 by Fitch. The majority of Alpine's purchased assets were highly rated loans or receivables in the consumer sector, including residential mortgages, financial services, auto and equipment loans or leases and advance financing receivables. As of 1Q14 and 4Q13, those assets had an average rating of AA, based on the lowest of each asset's external or internal rating, and an average maturity of 1.9 years and 2.1 years as of 1Q14 and 4Q13, respectively.

Financial intermediation

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients.

Financial intermediation consists of securitizations, funds, loans and other vehicles.

Consolidated VIEs

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Group consolidates all VIEs related to financial intermediation for which it was the primary beneficiary.

The consolidated VIEs tables provide the carrying amounts and classifications of the assets and liabilities of consolidated VIEs as of the end of 1Q14 and 4Q13.

Consolidated VIEs in which the Group was the primary beneficiary

end of	CDO	CP Conduit	Financial intermediation				Total
			Securi- tizations	Funds	Loans	Other	
1Q14 (CHF million)							
Cash and due from banks	449	1	16	102	135	34	737
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	1,104	0	0	0	0	1,104
Trading assets	809	49	0	1,571	682	381	3,492
Investment securities	0	76	0	0	0	0	76
Other investments	0	0	0	0	1,472	479	1,951
Net loans	0	655	842	0	18	532	2,047
Premises and equipment	0	0	0	0	434	71	505
Other assets	7,254	1,501	3,060	3	275	1,618	13,711
of which loans held-for-sale	7,218	0	2,637	0	55	1	9,911
Total assets of consolidated VIEs	8,512	3,386	3,918	1,676	3,016	3,115	23,623
Customer deposits	0	0	0	0	0	233	233
Trading liabilities	8	0	0	0	7	3	18
Short-term borrowings	0	5,176	0	0	0	0	5,176
Long-term debt	8,510	18	2,974	273	96	368	12,239
Other liabilities	17	19	94	19	157	471	777
Total liabilities of consolidated VIEs	8,535	5,213	3,068	292	260	1,075	18,443
4Q13 (CHF million)							
Cash and due from banks	702	1	2	100	87	60	952
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	1,959	0	0	0	0	1,959
Trading assets	869	51	3	1,687	665	335	3,610
Investment securities	0	100	0	0	0	0	100
Other investments	0	0	0	0	1,491	492	1,983
Net loans	0	2,012	885	0	779	531	4,207
Premises and equipment	0	0	0	0	447	66	513
Other assets	7,516	1,473	3,353	0	308	1,680	14,330
of which loans held-for-sale	7,479	0	3,093	0	56	0	10,628
Total assets of consolidated VIEs	9,087	5,596	4,243	1,787	3,777	3,164	27,654
Customer deposits	0	0	0	0	0	265	265
Trading liabilities	9	0	0	0	8	76	93
Short-term borrowings	0	4,280	0	7	0	(1)	4,286
Long-term debt	9,067	17	3,187	179	93	449	12,992
Other liabilities	34	16	67	2	153	438	710
Total liabilities of consolidated VIEs	9,110	4,313	3,254	188	254	1,227	18,346

Non-consolidated VIEs

The non-consolidated VIEs tables provide the carrying amounts and classification of the assets and liabilities of variable interests recorded in the Group's consolidated balance sheets, maximum exposure to loss and total assets of the non-consolidated VIEs.

Certain VIEs have not been included in the following table, including VIEs structured by third parties in which the Group's interest is in the form of securities held in the Group's inventory,

certain single-asset financing vehicles not sponsored by the Group to which the Group provides financing but has very little risk of loss due to over-collateralization and guarantees, failed sales where the Group does not have any other holdings and other entities out of scope.

► Refer to "Variable interest entities" in V – Consolidated financial statements – Credit Suisse Group – Note 33 – Transfer of financial assets and variable interest entities in the Credit Suisse Annual Report 2013 for further information on non-consolidated VIEs.

Non-consolidated VIEs

end of	Financial intermediation					Total
	CDO	Secur- tizations	Funds	Loans	Other	
1Q14 (CHF million)						
Trading assets	296	5,596	965	590	678	8,125
Net loans	3	973	2,826	2,517	1,378	7,697
Other assets	0	6	21	0	194	221
Total variable interest assets	299	6,575	3,812	3,107	2,250	16,043
Maximum exposure to loss	299	10,163	3,973	6,452	2,417	23,304
Non-consolidated VIE assets	11,493	104,780	51,300	30,232	18,365	216,170
4Q13 (CHF million)						
Trading assets	183	4,920	979	725	713	7,520
Net loans	2	613	2,812	2,856	1,282	7,565
Other assets	0	0	47	0	6	53
Total variable interest assets	185	5,533	3,838	3,581	2,001	15,138
Maximum exposure to loss	186	7,496	4,026	7,433	2,090	21,231
Non-consolidated VIE assets	10,211	101,524	55,509	31,144	19,450	217,838

27 Financial instruments

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

- Concentration of credit risk;
- Fair value measurement (including fair value hierarchy, transfers between levels; level 3 reconciliation; qualitative and quantitative disclosures of valuation techniques and nonrecurring fair value changes)
- Fair value option; and
- Disclosures about fair value of financial instruments not carried at fair value.

CONCENTRATIONS OF CREDIT RISK

Credit risk concentrations arise when a number of counterparties are engaged in similar business activities, are located in the same geographic region or when there are similar economic features that would cause their ability to meet contractual obligations to be similarly impacted by changes in economic conditions.

► Refer to "Note 34 – Financial instruments" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information on the Group's concentrations of credit risk.

FAIR VALUE MEASUREMENT

A significant portion of the Group's financial instruments are carried at fair value. Deterioration of financial markets could significantly impact the fair value of these financial instruments and the results of operations.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, certain CP, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain OTC derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment, depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and CDO securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance 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 a counterparty, and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as CVA) is considered when measuring the fair value of assets and the impact of changes in the Group's own credit spreads (known as DVA) is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both the Group's and the counterparty's credit standing is considered when measuring their fair value, based on current CDS prices. The adjustments also take into account contractual factors designed to reduce the Group's credit exposure to a counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the Group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

ASU 2011-04 permits a reporting entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date. This change to the fair value measurement guidance is consistent with industry practice. As such, the Group continues to apply bid and offer adjustments to net portfolios of cash securities and/or derivative instruments to adjust the value of the net position from a mid-market price to the appropriate bid or offer level that would be realized under normal market conditions for the net long or net short position for a specific market risk. In addition, the Group reflects the net exposure to credit risk for its derivative instruments where the Group has legally enforceable agreements with its counterparties that mitigate credit risk exposure in the event of default. Valuation adjustments are recorded in a reasonable and consistent manner that results in an allocation to the relevant disclosures in the notes to the financial statements as if the valuation adjustment had been allocated to the individual unit of account.

Fair value hierarchy

The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.
- Level 2: Inputs 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 liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) inputs other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs that are unobservable for the asset or liability. These inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Group's own data. The Group's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

Assets and liabilities measured at fair value on a recurring basis

end of 1Q14	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	404	0	0	404
Interest-bearing deposits with banks	0	308	0	0	308
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	88,012	69	0	88,081
Debt	310	1,070	0	0	1,380
of which corporates	0	1,059	0	0	1,059
Equity	21,445	204	0	0	21,649
Securities received as collateral	21,755	1,274	0	0	23,029
Debt	44,072	63,927	4,679	0	112,678
of which foreign governments	43,720	6,443	14	0	50,177
of which corporates	31	24,334	2,059	0	26,424
of which RMBS	0	25,046	702	0	25,748
of which CMBS	0	5,341	283	0	5,624
of which CDO	0	2,696	1,324	0	4,020
Equity	76,233	6,245	566	0	83,044
Derivatives	5,820	501,539	5,113	(481,934)	30,538
of which interest rate products	822	394,688	1,586	–	–
of which foreign exchange products	284	51,194	459	–	–
of which equity/index-related products	4,544	27,571	1,062	–	–
of which credit derivatives	0	24,522	1,094	–	–
Other	3,459	4,282	3,068	0	10,809
Trading assets	129,584	575,993	13,426	(481,934)	237,069
Debt	2,194	1,024	0	0	3,218
of which foreign governments	1,804	0	0	0	1,804
of which corporates	0	584	0	0	584
of which CDO	0	440	0	0	440
Equity	2	98	2	0	102
Investment securities	2,196	1,122	2	0	3,320
Private equity	0	0	1,308	0	1,308
of which equity funds	0	0	639	0	639
Hedge funds	0	162	316	0	478
of which debt funds	0	119	305	0	424
Other equity investments	76	136	1,691	0	1,903
of which private	0	91	1,691	0	1,782
Life finance instruments	0	0	1,585	0	1,585
Other investments	76	298	4,900	0	5,274
Loans	0	11,105	8,875	0	19,980
of which commercial and industrial loans	0	6,242	6,220	0	12,462
of which financial institutions	0	3,784	1,203	0	4,987
Other intangible assets (mortgage servicing rights)	0	0	55	0	55
Other assets	4,565	22,608	6,094	(679)	32,588
of which loans held-for-sale	0	14,148	5,555	0	19,703
Total assets at fair value	158,176	701,124	33,421	(482,613)	410,108
Less other investments – equity at fair value attributable to noncontrolling interests	(72)	(145)	(770)	0	(987)
Less assets consolidated under ASU 2009-17 ²	0	(8,110)	(2,609)	0	(10,719)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	158,104	692,869	30,042	(482,613)	398,402

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 1Q14	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	1,270	0	0	1,270
Customer deposits	0	3,112	58	0	3,170
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	70,824	0	0	70,824
Debt	310	1,070	0	0	1,380
of which corporates	0	1,059	0	0	1,059
Equity	21,445	204	0	0	21,649
Obligation to return securities received as collateral	21,755	1,274	0	0	23,029
Debt	18,365	5,604	0	0	23,969
of which foreign governments	18,266	633	0	0	18,899
of which corporates	21	4,511	0	0	4,532
Equity	16,435	219	15	0	16,669
Derivatives	4,764	509,866	4,977	(487,216)	32,391
of which interest rate products	645	389,120	1,111	–	–
of which foreign exchange products	326	62,580	816	–	–
of which equity/index-related products	3,608	29,575	1,447	–	–
of which credit derivatives	0	24,899	1,198	–	–
Trading liabilities	39,564	515,689	4,992	(487,216)	73,029
Short-term borrowings	0	6,109	196	0	6,305
Long-term debt	0	54,192	10,502	0	64,694
of which treasury debt over two years	0	8,139	0	0	8,139
of which structured notes over two years	0	22,919	7,211	0	30,130
of which non-recourse liabilities	0	8,914	2,397	0	11,311
Other liabilities	0	18,619	3,415	(417)	21,617
of which failed sales	0	513	1,104	0	1,617
Total liabilities at fair value	61,319	671,089	19,163	(487,633)	263,938

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 4Q13	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	527	0	0	527
Interest-bearing deposits with banks	0	311	0	0	311
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	96,383	204	0	96,587
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Securities received as collateral	21,098	1,702	0	0	22,800
Debt	41,829	63,218	5,069	0	110,116
of which foreign governments	40,199	6,980	230	0	47,409
of which corporates	14	24,268	2,128	0	26,410
of which RMBS	0	23,343	436	0	23,779
of which CMBS	0	5,255	417	0	5,672
of which CDO	0	3,305	1,567	0	4,872
Equity	70,322	5,778	595	0	76,695
Derivatives	6,610	563,649	5,217	(543,873)	31,603
of which interest rate products	1,065	444,056	1,574	–	–
of which foreign exchange products	8	60,807	484	–	–
of which equity/index-related products	5,278	28,763	1,240	–	–
of which credit derivatives	0	25,662	1,138	–	–
Other	3,691	4,479	2,829	0	10,999
Trading assets	122,452	637,124	13,710	(543,873)	229,413
Debt	1,788	1,098	0	0	2,886
of which foreign governments	1,386	2	0	0	1,388
of which corporates	0	606	0	0	606
of which CDO	0	490	0	0	490
Equity	2	97	2	0	101
Investment securities	1,790	1,195	2	0	2,987
Private equity	0	0	3,345	0	3,345
of which equity funds	0	0	2,236	0	2,236
Hedge funds	0	289	392	0	681
of which debt funds	0	174	329	0	503
Other equity investments	283	55	1,632	0	1,970
of which private	0	15	1,630	0	1,645
Life finance instruments	0	0	1,600	0	1,600
Other investments	283	344	6,969	0	7,596
Loans	0	11,459	7,998	0	19,457
of which commercial and industrial loans	0	6,302	5,309	0	11,611
of which financial institutions	0	4,484	1,322	0	5,806
Other intangible assets (mortgage servicing rights)	0	0	42	0	42
Other assets	4,861	21,530	6,159	(1,032)	31,518
of which loans held-for-sale	0	12,770	5,615	0	18,385
Total assets at fair value	150,484	770,575	35,084	(544,905)	411,238
Less other investments – equity at fair value attributable to noncontrolling interests	(246)	(149)	(2,781)	0	(3,176)
Less assets consolidated under ASU 2009-17 ²	0	(8,996)	(2,458)	0	(11,454)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	150,238	761,430	29,845	(544,905)	396,608

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 4Q13	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	1,450	0	0	1,450
Customer deposits	0	3,197	55	0	3,252
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	75,990	114	0	76,104
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Obligation to return securities received as collateral	21,098	1,702	0	0	22,800
Debt	19,037	5,311	2	0	24,350
of which foreign governments	18,863	603	0	0	19,466
of which corporates	1	4,130	2	0	4,133
Equity	15,476	309	17	0	15,802
Derivatives	5,879	572,444	5,545	(547,385)	36,483
of which interest rate products	896	439,446	1,129	–	–
of which foreign exchange products	14	71,547	938	–	–
of which equity/index-related products	4,691	30,622	1,896	–	–
of which credit derivatives	0	25,942	1,230	–	–
Trading liabilities	40,392	578,064	5,564	(547,385)	76,635
Short-term borrowings	0	5,888	165	0	6,053
Long-term debt	0	53,589	9,780	0	63,369
of which treasury debt over two years	0	9,081	0	0	9,081
of which structured notes over two years	0	20,679	6,217	0	26,896
of which non-recourse liabilities	0	9,509	2,552	0	12,061
Other liabilities	0	19,511	2,861	(399)	21,973
of which failed sales	0	638	1,143	0	1,781
Total liabilities at fair value	61,490	739,391	18,539	(547,784)	271,636

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

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.

In 1Q14, transfers to level 1 out of level 2 were from trading assets and trading liabilities. The transfers were primarily in debt and equity as 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 as of the end of 1Q14.

Transfers between level 1 and level 2

in	1Q14		1Q13	
	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2
Assets (CHF million)				
Debt	237	0	25	107
Equity	202	31	300	144
Derivatives	32	0	130	0
Trading assets	471	31	455	251
Liabilities (CHF million)				
Debt	109	0	1	0
Equity	81	14	187	17
Derivatives	34	2	211	6
Trading liabilities	224	16	399	23

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

1Q14	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	204	0	(135)	0
Debt	5,069	291	(897)	1,562
of which corporates	2,128	68	(359)	473
of which RMBS	436	174	(103)	269
of which CMBS	417	29	(142)	30
of which CDO	1,567	13	(83)	787
Equity	595	72	(193)	181
Derivatives	5,217	164	(137)	0
of which interest rate products	1,574	32	(4)	0
of which equity/index-related products	1,240	17	(44)	0
of which credit derivatives	1,138	94	(83)	0
Other	2,829	191	(62)	481
Trading assets	13,710	718	(1,289)	2,224
Investment securities	2	0	0	0
Equity	5,369	0	(14)	394
Life finance instruments	1,600	0	0	50
Other investments	6,969	0	(14)	444
Loans	7,998	20	(154)	141
of which commercial and industrial loans	5,309	18	(154)	139
of which financial institutions	1,322	2	0	2
Other intangible assets (mortgage servicing rights)	42	0	0	14
Other assets	6,159	893	(763)	919
of which loans held-for-sale ²	5,615	892	(749)	874
Total assets at fair value	35,084	1,631	(2,355)	3,742
Liabilities (CHF million)				
Customer deposits	55	0	0	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	114	0	(114)	0
Trading liabilities	5,564	346	(426)	0
of which interest rate derivatives	1,129	26	(5)	0
of which foreign exchange derivatives	938	0	0	0
of which equity/index-related derivatives	1,896	186	(350)	0
of which credit derivatives	1,230	108	(67)	0
Short-term borrowings	165	12	(27)	0
Long-term debt	9,780	444	(579)	0
of which structured notes over two years	6,217	109	(241)	0
of which non-recourse liabilities	2,552	325	(115)	0
Other liabilities	2,861	74	(25)	75
of which failed sales	1,143	65	(7)	61
Total liabilities at fair value	18,539	876	(1,171)	75
Net assets/(liabilities) at fair value	16,545	755	(1,184)	3,667

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

² Includes unrealized gains recorded in trading revenues of CHF 2 million primarily related to subprime exposures in securitized products business and market movements across the wider loans held-for-sale portfolio.

Sales	Issuances	Settlements	Trading revenues		Other revenues		Foreign currency translation impact	Balance at end of period
			On transfers in / out ¹	On all other	On transfers in / out ¹	On all other		
0	0	0	0	0	0	0	0	69
(1,477)	0	0	(56)	217	0	0	(30)	4,679
(344)	0	0	(65)	166	0	0	(8)	2,059
(107)	0	0	8	31	0	0	(6)	702
(33)	0	0	1	(16)	0	0	(3)	283
(976)	0	0	(2)	28	0	0	(10)	1,324
(145)	0	0	54	6	0	0	(4)	566
0	757	(1,119)	15	251	0	0	(35)	5,113
0	42	(261)	1	216	0	0	(14)	1,586
0	168	(152)	11	(172)	0	0	(6)	1,062
0	177	(357)	0	133	0	0	(8)	1,094
(464)	0	(6)	5	119	0	0	(25)	3,068
(2,086)	757	(1,125)	18	593	0	0	(94)	13,426
0	0	0	0	0	0	0	0	2
(2,787)	0	0	0	6	0	349	(2)	3,315
(74)	0	0	0	20	0	0	(11)	1,585
(2,861)	0	0	0	26	0	349	(13)	4,900
(452)	1,570	(173)	0	(9)	0	0	(66)	8,875
(207)	1,252	(152)	0	64	0	0	(49)	6,220
(79)	34	(17)	0	(54)	0	0	(7)	1,203
0	0	0	0	0	0	(1)	0	55
(1,139)	180	(234)	4	107	0	0	(32)	6,094
(1,090)	180	(235)	10	86	0	0	(28)	5,555
(6,538)	2,507	(1,532)	22	717	0	348	(205)	33,421
0	0	0	0	2	0	0	1	58
0	0	0	0	0	0	0	0	0
(5)	449	(1,106)	158	46	0	0	(34)	4,992
0	6	(154)	2	115	0	0	(8)	1,111
0	2	(107)	0	(10)	0	0	(7)	816
0	366	(490)	155	(306)	0	0	(10)	1,447
0	0	(286)	1	220	0	0	(8)	1,198
0	138	(93)	(1)	2	0	0	0	196
0	1,748	(923)	(4)	120	0	0	(84)	10,502
0	1,407	(319)	(2)	100	0	0	(60)	7,211
0	88	(469)	2	27	0	0	(13)	2,397
(236)	633	(149)	8	74	0	118	(18)	3,415
(198)	0	0	0	48	0	0	(8)	1,104
(241)	2,968	(2,271)	161	244	0	118	(135)	19,163
(6,297)	(461)	739	(139)	473	0	230	(70)	14,258

Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)

1Q13	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Debt	5,888	265	(379)	1,338
of which corporates	3,192	72	(129)	645
of which RMBS	724	134	(142)	203
of which CMBS	1,023	20	(88)	50
of which CDO	447	1	(12)	393
Equity	485	132	(32)	91
Derivatives	6,650	124	(329)	0
of which interest rate products	1,859	9	(118)	0
of which equity/index-related products	1,920	48	(31)	0
of which credit derivatives	1,294	67	(175)	0
Other	2,486	38	(159)	986
Trading assets	15,509	559	(899)	2,415
Investment securities	170	0	0	0
Equity	6,366	0	(8)	628
Life finance instruments	1,818	0	0	49
Other investments	8,184	0	(8)	677
Loans	6,619	32	(1,377)	231
of which commercial and industrial loans	4,778	20	(57)	220
of which financial institutions	1,530	11	0	11
Other intangible assets (mortgage servicing rights)	43	0	0	0
Other assets	5,164	661	(1,055)	1,094
of which loans held-for-sale	4,463	650	(1,055)	1,012
Total assets at fair value	35,689	1,252	(3,339)	4,417
Liabilities (CHF million)				
Customer deposits	25	0	0	0
Trading liabilities	5,356	246	(403)	50
of which interest rate derivatives	1,357	24	(70)	0
of which foreign exchange derivatives	1,648	13	(13)	0
of which equity/index-related derivatives	1,003	21	(53)	0
of which credit derivatives	819	166	(181)	0
Short-term borrowings	124	45	(6)	0
Long-term debt	10,098	590	(892)	0
of which structured notes over two years	6,189	189	(667)	0
of which non-recourse liabilities	2,551	382	(188)	0
Other liabilities	2,848	11	(69)	47
of which failed sales	1,160	0	(59)	0
Total liabilities at fair value	18,451	892	(1,370)	97
Net assets/(liabilities) at fair value	17,238	360	(1,969)	4,320

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

	Trading revenues				Other revenues			Balance at end of period
	Sales	Issuances	Settlements	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other	
(2,648)	0	0	15	137	0	0	199	4,815
(1,171)	0	0	1	61	0	0	124	2,795
(262)	0	0	4	13	0	0	25	699
(692)	0	0	(2)	49	0	0	19	379
(486)	0	0	0	22	0	0	16	381
(178)	0	0	2	14	0	0	15	529
0	292	(581)	25	(51)	0	0	217	6,347
0	52	(71)	2	(194)	0	0	57	1,596
0	56	(172)	4	93	0	0	67	1,985
0	52	(173)	18	1	0	0	44	1,128
(1,159)	0	(16)	1	(8)	0	0	82	2,251
(3,985)	292	(597)	43	92	0	0	513	13,942
(4)	0	0	0	1	0	0	8	175
(928)	0	0	0	7	0	120	206	6,391
(83)	0	0	0	(16)	0	0	63	1,831
(1,011)	0	0	0	(9)	0	120	269	8,222
(285)	2,294	(371)	0	47	0	1	266	7,457
(167)	462	(271)	0	(52)	0	1	173	5,107
(118)	118	(101)	0	(27)	0	0	52	1,476
0	0	0	0	0	0	(2)	1	42
(1,018)	407	(333)	20	(30)	0	0	189	5,099
(888)	407	(333)	20	11	0	0	166	4,453
(6,303)	2,993	(1,301)	63	101	0	119	1,246	34,937
0	28	0	0	(1)	0	(1)	0	51
(125)	268	(682)	41	321	0	0	178	5,250
0	107	(10)	3	(174)	0	0	40	1,277
0	10	(359)	(1)	163	0	0	53	1,514
0	83	(172)	8	287	0	0	40	1,217
0	47	(107)	37	34	0	0	29	844
0	88	(31)	0	0	0	0	6	226
0	1,845	(1,569)	19	(11)	0	0	368	10,448
0	1,078	(594)	10	(58)	0	0	238	6,385
0	160	(680)	10	67	0	0	77	2,379
(136)	0	(31)	(7)	(23)	0	79	94	2,813
(101)	0	0	(1)	(16)	0	0	38	1,021
(261)	2,229	(2,313)	53	286	0	78	646	18,788
(6,042)	764	1,012	10	(185)	0	41	600	16,149

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	1Q14			1Q13		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	334	230	564 ¹	(175)	41	(134) ¹
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(234)	23	(211)	(648)	92	(556)

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within level 3. As a result, the unrealized gains and losses for assets and liabilities within level 3 presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Group employs various economic hedging techniques in order to manage risks, including risks in level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in levels 1 and/or 2. The realized and unrealized gains and losses for assets and liabilities in level 3 presented in the table above do not reflect the related realized or unrealized gains and losses arising on economic hedging instruments classified in levels 1 and/or 2.

Transfers in and out of level 3

Transfers into level 3 assets during 1Q14 were CHF 1,631 million, primarily from loans held-for-sale and trading assets. The transfers were primarily in the corporate credit and alternative investment businesses due to limited observability of pricing data and reduced pricing information from external providers. Transfers out of level 3 assets during 1Q14 were CHF 2,355 million, primarily in trading assets and loans held-for-sale. The transfers out of level 3 assets were primarily in the corporate credit and prime services businesses due to improved observability of pricing data and increased availability of pricing information from external providers.

Qualitative disclosures of valuation techniques

Overview

The Group has implemented and maintains a valuation control framework, which is supported by policies and procedures that define the principles for controlling the valuation of the Group's financial instruments. Product Control and Risk Management create, review and approve significant valuation policies and procedures. The framework includes three main internal processes: (i) valuation governance; (ii) independent price verification and significant unobservable inputs review; and (iii) a cross-functional pricing model review. Through this framework, the Group determines the reasonableness of the fair value of its financial instruments.

On a monthly basis, meetings are held for each business line with senior representatives of the Front Office and Product

Control to discuss independent price verification results, valuation adjustments, and other significant valuation issues. On a quarterly basis, a review of significant changes in the fair value of financial instruments is undertaken by Product Control and conclusions are reached regarding the reasonableness of those changes. Additionally, on a quarterly basis, meetings are held for each business line with senior representatives of the Front Office, Product Control, Risk Management, and Financial Accounting to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee (VARMC) and the Audit Committee. The VARMC, which is comprised of Executive Board members and the heads of the business and control functions, meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the Group. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the Group's Executive Board through the VARMC.

One of the key components of the governance process is the segregation of duties between the Front Office and Product Control. The Front Office is responsible for measuring inventory at fair value on a daily basis, while Product Control is responsible for independently reviewing and validating those valuations on a periodic basis. The Front Office values the inventory using, wherever possible, observable market data which may include executed transactions, dealer quotes, or broker quotes for the same or similar instruments. Product Control validates this inventory using independently sourced data that also includes executed transactions, dealer quotes, and broker quotes.

Product Control utilizes independent pricing service data as part of their review process. Independent pricing service data is analyzed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors to ensure they are active market participants, review of statistical data and utilization of pricing challenges. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results. The

purpose of the review is to judge the quality and reliability of the data for fair value measurement purposes and its appropriate level of usage within the Product Control independent valuation review.

For certain financial instruments the fair value is estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices, rates, or other inputs. In addition, there may be uncertainty about a valuation, which results from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a consequence of other elements affecting the valuation technique or model. Model calibration is performed when significant new market information becomes available or at a minimum on a quarterly basis as part of the business review of significant unobservable inputs for level 3 instruments. For models that have been deemed to be significant to the overall fair value of the financial instrument, model validation is performed as part of the periodic review of the related model.

The Group performs a sensitivity analysis of its significant level 3 financial instruments. This sensitivity analysis estimates a fair value range by changing the related significant unobservable inputs value. This sensitivity analysis is an internal mechanism to monitor the impact of reasonable alternative inputs or prices for level 3 financial instruments. Where a model-based technique is used to determine the fair value of the level 3 financial instrument, an alternative input value is utilized to derive an estimated fair value range. Where a price-based technique is used to determine the fair value of the level 3 financial instruments, Front Office professional judgment is used to estimate a fair value range.

The following information on the valuation techniques and significant unobservable inputs of the various financial instruments, and the sensitivity of fair value measurements to changes in significant unobservable inputs, should be read in conjunction with the tables “Quantitative information about level 3 assets at fair value” and “Quantitative information about level 3 liabilities at fair value”.

Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions

Securities purchased under resale agreements and securities sold under repurchase agreements are measured at fair value using discounted cash flow analysis. Future cash flows are discounted using observable market interest rate repurchase/resale curves for the applicable maturity and underlying collateral of the instruments. As such, the significant majority of both securities purchased under resale agreements and securities sold under repurchase agreements are included in level 2 of the fair value hierarchy. Structured resale and repurchase agreements include embedded derivatives, which are measured using the same techniques as described below for stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships. If the value of the embedded derivative is determined using significant unobservable inputs, those structured resale and repurchase agreements are classified within level 3 of the fair value hierarchy. Significant unobservable input is funding spread.

Securities purchased under resale agreements are usually fully collateralized or over collateralized by government securities, money market instruments, corporate bonds, or other debt instruments. In the event of counterparty default, the collateral service agreement provides the Group with the right to liquidate the collateral held.

Debt securities

Foreign governments and corporates

Government debt securities typically have quoted prices in active markets and are categorized as level 1 instruments. For debt securities for which market prices are not available, valuations are based on yields reflecting credit rating, historical performance, delinquencies, loss severity, the maturity of the security, recent transactions in the market or other modeling techniques, which may involve judgment. Those securities where the price or model inputs are observable in the market are categorized as level 2 instruments, while those securities where prices are not observable and significant model inputs are unobservable are categorized as level 3 of the fair value hierarchy.

Corporate bonds are priced to reflect current market levels either through recent market transactions or broker or dealer quotes. Where a market price for the particular security is not directly available, valuations are obtained based on yields reflected by other instruments in the specific or similar entity’s capital structure and adjusting for differences in seniority and maturity, benchmarking to a comparable security where market data is available (taking into consideration differences in credit, liquidity and maturity), or through the application of cash flow modeling techniques utilizing observable inputs, such as current interest rate curves and observable CDS spreads. Significant unobservable inputs may include price, buyback probability, correlation and credit spread. For securities using market comparable price, the differentiation between level 2 and level 3 is based upon the relative significance of any yield adjustments as well as the accuracy of the comparison characteristics (i.e., the observable comparable security may be in the same country but a different industry and may have a different seniority level – the lower the comparability the more likely the security will be level 3).

CMBS, RMBS and CDO securities

Fair values of RMBS, CMBS and CDO may be available through quoted prices, which are often based on the prices at which similarly structured and collateralized securities trade between dealers and to and from customers. Fair values of RMBS, CMBS and CDO for which there are significant unobservable inputs are valued using capitalization rate and discount rate. 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 the Front Office's own assumptions about how market participants would price the asset. Collateralized bond and loan obligations are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure. Valuation models are used to value both cash and synthetic CDOs.

Equity securities

The majority of the Group's positions in equity securities are traded on public stock exchanges for which quoted prices are readily and regularly available and are therefore categorized as level 1 instruments. Level 2 and level 3 equities include fund-linked products, convertible bonds or equity securities with restrictions that are not traded in active markets. Significant unobservable inputs may include earnings before interest, taxes, depreciation and amortization (EBITDA) multiple, discount rate and capitalization rate.

Derivatives

Derivatives held for trading purposes or used in hedge accounting relationships include both OTC and exchange-traded derivatives. The fair values of exchange-traded derivatives measured using observable exchange prices are included in level 1 of the fair value hierarchy. For exchange-traded derivatives where the volume of trading is low, the observable exchange prices may not be considered executable at the reporting date. These derivatives are valued in the same manner as similar observable OTC derivatives and are included in level 2 of the fair value hierarchy. If the similar OTC derivative used for valuing the exchange-traded derivative is not observable, then the exchange-traded derivative is included in level 3 of the fair value hierarchy.

The fair values of OTC derivatives are determined on the basis of either industry standard models or internally developed proprietary models. Both model types use various observable and unobservable inputs in order to determine fair value. The inputs include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the marketplace, while more complex derivatives may use unobservable inputs that rely on specific proprietary modeling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products). For inputs that cannot be derived from other sources, estimates from

historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorized as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorized as level 3 of the fair value hierarchy.

Our valuation of derivatives does not include an adjustment for the cost of funding uncollateralized OTC derivatives due to a lack of clear observability in the marketplace.

Interest rate derivatives

OTC vanilla interest rate products, such as interest rate swaps, swaptions, and caps and floors are valued by discounting the anticipated future cash flows. The future cash flows and discounting are derived from market standard yield curves and industry standard volatility inputs. Where applicable, exchange-traded prices are also used to value exchange-traded futures and options and can be used in yield curve construction. For more complex products, inputs include, but are not limited to correlation, volatility, volatility skew, prepayment rate, credit spread, basis spread and mean reversion.

Foreign exchange derivatives

Foreign exchange derivatives include vanilla products such as spot, forward and option contracts where the anticipated discounted future cash flows are determined from foreign exchange forward curves and industry standard optionality modeling techniques. Where applicable, exchange-traded prices are also used for futures and option prices. For more complex products inputs include, but are not limited to prepayment rate and correlation.

Equity and index-related derivatives

Equity derivatives include vanilla options and swaps in addition to different types of exotic options. Inputs for equity derivatives can include correlation, volatility, skew and buyback probability.

Generally, the interrelationship between the volatility and correlation is positively correlated.

Credit derivatives

Credit derivatives include index and single name CDS in addition to more complex structured credit products. Vanilla products are valued using industry standard models and inputs that are generally market observable including credit spread and recovery rate.

Complex structured credit derivatives are valued using proprietary models requiring unobservable inputs such as recovery rate, credit spread, correlation and price. These inputs are generally implied from available market observable data. Fair values determined by price may include discounted cash flow models using the inputs prepayment rate, default rate, loss severity and discount rate.

Other trading assets

Other trading assets primarily include RMBS loans and life settlement and premium finance instruments. Life settlement and premium finance instruments are valued using proprietary models with

several inputs. The significant unobservable inputs of the fair value for life settlement and premium finance instruments is the estimate of market implied life expectancy, while for RMBS loans it is market comparable price.

For life settlement and premium finance instruments, individual life expectancy rates are typically obtained by multiplying a base mortality curve for the general insured population provided by a professional actuarial organization together with an individual-specific multiplier. Individual-specific multipliers are determined based on data from third-party life expectancy data providers, which examine the insured individual's medical conditions, family history and other factors to arrive at a life expectancy estimate.

For RMBS loans, the use of market comparable price varies depending upon each specific loan. For some loans, similar to unobservable RMBS securities, 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 other RMBS loans, the loans are categorized by specific characteristics, such as loan-to-value ratio, average account balance, loan type (single or multi-family), lien, seasoning, coupon, FICO score, locality, delinquency status, cash flow velocity, roll rates, loan purpose, occupancy, servicers advance agreement type, modification status, Federal Housing Administration insurance, property value and documentation quality. Loans with unobservable prices are put into consistent buckets which are then compared to market observable comparable prices in order to assess the reasonableness of those unobservable prices.

Other investments

Private equity, hedge funds and other equity investments

Other equity investments principally includes equity investments in the form of a) direct investments in third-party hedge funds, private equity funds and funds of funds, b) equity-method investments where the Group has the ability to significantly influence the operating and financial policies of the investee, and c) direct investments in non-marketable equity securities.

Direct investments in third-party hedge funds, private equity funds and funds of funds are measured at fair value based on their published net asset values (NAVs). Most of these investments are classified as level 3 of the fair value hierarchy, as there are restrictions imposed upon the redemption of the funds at their NAV in the near term. In some cases, NAVs may be adjusted where there is sufficient evidence that the NAV published by the investment manager is not current with observed market movements, it is probable that these investments will be sold for an amount other than NAV or there exist other circumstances that would require an adjustment to the published NAV. Although rarely adjusted, significant judgment is involved in making any adjustments to the published NAVs.

Direct investments in non-marketable equity securities consist of both real estate investments and non-real estate investments. Equity-method investments and direct investments in

non-marketable equity securities are initially measured at their transaction price, as this is the best estimate of fair value. Thereafter, these investments are individually measured at fair value based upon a number of factors that include any recent rounds of financing involving third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. Unobservable inputs may include credit spread, contingent probability and EBITDA multiple. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. As a result, these investments are included in level 3 of the fair value hierarchy.

Life finance instruments

Life finance instruments include Single Premium Immediate Annuities (SPIA) and other premium finance instruments. Life finance instruments are valued in a similar manner as described for life settlement and premium finance instruments under the other trading assets section above.

Loans

The Group's loan portfolio which is measured at fair value primarily consists of commercial and industrial loans and loans to financial institutions. Within these categories, loans measured at fair value include commercial loans, real estate loans, corporate loans, leverage finance loans and emerging market loans. Fair value is based on recent transactions and quoted prices, where available. Where recent transactions and quoted prices are not available, fair value may be determined by relative value benchmarking (which includes pricing based upon another position in the same capital structure, other comparable loan issues, generic industry credit spreads, implied credit spreads derived from CDS for the specific borrower, and enterprise valuations) or calculated based on the exit price of the collateral, based on current market conditions.

Both the funded and unfunded portion of revolving credit lines on the corporate lending portfolio are valued using a CDS pricing model, which requires estimates of significant inputs including credit spreads, recovery rates, credit conversion factors, and weighted average life of the loan. Significant unobservable inputs may include credit spread and price.

The Group's other assets and liabilities include mortgage loans held in conjunction with securitization activities and assets and liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP. The fair value of mortgage loans held in conjunction with securitization activities is determined on a whole-loan basis and is consistent with the valuation of RMBS loans discussed in "Other trading assets" above. Whole-loan valuations are calculated based on the exit price reflecting the current market conditions. The fair value of assets and liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP are determined based on the quoted prices for securitized bonds, where available, or on cash flow analyses for securitized bonds, when quoted prices are not available.

Accrual based Private Banking & Wealth Management loans, for which an estimated fair value is disclosed in the table “Carrying value and fair value of financial instruments not carried at fair value” below, include consumer loans relating to mortgages, loans collateralized by securities or consumer finance, as well as corporate and institutional loans relating to real estate, commercial and industrial loans, and loans to financial institutions, governments and public institutions. Fair values for these loans are determined by using a discounted cash flow model. Future cash flows are discounted using risk-adjusted discount rates which are derived from observable market interest rates for the applicable maturity and currency and from counterparty-related credit spreads.

Deposits

Accrual based deposits with a stated maturity, for which an estimated fair value is disclosed in the table “Carrying value and fair value of financial instruments not carried at fair value” below, are generally fair valued by using a discounted cash flow model incorporating the Group’s credit spreads. The estimated fair value of accrual accounted deposits without a stated maturity approximates the carrying amount; however, the value does not include an estimate of the value attributed to the long-term relationships with its customers that in the aggregate adds significant value to the Group’s stable deposit base.

Short-term borrowings and long-term debt

The Group’s short-term borrowings and long-term debt include structured notes (hybrid financial instruments that are both bifurcated and non-bifurcated) and vanilla debt. The fair value of structured notes is based on quoted prices, where available. When quoted prices are not available, fair value is determined by using a discounted cash flow model incorporating the Group’s credit spreads, the value of derivatives embedded in the debt and the residual term of the issuance based on call options. Derivatives structured into the issued debt are valued consistently with the Group’s stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships as discussed above. The fair value of structured debt is heavily influenced by the combined call options and performance of the underlying derivative returns. Significant unobservable inputs for long-term debt include buyback probability, gap risk, correlation, volatility and price.

Generally, the interrelationships between volatility, skew, correlation, gap risk and credit spreads inputs are positively correlated.

Other liabilities

Failed sales

These liabilities represent the financing of assets that did not achieve sale accounting treatment under US GAAP. Failed sales

are valued in a manner consistent with the related underlying financial instruments.

Short-term financial instruments

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table “Carrying value and fair value of financial instruments not carried at fair value” below. These instruments include: cash and due from banks, cash collateral receivables and payables and other receivables and payables arising in the ordinary course of business. For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realization, as well as the minimal credit risk inherent in these instruments.

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 assets with a significant unobservable input of buyback probability, EBITDA multiple, market implied life expectancy (for life finance instruments), correlation, price, volatility, volatility skew, funding spread and contingent probability, in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets with a significant unobservable input of market implied life expectancy (for life settlement and premium finance instruments), capitalization rate, discount rate, prepayment rate, recovery rate and credit spread, in general, an increase in the significant unobservable input would decrease the fair value.

For level 3 liabilities, an increase in the related significant unobservable inputs would have the inverse impact on fair value. An increase in the significant unobservable input gap risk would increase the fair value. An increase in the significant unobservable inputs basis spread, mean reversion and skew would decrease the fair value.

Interrelationships between significant unobservable inputs

Except as noted above, there are no material interrelationships between the significant unobservable inputs for the financial instruments. As the significant unobservable inputs move independently, generally an increase or decrease in one significant unobservable input will have no impact on the other significant unobservable inputs.

Quantitative disclosures of valuation techniques

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

Quantitative information about level 3 assets at fair value

end of 1Q14	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	69	Discounted cash flow	Funding spread, in bp	350	350	350
Debt	4,679					
of which corporates	2,059					
of which	154	Option model	Correlation, in %	(92)	98	13
			Buyback probability, in % ²	50	100	63
of which	649	Market comparable	Price, in %	0	135	86
of which	1,017	Discounted cash flow	Credit spread, in bp	13	1,460	399
of which RMBS	702	Discounted cash flow	Discount rate, in %	2	33	9
			Prepayment rate, in %	0	36	8
			Default rate, in %	0	26	4
			Loss severity, in %	0	100	40
of which CMBS	283	Discounted cash flow	Capitalization rate, in %	8	12	9
			Discount rate, in %	2	38	9
			Prepayment rate, in %	0	15	11
			Default rate, in %	0	21	1
			Loss severity, in %	0	40	3
of which CDO	1,324					
of which	109	Vendor price	Price, in %	0	102	88
of which	204	Discounted cash flow	Discount rate, in %	1	15	8
			Prepayment rate, in %	0	30	9
			Default rate, in %	0	15	3
			Loss severity, in %	0	100	39
of which	890	Market comparable	Price, in %	86	193	170

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 1Q14	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Equity	566					
of which	244	Market comparable	EBITDA multiple	3	12	8
			Price, in %	0	198	66
of which	27	Discounted cash flow	Capitalization rate, in %	7	7	7
			Discount rate, in %	15	15	15
Derivatives	5,113					
of which interest rate products	1,586	Option model	Correlation, in %	15	100	81
			Prepayment rate, in %	5	31	24
			Volatility, in %	2	31	6
			Volatility skew, in %	(9)	3	(1)
			Credit spread, in bp	44	580	223
of which equity/index-related products	1,062	Option model	Correlation, in %	(92)	98	13
			Volatility, in %	3	205	25
of which credit derivatives	1,094	Discounted cash flow	Credit spread, in bp	1	2,037	180
			Recovery rate, in %	0	77	20
			Discount rate, in %	6	28	14
			Default rate, in %	1	19	7
			Loss severity, in %	10	100	56
			Correlation, in %	42	97	74
			Prepayment rate, in %	0	20	5
Other	3,068					
of which	2,413	Market comparable	Price, in %	0	104	44
of which	617	Discounted cash flow	Market implied life expectancy, in years	3	20	9
Trading assets	13,426					
Investment securities	2	–	–	–	–	–
Private equity	1,308	– ²	– ²	– ²	– ²	– ²
Hedge funds	316	– ²	– ²	– ²	– ²	– ²
Other equity investments	1,691					
of which private	1,691					
of which	349	Discounted cash flow	Contingent probability, in %	59	59	59
of which	955	– ²	– ²	– ²	– ²	– ²
Life finance instruments	1,585	Discounted cash flow	Market implied life expectancy, in years	1	21	9
Other investments	4,900					
Loans	8,875					
of which commercial and industrial loans	6,220					
of which	5,164	Discounted cash flow	Credit spread, in bp	10	2,528	412
of which	844	Market comparable	Price, in %	0	101	86
of which financial institutions	1,203	Discounted cash flow	Credit spread, in bp	115	864	360
Other intangible assets (mortgage servicing rights)	55	–	–	–	–	–
Other assets	6,094					
of which loans held-for-sale	5,555					
of which	2,042	Vendor price	Price, in %	0	159	100
of which	813	Discounted cash flow	Credit spread, in bp	75	1,438	288
of which	2,344	Market comparable	Price, in %	0	101	54
Total level 3 assets at fair value	33,421					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Disclosure not required as balances are carried at unadjusted NAV. Refer to "Fair value measurements of investments in certain entities that calculate NAV per share" for further information.

Quantitative information about level 3 assets at fair value (continued)

end of 4Q13	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	204	Discounted cash flow	Funding spread, in bp	90	350	178
Debt	5,069					
of which corporates	2,128					
of which	129	Option model	Correlation, in %	(83)	96	14
			Buyback probability, in % ²	50	100	62
of which	592	Market comparable	Price, in %	0	112	91
of which	807	Discounted cash flow	Credit spread, in bp	22	957	348
of which RMBS	436	Discounted cash flow	Discount rate, in %	2	33	9
			Prepayment rate, in %	0	27	7
			Default rate, in %	0	25	5
			Loss severity, in %	0	100	48
of which CMBS	417	Discounted cash flow	Capitalization rate, in %	5	12	9
			Discount rate, in %	1	30	9
			Prepayment rate, in %	0	20	10
			Default rate, in %	0	18	1
			Loss severity, in %	0	40	3
of which CDO	1,567					
of which	118	Vendor price	Price, in %	0	100	94
of which	278	Discounted cash flow	Discount rate, in %	2	24	6
			Prepayment rate, in %	0	30	7
			Default rate, in %	1	15	3
			Loss severity, in %	25	100	68
of which	423	Market comparable	Price, in %	85	101	98

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 4Q13	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Equity	595					
of which	270	Market comparable	EBITDA multiple	3	12	7
of which	35	Discounted cash flow	Capitalization rate, in %	7	7	7
			Discount rate, in %	15	15	15
Derivatives	5,217					
of which interest rate products	1,574	Option model	Correlation, in %	15	100	82
			Prepayment rate, in %	5	31	24
			Volatility, in %	2	31	6
			Volatility skew, in %	(9)	2	(1)
			Credit spread, in bp	95	2,054	218
of which equity/index-related products	1,240	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	2	252	26
of which credit derivatives	1,138	Discounted cash flow	Credit spread, in bp	1	2,054	298
			Recovery rate, in %	0	77	25
			Discount rate, in %	4	29	14
			Default rate, in %	1	16	6
			Loss severity, in %	10	100	59
			Correlation, in %	34	97	83
			Prepayment rate, in %	0	17	5
Other	2,829					
of which	2,139	Market comparable	Price, in %	0	146	34
of which	589	Discounted cash flow	Market implied life expectancy, in years	3	19	9
Trading assets	13,710					
Investment securities	2	–	–	–	–	–
Private equity	3,345	– ²	– ²	– ²	– ²	– ²
Hedge funds	392	– ²	– ²	– ²	– ²	– ²
Other equity investments	1,632					
of which private	1,630					
of which	384	Discounted cash flow	Credit spread, in bp	897	3,175	1,207
			Contingent probability, in %	59	59	59
of which	813	Market comparable	EBITDA multiple	1	10	8
Life finance instruments	1,600	Discounted cash flow	Market implied life expectancy, in years	1	21	9
Other investments	6,969					
Loans	7,998					
of which commercial and industrial loans	5,309					
of which	4,526	Discounted cash flow	Credit spread, in bp	50	2,488	504
of which	326	Market comparable	Price, in %	0	100	69
of which financial institutions	1,322	Discounted cash flow	Credit spread, in bp	98	884	302
Other intangible assets (mortgage servicing rights)	42	–	–	–	–	–
Other assets	6,159					
of which loans held-for-sale	5,615					
of which	1,954	Vendor price	Price, in %	0	160	99
of which	1,042	Discounted cash flow	Credit spread, in bp	75	2,389	467
			Recovery rate, in %	1	1	0
of which	2,420	Market comparable	Price, in %	0	105	59
Total level 3 assets at fair value	35,084					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Disclosure not required as balances are carried at unadjusted NAV. Refer to "Fair value measurements of investments in certain entities that calculate NAV per share" for further information.

Quantitative information about level 3 liabilities at fair value

end of 1Q14	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Customer deposits	58	–	–	–	–	–
Trading liabilities	4,992					
of which interest rate derivatives	1,111	Option model	Basis spread, in bp	(11)	107	54
			Correlation, in %	17	100	72
			Mean reversion, in % ²	5	10	6
			Prepayment rate, in %	8	31	24
of which foreign exchange derivatives	816	Option model	Correlation, in %	(10)	70	46
			Prepayment rate, in %	19	31	25
of which equity/index-related derivatives	1,447	Option model	Correlation, in %	(92)	98	13
			Skew, in %	52	130	108
			Volatility, in %	3	205	29
			Buyback probability, in % ³	50	100	63
of which credit derivatives	1,198	Discounted cash flow	Credit spread, in bp	1	1,955	201
			Discount rate, in %	5	29	14
			Default rate, in %	1	16	7
			Recovery rate, in %	6	77	34
			Loss severity, in %	10	100	61
			Correlation, in %	42	98	53
			Prepayment rate, in %	0	9	4
Short-term borrowings	196	–	–	–	–	–
Long-term debt	10,502					
of which structured notes over two years	7,211	Option model	Correlation, in %	(92)	99	15
			Volatility, in %	3	205	27
			Buyback probability, in % ³	50	100	63
			Gap risk, in % ⁴	0	4	0
of which non-recourse liabilities	2,397					
of which	2,177	Vendor price	Price, in %	0	159	100
of which	152	Market comparable	Price, in %	0	99	14
Other liabilities	3,415					
of which failed sales	1,104					
of which	978	Market comparable	Price, in %	0	100	73
of which	63	Discounted cash flow	Credit spread, in bp	525	1,402	1,184
			Recovery rate, in %	23	23	23
Total level 3 liabilities at fair value	19,163					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Management's best estimate of the speed at which interest rates will revert to the long-term average.

³ Estimate of the probability of structured notes being put back to the Group at the option of the investor over the remaining life of the financial instruments.

⁴ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Quantitative information about level 3 liabilities at fair value (continued)

end of 4Q13	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Customer deposits	55	–	–	–	–	–
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	114	Discounted cash flow	Funding spread, in bp	90	90	90
Trading liabilities	5,564					
of which interest rate derivatives	1,129	Option model	Basis spread, in bp	(5)	148	74
			Correlation, in %	17	99	62
			Mean reversion, in % ²	5	10	6
			Prepayment rate, in %	5	31	23
of which foreign exchange derivatives	938	Option model	Correlation, in %	(10)	70	48
			Prepayment rate, in %	19	31	25
of which equity/index-related derivatives	1,896	Option model	Correlation, in %	(83)	96	14
			Skew, in %	79	152	118
			Volatility, in %	2	252	26
			Buyback probability, in % ³	50	100	62
of which credit derivatives	1,230	Discounted cash flow	Credit spread, in bp	1	2,052	252
			Discount rate, in %	4	29	14
			Default rate, in %	1	15	6
			Recovery rate, in %	14	77	43
			Loss severity, in %	6	100	62
			Correlation, in %	34	98	55
			Prepayment rate, in %	0	17	2
Short-term borrowings	165	–	–	–	–	–
Long-term debt	9,780					
of which structured notes over two years	6,217	Option model	Correlation, in %	(83)	99	16
			Volatility, in %	5	252	28
			Buyback probability, in % ³	50	100	62
			Gap risk, in % ⁴	0	5	0
of which non-recourse liabilities	2,552					
of which	2,105	Vendor price	Price, in %	0	217	104
of which	301	Market comparable	Price, in %	0	93	13
Other liabilities	2,861					
of which failed sales	1,143					
of which	829	Market comparable	Price, in %	0	100	63
of which	195	Discounted cash flow	Credit spread, in bp	813	1,362	1,185
			Recovery rate, in %	23	23	23
Total level 3 liabilities at fair value	18,539					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Management's best estimate of the speed at which interest rates will revert to the long-term average.

³ Estimate of the probability of structured notes being put back to the Group at the option of the investor over the remaining life of the financial instruments.

⁴ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Qualitative discussion of the ranges of significant unobservable inputs

The following sections provide further information about the ranges of significant unobservable inputs included in the tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges

of significant inputs being wide and unevenly distributed across asset and liability categories.

Discount rate

The discount rate is the rate of interest used to calculate the present value of the expected cash flows of a financial instrument. There are multiple factors that will impact the discount rate for any

given financial instrument including the coupon on the instrument, the term and the underlying risk of the expected cash flows. Two instruments of similar term and expected cash flows may have significantly different discount rates because the coupons on the instruments are different.

Default rate and loss severity

For financial instruments backed by residential real estate or other assets, diversity in the portfolio is reflected in a wide range for loss severity due to varying levels of default. The lower end of the range represents high performing or government guaranteed collateral with a low probability of default or guaranteed timely payment of principal and interest, while the higher end of the range relates collateral with a greater risk of default.

Credit spread and recovery rate

For financial instruments where credit spread is the significant unobservable input, the wide range represents positions with varying levels of risk. The lower end of the credit spread range typically represents shorter-dated instruments and/or those with better perceived credit risk. The higher end of the range typically comprises longer-dated financial instruments or those referencing non-performing, distressed or impaired reference credits. Similarly, the spread between the reference credit and an index can vary significantly based on the risk of the instrument. The spread will be positive for instruments that have a higher risk of default than the index (which is based on a weighted average of its components) and negative for instruments that have a lower risk of default than the index.

Similarly, recovery rates can vary significantly depending upon the specific assets and terms of each transaction. Transactions with higher seniority or more valuable collateral will have higher recovery rates, while those transactions which are more subordinated or with less valuable collateral will have lower recovery rates.

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. Generally, same-asset correlation inputs have a narrower range than cross-asset correlation inputs. However, due to the complex and unique nature of these instruments, the ranges for correlation inputs can vary widely across portfolios.

Prepayment rate

Prepayment rates may vary from collateral pool to collateral pool, and are driven by a variety of collateral-specific factors, including

the type and location of the underlying borrower, the remaining tenor of the obligation and the level and type (e.g., fixed or floating) of interest rate being paid by the borrower.

Volatility and skew

Volatility and skew are impacted by the underlying risk, term and strike price of the derivative. In the case of interest rate derivatives, volatility rates may vary significantly between different underlying currencies and expiration dates on the options. Similarly, equity derivatives' volatility may vary greatly depending upon the underlying reference name on the derivative.

Market implied life expectancy

Market implied life expectancy is the primary significant unobservable input on such products as life settlement, premium finance and SPIA, and represents the estimated mortality rate for the underlying insured for each contract. This estimate may vary depending upon multiple factors including the age and specific health characteristics of each insured.

Fair value measurements of investments in certain entities that calculate NAV per share

Investments in funds held in trading assets and liabilities primarily include positions held in equity funds of funds as an economic hedge for structured notes and derivatives issued to clients that reference the same underlying risk and liquidity terms of the fund. A majority of these funds have limitations imposed on the amount of withdrawals from the fund during the redemption period due to illiquidity of the investments. In other instances, the withdrawal amounts may vary depending on the redemption notice period and are usually larger for the longer redemption notice periods. In addition, penalties may apply if redemption is within a certain time period from initial investment.

Investment in funds held in other investments principally involves private securities and, to a lesser extent, publicly traded securities and fund of funds. Several of these investments have redemption restrictions subject to the discretion of the Board of Directors of the fund and/or redemption is permitted without restriction, but is limited to a certain percentage of total assets or only after a certain date.

Furthermore, for those investments held in both trading assets and other investments that are nonredeemable, the underlying assets of such funds are expected to be liquidated over the life of the fund, which are generally up to ten years.

The following table pertains to investments in certain entities that calculate NAV per share or its equivalent, primarily private equity and hedge funds. These investments do not have a readily determinable fair value and are measured at fair value using NAV.

Fair value, unfunded commitments and term of redemption conditions

end of	1Q14				4Q13			
	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)								
Debt funds	6	95	101	0	1	18	19	0
Equity funds	31	2,119 ¹	2,150	0	28	3,096 ²	3,124	0
Equity funds sold short	0	(21)	(21)	0	0	(17)	(17)	0
Total funds held in trading assets and liabilities	37	2,193	2,230	0	29	3,097	3,126	0
Debt funds	305	119	424	1	320	183	503	6
Equity funds	0	1	1	0	0	25	25	0
Others	0	53	53	0	0	153	153	31
Hedge funds	305	173 ³	478	1	320	361 ⁴	681	37
Debt funds	19	0	19	2	53	0	53	2
Equity funds	639	0	639	124	2,236	0	2,236	464
Real estate funds	266	0	266	87	350	0	350	110
Others	384	0	384	123	706	0	706	250
Private equities	1,308	0	1,308	336	3,345	0	3,345	826
Equity method investments	388	34	422	0	349	0	349	0
Total funds held in other investments	2,001	207	2,208	337	4,014	361	4,375	863
Total fair value	2,038⁵	2,400⁶	4,438	337⁷	4,043⁵	3,458⁶	7,501	863⁷

¹ 34% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 30% is redeemable on a monthly basis with a notice period primarily of less than 30 days, 24% is redeemable on an annual basis with a notice period primarily of more than 60 days, and 12% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

² 55% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 19% is redeemable on an annual basis with a notice period primarily of more than 60 days, 17% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 9% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

³ 83% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, and 14% is redeemable on an annual basis with a notice period of more than 60 days.

⁴ 45% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 33% is redeemable on demand with a notice period primarily of less than 30 days, and 21% is redeemable on an annual basis with a notice period of more than 60 days.

⁵ Includes CHF 686 million and CHF 1,819 million attributable to noncontrolling interests in 1Q14 and 4Q13, respectively.

⁶ Includes CHF 116 million and CHF 107 million attributable to noncontrolling interests in 1Q14 and 4Q13, respectively.

⁷ Includes CHF 152 million and CHF 405 million attributable to noncontrolling interests in 1Q14 and 4Q13, respectively.

Nonrecurring fair value changes

Certain assets and liabilities are measured at fair value on a non-recurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment. The Group typically uses nonfinancial assets measured at fair value on a recurring or nonrecurring basis in a manner that reflects their highest and best use.

Nonrecurring fair value changes

end of	1Q14	4Q13
Assets held-for-sale recorded at fair value on a nonrecurring basis (CHF billion)		
Assets held-for-sale recorded at fair value on a nonrecurring basis	0.2	0.3
of which level 3	0.2	0.3

FAIR VALUE OPTION

The Group has availed itself of the simplification in accounting offered under the fair value option, primarily in Investment Banking and Private Banking & Wealth Management's Asset Management business. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. That is, for instruments for which there was an inability to achieve hedge accounting and for which the Group is economically hedged, the Group has elected the fair value option. Similarly, where the Group manages an activity on a fair value basis but previously has been unable to achieve fair value accounting, the Group has utilized the fair value option to align its risk management reporting to its financial accounting.

► Refer to "Note 34 – Financial instruments" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013 for further information on the Group's election of the fair value option for certain of its financial statement captions.

Difference between the aggregate fair value and the aggregate unpaid principal balances on loans and financial instruments

end of	1Q14			4Q13		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-interest-earning loans	1,182	3,692	(2,510)	956	3,262	(2,306)
Financial instruments (CHF million)						
Interest-bearing deposits with banks	308	304	4	311	307	4
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	88,081	87,776	305	96,587	96,217	370
Loans	19,980	20,256	(276)	19,457	19,653	(196)
Other assets ¹	22,246	28,814	(6,568)	20,749	25,756	(5,007)
Due to banks and customer deposits	(684)	(672)	(12)	(690)	(680)	(10)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(70,824)	(70,789)	(35)	(76,104)	(76,012)	(92)
Short-term borrowings	(6,305)	(6,211)	(94)	(6,053)	(5,896)	(157)
Long-term debt	(64,694)	(64,572)	(122)	(63,369)	(62,991)	(378)
Other liabilities	(1,616)	(2,965)	1,349	(1,780)	(3,285)	1,505

¹ Primarily loans held-for-sale.

Gains and losses on financial instruments

	1Q14	1Q13
in	Net gains/ (losses)	Net gains/ (losses)
Financial instruments (CHF million)		
Interest-bearing deposits with banks	2 ¹	3 ¹
of which related to credit risk	(1)	(1)
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	215 ¹	279 ¹
Other investments	80 ³	(9) ²
of which related to credit risk	0	(1)
Loans	248 ¹	225 ¹
of which related to credit risk	(1)	37
Other assets	525 ¹	612 ¹
of which related to credit risk	182	162
Due to banks and customer deposits	(9) ²	(16) ²
of which related to credit risk	(4)	(6)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(11) ¹	39 ²
Short-term borrowings	(17) ²	(107) ²
Long-term debt	(918) ²	(332) ¹
of which related to credit risk ⁴	(57)	(59)
Other liabilities	(5) ²	243 ²
of which related to credit risk	(44)	94

¹ Primarily recognized in net interest income.

² Primarily recognized in trading revenues.

³ Primarily recognized in other revenues.

⁴ Changes in fair value related to credit risk are due to the change in the Group's own credit spreads. Other changes in fair value are attributable to changes in foreign currency exchange rates and interest rates, as well as movements in the reference price or index for structured notes. Changes in fair value on Credit Suisse vanilla debt and on debit valuation adjustments on structured notes related to credit risk were CHF (92) million and CHF 27 million in 1Q14, respectively, and CHF (37) million and CHF (29) million in 1Q13, respectively.

FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE

The following table provides the carrying value and fair value of financial instruments which are not carried at fair value in the consolidated balance sheet. The disclosure excludes all non-financial instruments such as lease transactions, real estate, premises and equipment, equity method investments and pension and benefit obligations.

Carrying value and fair value of financial instruments not carried at fair value

end of	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
1Q14 (CHF million)					
Financial assets					
Central banks funds sold, securities purchased under resale agreements and securities borrowing transactions	74,810	0	74,206	603	74,809
Loans	227,033	0	228,882	3,436	232,318
Other financial assets ¹	135,240	67,849	66,167	1,613	135,629
Financial liabilities					
Due to banks and deposits	368,221	218,437	149,691	9	368,137
Central banks funds purchased, securities sold under repurchase agreements and securities lending transactions	17,850	0	17,850	0	17,850
Short-term borrowings	17,876	0	17,884	0	17,884
Long-term debt	67,740	0	64,880	3,992	68,872
Other financial liabilities ²	91,541	0	90,476	1,104	91,580
4Q13 (CHF million)					
Financial assets					
Central banks funds sold, securities purchased under resale agreements and securities borrowing transactions	63,435	0	62,891	544	63,435
Loans	223,902	0	225,641	3,940	229,581
Other financial assets ¹	142,656	72,134	69,310	1,568	143,012
Financial liabilities					
Due to banks and deposits	351,476	212,418	138,980	9	351,407
Central banks funds purchased, securities sold under repurchase agreements and securities lending transactions	17,928	0	17,928	0	17,928
Short-term borrowings	14,140	0	14,148	0	14,148
Long-term debt	66,673	0	64,043	3,774	67,817
Other financial liabilities ²	96,611	1,129	94,414	1,085	96,628

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities.

² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

28 Assets pledged and collateral

The Group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning they have the right to be sold or repledged. The encumbered assets are disclosed on the consolidated balance sheet.

Assets pledged

end of	1Q14	4Q13
Assets pledged (CHF million)		
Total assets pledged or assigned as collateral	145,494	142,952
of which encumbered	91,784	92,300

Collateral

The Group receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A substantial portion of the collateral and securities received by the Group was sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

Collateral

end of	1Q14	4Q13
Collateral (CHF million)		
Fair value of collateral received with the right to sell or repledge	387,020	359,517
of which sold or repledged	293,730	267,896

29 Litigation

The Group is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. The Group's material proceedings, related provisions and estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions are described in *Note 38 – Litigation in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2013* and updated in subsequent quarterly reports (including those discussed below). Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

The Group accrues loss contingency litigation provisions and takes a charge to income in connection with certain proceedings when losses, additional losses or ranges of loss are probable and reasonably estimable. The Group also accrues litigation provisions for the estimated fees and expenses of external lawyers and other service providers in relation to such proceedings, including in cases for which it has not accrued a loss contingency provision. The Group accrues these fee and expense litigation provisions and takes a charge to income in connection therewith when such fees and expenses are probable and reasonably estimable. The Group reviews its legal proceedings each quarter to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgment and the advice of counsel. The establishment of additional provisions or releases of litigation provisions may be necessary in the future as developments in such proceedings warrant.

The specific matters described include (a) proceedings where the Group has accrued a loss contingency provision, given that it is probable that a loss may be incurred and such loss is reasonably

estimable; and (b) proceedings where the Group has not accrued such a loss contingency provision for various reasons, including, but not limited to, the fact that any related losses are not reasonably estimable. The description of certain of the matters includes a statement that the Group has established a loss contingency provision and discloses the amount of such provision; for the other matters no such statement is made. With respect to the matters for which no such statement is made, either (a) the Group has not established a loss contingency provision, in which case the matter is treated as a contingent liability under the applicable accounting standard, or (b) the Group has established such a provision but believes that disclosure of that fact would violate confidentiality obligations to which the Group is subject or otherwise compromise attorney-client privilege, work product protection or other protections against disclosure or compromise the Group's management of the matter. The future outflow of funds in respect of any matter for which the Group has accrued loss contingency provisions cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that is reflected on the Group's balance sheet.

It is inherently difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount of any loss or loss range for many of the Group's legal proceedings. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, the Group's defenses and its experience in similar matters, as well as its assessment of matters, including settlements, involving other defendants in similar or

related cases or proceedings. Factual and legal determinations, many of which are complex, must be made before a loss, additional losses or ranges of loss can be reasonably estimated for any proceeding.

Most matters pending against the Group seek damages of an indeterminate amount. While certain matters specify the damages claimed, such claimed amount may not represent the Group's reasonably possible losses. For certain of the proceedings discussed the Group has disclosed the amount of damages claimed and certain other quantifiable information that is publicly available.

The Group's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. The Group does not believe that it can estimate an aggregate range of reasonably possible losses for certain of its proceedings because of their complexity, the novelty of some of the claims, the early stage of the proceedings, the limited amount of discovery that has occurred and/or other factors. The Group's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for the proceedings discussed in Note 38 referenced above and updated in quarterly reports (including below) for which the Group believes an estimate is possible is zero to CHF 2.4 billion.

In 1Q14, the Group recorded net litigation provisions of CHF 107 million. After taking into account its litigation provisions, the Group believes, based on currently available information and advice of counsel, that the results of its legal proceedings, in the aggregate, will not have a material adverse effect on the Group's financial condition. However, in light of the inherent uncertainties of such proceedings, including those brought by regulators or other governmental authorities, the ultimate cost to the Group of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period, depending, in part, upon the operating results for such period.

30 Subsidiary guarantee information

Certain wholly-owned finance subsidiaries of the Group, including Credit Suisse Group (Guernsey) I Limited and Credit Suisse Group (Guernsey) III Limited, each of which is a Guernsey incorporated non-cellular company limited by shares, may issue contingent convertible securities fully and unconditionally guaranteed by the Group. There are various legal and regulatory requirements, including the satisfaction of a solvency test under Guernsey law, applicable to some of the Group's subsidiaries that limit their ability to pay dividends or distributions and make loans and advances to the Group.

On March 26, 2007, the Group and the Bank issued full, unconditional and several guarantees of Credit Suisse (USA), Inc.'s outstanding SEC-registered debt securities. In accordance with the guarantees, if Credit Suisse (USA), Inc. fails to make

Mortgage-related matters

The amounts disclosed below do not reflect actual realized plaintiff losses to date or anticipated future litigation exposure. Rather, unless otherwise stated, these amounts reflect the original unpaid principal balance amounts as alleged in these actions and do not include any reduction in principal amounts since issuance.

Individual investor actions

On April 3, 2014, CMFG Life Insurance Company and affiliated entities filed an action against Credit Suisse Securities (USA) LLC (CSS LLC) in the US District Court for the Western District of Wisconsin relating to approximately USD 70 million of RMBS. On April 3, 2014, Texas County and District Retirement System filed an action against CSS LLC and other financial institutions in Texas state court relating to an unstated amount of RMBS at issue. On April 11, 2014, following a settlement, the Minnesota state court presiding in the action brought by Minnesota Life Insurance Company and affiliated entities against CSS LLC and its affiliates entered an order of dismissal, discontinuing all claims against CSS LLC and its affiliates, relating to approximately USD 43 million of RMBS. On April 14, 2014, Allstate Insurance Company and CSS LLC and its affiliates filed a partial stipulation of dismissal with the Supreme Court for the State of New York, New York County to discontinue certain claims against CSS LLC and its affiliates, reducing the RMBS at issue for CSS LLC and its affiliates from approximately USD 187 million to approximately USD 169 million. On April 29, 2014, the Federal Housing Finance Agency (FHFA) entered into an agreement with First Horizon National Corporation and its affiliates and employees to settle all claims in the last remaining action filed by the FHFA against CSS LLC, relating to approximately USD 230 million of RMBS at issue against CSS LLC.

any timely payment under the agreements governing such debt securities, the holders of the debt securities may demand payment from either the Group or the Bank, without first proceeding against Credit Suisse (USA), Inc. The guarantee from the Group is subordinated to senior liabilities. Credit Suisse (USA), Inc. is an indirect, wholly owned subsidiary of the Group.

In 4Q13, as part of an announced program to evolve the Group's legal entity structure to meet developing and future regulatory requirements and Fed regulation on establishing Intermediate Holding Companies in the US for non-US banks, several existing legal entities were re-parented as subsidiaries of Credit Suisse (USA), Inc. In the tables below, prior periods have been restated to conform to the current presentation to reflect the impact of these transactions.

Condensed consolidating statements of operations

in 1Q14	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	1,485	2,831	4,316	38	91	4,445
Interest expense	(874)	(1,358)	(2,232)	(52)	17	(2,267)
Net interest income	611	1,473	2,084	(14)	108	2,178
Commissions and fees	1,054	2,174	3,228	(1)	48	3,275
Trading revenues	504	166	670	(11)	(21)	638
Other revenues	714	55	769	876 ²	(907)	738
Net revenues	2,883	3,868	6,751	850	(772)	6,829
Provision for credit losses	0	19	19	0	15	34
Compensation and benefits	925	2,079	3,004	18	(29)	2,993
General and administrative expenses	468	1,238	1,706	(27)	11	1,690
Commission expenses	56	310	366	0	3	369
Total other operating expenses	524	1,548	2,072	(27)	14	2,059
Total operating expenses	1,449	3,627	5,076	(9)	(15)	5,052
Income/(loss) from continuing operations before taxes	1,434	222	1,656	859	(772)	1,743
Income tax expense/(benefit)	478	46	524	0	19	543
Income/(loss) from continuing operations	956	176	1,132	859	(791)	1,200
Income from discontinued operations, net of tax	0	15	15	0	0	15
Net income/(loss)	956	191	1,147	859	(791)	1,215
Net income/(loss) attributable to noncontrolling interests	348	(193)	155	0	201	356
Net income/(loss) attributable to shareholders	608	384	992	859	(992)	859
of which from continuing operations	608	369	977	859	(992)	844
of which from discontinued operations	0	15	15	0	0	15

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 1Q14	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	956	191	1,147	859	(791)	1,215
Gains/(losses) on cash flow hedges	0	9	9	8	0	17
Foreign currency translation	(165)	(112)	(277)	0	4	(273)
Unrealized gains/(losses) on securities	0	5	5	0	3	8
Actuarial gains/(losses)	2	6	8	0	27	35
Net prior service credit/(cost)	0	0	0	0	(20)	(20)
Other comprehensive income/(loss), net of tax	(163)	(92)	(255)	8	14	(233)
Comprehensive income/(loss)	793	99	892	867	(777)	982
Comprehensive income/(loss) attributable to noncontrolling interests	323	(196)	127	0	204	331
Comprehensive income/(loss) attributable to shareholders	470	295	765	867	(981)	651

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations

in 1Q13	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	1,744	2,944	4,688	14	120	4,822
Interest expense	(983)	(1,950)	(2,933)	(12)	(71)	(3,016)
Net interest income	761	994	1,755	2	49	1,806
Commissions and fees	917	2,279	3,196	2	50	3,248
Trading revenues	9	1,799	1,808	0	7	1,815
Other revenues	218	23	241	1,275 ²	(1,296)	220
Net revenues	1,905	5,095	7,000	1,279	(1,190)	7,089
Provision for credit losses	0	2	2	0	20	22
Compensation and benefits	911	2,094	3,005	14	(28)	2,991
General and administrative expenses	523	1,225	1,748	(40)	24	1,732
Commission expenses	62	405	467	0	3	470
Total other operating expenses	585	1,630	2,215	(40)	27	2,202
Total operating expenses	1,496	3,724	5,220	(26)	(1)	5,193
Income/(loss) from continuing operations before taxes	409	1,369	1,778	1,305	(1,209)	1,874
Income tax expense	95	378	473	2	24	499
Income/(loss) from continuing operations	314	991	1,305	1,303	(1,233)	1,375
Income from discontinued operations, net of tax	10	(4)	6	0	0	6
Net income/(loss)	324	987	1,311	1,303	(1,233)	1,381
Net income/(loss) attributable to noncontrolling interests	69	146	215	0	(137)	78
Net income/(loss) attributable to shareholders	255	841	1,096	1,303	(1,096)	1,303
of which from continuing operations	245	845	1,090	1,303	(1,096)	1,297
of which from discontinued operations	10	(4)	6	0	0	6

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 1Q13	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	324	987	1,311	1,303	(1,233)	1,381
Gains/(losses) on cash flow hedges	0	4	4	(2)	0	2
Foreign currency translation	760	174	934	0	(7)	927
Unrealized gains/(losses) on securities	1	(5)	(4)	0	(3)	(7)
Actuarial gains/(losses)	10	4	14	0	56	70
Net prior service credit/(cost)	0	0	0	0	(27)	(27)
Other comprehensive income/(loss), net of tax	771	177	948	(2)	19	965
Comprehensive income/(loss)	1,095	1,164	2,259	1,301	(1,214)	2,346
Comprehensive income/(loss) attributable to noncontrolling interests	191	279	470	0	(265)	205
Comprehensive income/(loss) attributable to shareholders	904	885	1,789	1,301	(949)	2,141

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets

end of 1Q14	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	4,307	61,217	65,524	1,092	(644)	65,972
Interest-bearing deposits with banks	7,701	(4,074)	3,627	0	(1,899)	1,728
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	127,947	34,934	162,881	0	9	162,890
Securities received as collateral	22,234	795	23,029	0	0	23,029
Trading assets	76,003	161,449	237,452	0	(383)	237,069
Investment securities	2	2,010	2,012	1,514	(206)	3,320
Other investments	3,041	4,620	7,661	45,157	(45,012)	7,806
Net loans	11,495	222,537	234,032	707	15,920	250,659
Premises and equipment	857	3,875	4,732	0	194	4,926
Goodwill	653	6,424	7,077	0	879	7,956
Other intangible assets	91	137	228	0	0	228
Brokerage receivables	25,671	23,682	49,353	0	0	49,353
Other assets	17,625	43,150	60,775	289	1,341	62,405
Assets of discontinued operations held-for-sale	0	749	749	0	0	749
Total assets	297,627	561,505	859,132	48,759	(29,801)	878,090
Liabilities and equity (CHF million)						
Due to banks	294	24,216	24,510	2,518	(2,817)	24,211
Customer deposits	1	337,233	337,234	0	11,216	348,450
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	96,758	(8,083)	88,675	0	0	88,675
Obligation to return securities received as collateral	22,234	795	23,029	0	0	23,029
Trading liabilities	14,146	59,110	73,256	0	(227)	73,029
Short-term borrowings	43,611	(19,430)	24,181	0	0	24,181
Long-term debt	32,671	94,204	126,875	2,840	2,719	132,434
Brokerage payables	56,733	13,517	70,250	0	0	70,250
Other liabilities	10,771	37,524	48,295	171	302	48,768
Liabilities of discontinued operations held-for-sale	0	781	781	0	0	781
Total liabilities	277,219	539,867	817,086	5,529	11,193	833,808
Total shareholders' equity	19,216	21,846	41,062	43,230	(41,062)	43,230
Noncontrolling interests	1,192	(208)	984	0	68	1,052
Total equity	20,408	21,638	42,046	43,230	(40,994)	44,282
Total liabilities and equity	297,627	561,505	859,132	48,759	(29,801)	878,090

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets

end of 4Q13	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	4,787	63,290	68,077	795	(180)	68,692
Interest-bearing deposits with banks	81	3,304	3,385	0	(1,870)	1,515
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	127,153	32,860	160,013	0	9	160,022
Securities received as collateral	23,479	(679)	22,800	0	0	22,800
Trading assets	73,580	156,156	229,736	0	(323)	229,413
Investment securities	2	1,625	1,627	1,481	(121)	2,987
Other investments	5,116	5,091	10,207	42,570	(42,448)	10,329
Net loans	19,955	211,202	231,157	3,185	12,712	247,054
Premises and equipment	891	4,004	4,895	0	196	5,091
Goodwill	658	6,463	7,121	0	878	7,999
Other intangible assets	78	132	210	0	0	210
Brokerage receivables	25,667	26,377	52,044	0	1	52,045
Other assets	18,104	43,452	61,556	243	1,266	63,065
Assets of discontinued operations held-for-sale	11	1,573	1,584	0	0	1,584
Total assets	299,562	554,850	854,412	48,274	(29,880)	872,806
Liabilities and equity (CHF million)						
Due to banks	251	22,896	23,147	3,242	(3,281)	23,108
Customer deposits	1	321,850	321,851	0	11,238	333,089
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	98,600	(4,568)	94,032	0	0	94,032
Obligation to return securities received as collateral	23,479	(679)	22,800	0	0	22,800
Trading liabilities	14,304	62,508	76,812	0	(177)	76,635
Short-term borrowings	42,842	(22,649)	20,193	0	0	20,193
Long-term debt	31,300	95,341	126,641	2,784	617	130,042
Brokerage payables	55,749	17,405	73,154	0	0	73,154
Other liabilities	11,284	39,795	51,079	84	284	51,447
Liabilities of discontinued operations held-for-sale	19	1,121	1,140	0	0	1,140
Total liabilities	277,829	533,020	810,849	6,110	8,681	825,640
Total shareholders' equity	18,583	21,409	39,992	42,164	(39,992)	42,164
Noncontrolling interests	3,150	421	3,571	0	1,431	5,002
Total equity	21,733	21,830	43,563	42,164	(38,561)	47,166
Total liabilities and equity	299,562	554,850	854,412	48,274	(29,880)	872,806

¹ Includes eliminations and consolidation adjustments.

List of abbreviations

A

ABS	Asset-Backed Securities
ADS	American Depositary Share
AMA	Advanced Measurement Approach
AMF	Asset Management Finance LLC
AOCI	Accumulated other comprehensive income/(loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update

B

BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
bp	Basis point

C

CCA	Contingent Capital Awards
CDO	Collateralized debt obligation
CDS	Credit default swaps
CET1	Common equity tier 1
CFIG	Customized Fund Investment Group
CFTC	Commodity Futures Trading Commission
CIFG	CIFG Assurance North America, Inc.
CMBS	Commercial mortgage-backed securities
COF	Capital Opportunity Facility
CP	Commercial paper
CPR	Constant prepayment rate
CRD	Capital Requirement Directive IV
CSS LLC	Credit Suisse Securities (USA) LLC
CVA	Credit valuation adjustment

D

DOJ	US Department of Justice
DVA	Debit valuation adjustment

E

EBITDA	Earnings before interest, taxes, depreciation and amortization
ECB	European Central Bank
EMEA	Europe, Middle East and Africa
ETF	Exchange-traded funds
EU	European Union

F

FASB	Financial Accounting Standards Board
Fed	US Federal Reserve
FHFA	Federal Housing Finance Agency
FINMA	Swiss Financial Market Supervisory Authority FINMA
FMIA	Financial Market Infrastructure Act
FSB	Financial Stability Board

G

G-7	Group of seven leading industry nations
GSE	Government-sponsored enterprise
G-SIB	Global systemically important banks

I

IHC	Intermediate holding company
IPO	Initial public offering
IRC	Incremental risk charge
ISDA	International Swaps and Derivatives Association, Inc.
ISU	Incentive Share Unit

K

KPI	Key performance indicator
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L

LCR	Liquidity coverage ratio
-----	--------------------------

M

MACCS	Mandatory and contingent convertible securities
M&A	Mergers and acquisitions

N

NAV	Net asset value
NRV	Negative replacement value
NSFR	Net stable funding ratio

O

OTC	Over-the-counter
-----	------------------

P

PAF2	2011 Partner Asset Facility
PRV	Positive replacement value
PSA	Prepayment speed assumption

Q

QoQ	Quarter on quarter
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R

RMBS	Residential mortgage-backed securities
RWA	Risk-weighted assets

S

SCNY	Supreme Court of the State of New York, New York County
SEC	US Securities and Exchange Commission
SEI	Significant economic interest
SISU	Scaled Incentive Share Unit
SNB	Swiss National Bank
SPE	Special purpose entity
SPIA	Single Premium Immediate Annuity

T

TRS	Total return swap
-----	-------------------

U

UK	United Kingdom
UHNWI	Ultra-high-net-worth individual
US	United States of America
US GAAP	US generally accepted accounting principles

V

VaR	Value-at-risk
VARMC	Valuation and Risk Management Committee
VIE	Variable interest entity
VIX	Chicago Board Options Exchange Market Volatility Index

Y

YoY	Year on year
Ytd	Year to date

Investor information

Share data

	in / end of			
	1Q14	2013	2012	2011
Share price (common shares, CHF)				
Average	28.04	26.74	21.23	31.43
Minimum	26.56	22.90	16.01	19.65
Maximum	30.08	30.29	27.20	44.99
End of period	28.59	27.27	22.26	22.07
Share price (American Depository Shares, USD)				
Average	31.33	28.85	22.70	35.36
Minimum	29.34	24.56	16.20	21.20
Maximum	33.19	33.84	29.69	47.63
End of period	32.38	30.84	24.56	23.48
Market capitalization				
Market capitalization (CHF million)	45,633	43,526	29,402	27,021
Market capitalization (USD million)	51,682	49,224	32,440	28,747
Dividend per share (CHF)				
Dividend per share	–	0.70 ¹	0.75 ^{2,4}	0.75 ^{3,4}

¹ Proposal of the Board of Directors to the Annual General Meeting on May 9, 2014; to be paid out of reserves from capital contributions.

² The distribution was payable in cash of CHF 0.10 per share and in the form of new shares with an approximate value of CHF 0.65 per share.

³ The distribution was payable in cash or, subject to any legal restrictions applicable in shareholders' home jurisdictions, in new shares of Credit Suisse Group at the option of the shareholder.

⁴ Paid out of reserves from capital contributions.

Ticker symbols / stock exchange listings

	Common shares	ADS ¹
Ticker symbols		
Bloomberg	CSGN VX	CS US
Reuters	CSGN.VX	CS.N
Telekurs	CSGN,380	CS,065
Stock exchange listings		
Swiss security number	1213853	570660
ISIN number	CH0012138530	US2254011081
CUSIP number	–	225 401 108

¹ One American Depository Share (ADS) represents one common share.

Bond ratings

as of April 30, 2014	Moody's	Standard & Poor's	Fitch Ratings
Credit Suisse Group ratings			
Short-term	–	–	F1
Long-term	A2	A-	A
Outlook	Stable	Negative	Stable
Credit Suisse (the Bank) ratings			
Short-term	P-1	A-1	F1
Long-term	A1	A	A
Outlook	Stable	Negative	Stable

Share performance



Financial calendar and contacts

Financial calendar

Second quarter 2014 results	Thursday, July 17, 2014
Third quarter 2014 results	Thursday, October 23, 2014

Investor relations

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Additional information

Results and financial information	www.credit-suisse.com/results
Printed copies	Credit Suisse AG Dept. HKG 1 P.O. Box 8070 Zurich Switzerland

US share register and transfer agent

	Deutsche Bank
ADS depository bank	Trust Company Americas
Address	American Stock Transfer & Trust Co. Operations Center 6201 15th Avenue Brooklyn, NY 11219 United States
US and Canada phone	+1 800 937 5449
Phone from outside US and Canada	+1 718 921 8124
E-mail	DB@amstock.com

Swiss share register and transfer agent

Address	Credit Suisse Group AG Share Register RXS 8070 Zurich Switzerland
Phone	+41 44 332 26 60
E-Mail	robert.rohner@credit-suisse.com

Foreign currency translation rates

	End of			Average in		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
1 USD / 1 CHF	0.88	0.89	0.95	0.89	0.90	0.92
1 EUR / 1 CHF	1.22	1.23	1.22	1.22	1.23	1.22
1 GBP / 1 CHF	1.47	1.47	1.44	1.48	1.47	1.44
100 JPY / 1 CHF	0.86	0.85	1.01	0.87	0.90	1.01

Cautionary statement regarding forward-looking information

This report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;

- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in “Risk factors” in I – Information on the company in our Annual Report 2013.



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Our 2013 annual publication suite consisting of Annual Report and Corporate Responsibility Report, which also contains the Company Profile, is available on our website www.credit-suisse.com/investors.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

April 16, 2014

Commission File Number 001-33434

CREDIT SUISSE AG

(Translation of registrant's name into English)

Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Introduction

This report filed on Form 6-K contains certain information about Credit Suisse AG (Bank) relating to its results as of and for the three months ended March 31, 2014. On April 16, 2014, Credit Suisse Group AG (Group) announced its results for such three month period. A copy of the related Earnings Release is attached as an exhibit to this Form 6-K.

This Form 6-K (including the exhibit hereto) is hereby (i) incorporated by reference into the Registration Statement on Form F-3 (file no. 333-180300) and (ii) shall be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, as amended except, in the case of both (i) and (ii), the information on page 2 of the Earnings Release.

The 1Q14 Credit Suisse Financial Report as of and for the three months ended March 31, 2014 will be published on or about May 2, 2014.

Credit Suisse AG is a Swiss bank and joint stock corporation established under Swiss law, and is a wholly-owned subsidiary of the Group. The Bank's registered head office is in Zurich, and it has additional executive offices and principal branches in London, New York, Hong Kong, Singapore and Tokyo.

References herein to "CHF" are to Swiss francs.

Key information

Selected financial data

Selected operations statement information

in	1Q14	1Q13	% change
Statements of operations (CHF million)			
Net revenues	6,751	7,000	(4)
Provision for credit losses	19	2	–
Compensation and benefits	3,004	3,005	0
General and administrative expenses	1,706	1,748	(2)
Commission expenses	366	467	(22)
Total other operating expenses	2,072	2,215	(6)
Total operating expenses	5,076	5,220	(3)
Income from continuing operations before taxes	1,656	1,778	(7)
Income tax expense	524	473	11
Income from continuing operations	1,132	1,305	(13)
Income from discontinued operations, net of tax	15	6	150
Net income	1,147	1,311	(13)
Net income/(loss) attributable to noncontrolling interests	155	215	(28)
Net income attributable to shareholders	992	1,096	(9)
of which from continuing operations	977	1,090	(10)
of which from discontinued operations	15	6	150

Selected balance sheet information

end of	1Q14	4Q13	% change
Balance sheet statistics (CHF million)			
Total assets	859,132	854,412	1
Share capital	4,400	4,400	0

BIS statistics (Basel III)

end of	1Q14	4Q13	% change
Eligible capital (CHF million)			
Common equity tier 1 (CET1) capital	37,129	38,028	(2)
Total tier 1 capital	40,673	41,105	(1)
Total eligible capital	50,113	52,066	(4)
Capital ratios (%)			
CET1 ratio	13.4	14.4	–
Tier 1 ratio	14.7	15.6	–
Total capital ratio	18.1	19.7	–

Operating and financial review and prospects

Except where noted, the business of the Bank is substantially the same as the business of the Group, and substantially all of the Bank's operations are conducted through the Private Banking & Wealth Management and Investment Banking segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the two segments. However, since they are legally owned by the Group, they are not included in the Bank's consolidated financial statements. These relate principally to the activities of Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking & Wealth Management. Core Results also includes certain Corporate Center activities of the Group that are not applicable to the Bank.

These operations and activities vary from period to period and give rise to differences between the Bank's consolidated assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group.

Differences between the Group and the Bank businesses

Entity	Principal business activity
Neue Aargauer Bank	Banking (in the Swiss canton of Aargau)
BANK-now	Private credit and car leasing (in Switzerland)
Financing vehicles of the Group	Special purpose vehicles for various funding activities of the Group, including for purposes of raising consolidated capital

Comparison of selected operations statement information

in	Bank		Group	
	1Q14	1Q13	1Q14	1Q13
Statements of operations (CHF million)				
Net revenues	6,751	7,000	6,829	7,089
Total operating expenses	5,076	5,220	5,052	5,193
Income from continuing operations before taxes	1,656	1,778	1,743	1,874
Income from continuing operations	1,132	1,305	1,200	1,375
Net income attributable to shareholders	992	1,096	859	1,303
of which from continuing operations	977	1,090	844	1,297

Comparison of selected balance sheet information

end of	Bank		Group	
	1Q14	4Q13	1Q14	4Q13
Balance sheet statistics (CHF million)				
Total assets	859,132	854,412	878,090	872,806
Total liabilities	817,086	810,849	833,808	825,640

Exhibits

No. Description

99.1 Credit Suisse Earnings Release 1Q14

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE AG

(Registrant)

Date: April 16, 2014

By:

/s/ Brady W. Dougan
Brady W. Dougan
Chief Executive Officer

By:

/s/ David R. Mathers
David R. Mathers
Chief Financial Officer

Earnings Release

Credit Suisse 1Q14 Core pre-tax income of CHF 1,940 million for strategic businesses; reported Core pre-tax income of CHF 1,400 million

Return on equity of 14% for strategic businesses; reported return on equity of 8%

Strong performance in Private Banking & Wealth Management with increased pre-tax income of CHF 1,012 million; lower expenses and substantial asset inflows with strategic net new assets of CHF 16 billion and total net new assets of CHF 13.7 billion

Solid returns in Investment Banking with pre-tax income of CHF 827 million; strong performance in key businesses

Improved profitability in Private Banking & Wealth Management:

- Total reported pre-tax income of CHF 1,012 million; good profitability in strategic businesses with pre-tax income of CHF 965 million, up 28% compared to 1Q13, and a return on capital of 33%
- Significantly increased cost efficiency, with improved cost/income ratio of 68% compared to 72% in 1Q13
- Improved Wealth Management Clients net margin to 29 basis points from 23 basis points in 4Q13
- Strong net new assets from strategic businesses of CHF 16.0 billion and total net new assets of CHF 13.7 billion in Private Banking & Wealth Management, with continued strong inflows in Wealth Management Clients from Asia Pacific and Switzerland, and in Asset Management in alternative investments and index strategies

Solid returns in Investment Banking:

- Total reported pre-tax income of CHF 827 million amid challenging market conditions
- Strategic businesses with pre-tax income of CHF 1,124 million; strategic return on capital of 21%
- Strong performance in key businesses including securitized products, credit, underwriting and advisory and solid equities results, offset by significantly reduced first quarter seasonal contribution from rates and certain emerging markets than experienced in previous years

Resilient capital base and leverage ratio:

- Look-through Basel III CET1 ratio at 10.0% as of the end of 1Q14; Look-through Basel III total capital ratio at 15.1% as of end of 1Q14; strong capital position notwithstanding impact of progress in resolving litigation matters in 4Q13 and external methodology uplifts to risk-weighted assets of CHF 13.5 billion in 1Q14
- Leverage exposure at CHF 1,140 billion as of end of 1Q14; phase-in Swiss leverage ratio of 4.8% as of the end of 1Q14; Look-through Swiss leverage ratio of 3.7% as of end of 1Q14, within reach of the 2019 requirement of 4%

Continued progress toward cost reduction targets:

- Delivered CHF 3.4 billion of adjusted annualized savings; maintaining momentum towards target of over CHF 4.5 billion by end 2015

On track to achieve targeted run-off of non-strategic units:

- Leverage reduction of CHF 11 billion and risk-weighted asset reduction of CHF 4 billion for the non-strategic portfolio, excluding adjustments for methodology changes
- Progress in resolving key legacy litigation issues in 2014 to date; continued focus on resolving the US tax matter with the United States Department of Justice

April 16, 2014 **Credit Suisse Group reports 1Q14 results.**

Brady W. Dougan, Chief Executive Officer, said: "For the first quarter, we achieved a return on equity of 14% in our strategic businesses, well within reach of our 15% through-the-cycle target. This strong performance was driven by significantly improved profitability in Private Banking & Wealth Management, solid returns in Investment Banking and continued effective cost and capital management. We saw continued momentum with clients across many of our key businesses, including the highest net asset inflows in our strategic businesses since the first quarter of 2011 and a meaningful increase in the share of assets under management from ultra-high-net-worth clients."

Commenting on Private Banking & Wealth Management, he said: "We substantially improved the profitability of our strategic businesses in the quarter, with an increase in pre-tax income of 28% compared to the prior-year quarter. The Wealth Management Clients business increased its net margin to 29 basis points from 23 basis points in the prior-year quarter and increased the share of assets under management from ultra-high-net-worth clients to 46% in the first quarter from 43% a year ago. Corporate & Institutional Clients continued to make a strong contribution to the division's overall performance, and Asset Management more than doubled its pre-tax income compared to the first quarter of 2013 as a result of its more focused approach. In Private Banking & Wealth Management, we recorded net new assets from strategic businesses of CHF 16.0 billion in the quarter. These inflows reflect our strength in key emerging markets within Asia Pacific, which grew at a 17% annualized rate, Latin America and the Middle East, our strong position in our Swiss home market as well as significant inflows in alternative investments and index strategies within our Asset Management business."

Commenting on Investment Banking, he said: "Our Investment Banking results demonstrate the strength of our diversified franchise, with our strategic businesses reporting a return on capital of 21%. We saw strong performance in securitized products, credit and underwriting and advisory, as well as solid results in equities. At the same time, the first quarter seasonal contribution from our rates and certain emerging markets businesses was significantly lower compared to prior years. We further expanded our strong market share position in equities and saw good momentum with clients in our underwriting and advisory franchises."

Commenting on strategic progress, he added: "We continued to optimize resource allocation to grow our high-returning businesses, particularly in Private Banking & Wealth Management, and made progress in winding down positions in our non-strategic units. At the same time, we maintained resilient leverage and capital positions and remain on track to meet our long-term targets, notwithstanding methodology changes which increased risk-weighted assets in the quarter. We also made good progress toward resolving legacy litigation matters and on increasing the efficiency of our operations. Given all of these positive developments and progress in our strategy execution, our intention remains to deliver cash returns to our shareholders at or above 2013 levels."

Core Results summary

For additional information on financial information presented in this Earnings Release, including references to return on equity and return on capital, refer to the tabular disclosures in the Appendix and other explanatory disclosures regarding capital and leverage metrics in the section titled "Important information" on page 16.

Core Results highlights

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Reported results (CHF million)					
Net revenues	6,469	5,920	7,018	9	(8)
Provision for credit losses	34	53	22	(36)	55
Total operating expenses	5,035	6,396	5,191	(21)	(3)
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	–	(22)
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	(34)
Metrics (%)					
Return on capital	14.4	–	18.2	–	–
Cost/income ratio	77.8	108.0	74.0	–	–
Strategic results (CHF million)					
Net revenues	6,553	6,038	7,018	9	(7)
Provision for credit losses	18	36	16	(50)	13
Total operating expenses	4,595	4,554	4,795	1	(4)
Income from continuing operations before taxes	1,940	1,448	2,207	34	(12)
Net income attributable to shareholders	1,398	1,062	1,579	32	(11)
Metrics (%)					
Return on capital	21.8	16.5	24.7	–	–
Cost/income ratio	70.1	75.4	68.3	–	–
Non-strategic results (CHF million)					
Net revenues	(84)	(118)	0	(29)	–
Provision for credit losses	16	17	6	(6)	167
Total operating expenses	440	1,842	396	(76)	11
Loss from continuing operations before taxes	(540)	(1,977)	(402)	(73)	34
Net loss attributable to shareholders	(539)	(1,538)	(276)	(65)	95

Core Results do not include noncontrolling interests without significant economic interests.

Net income attributable to shareholders was CHF 859 million in 1Q14.

Income before taxes of CHF 1,400 million decreased 22% compared to 1Q13, reflecting an 8% decrease in net revenues, partially offset by a 3% decrease in total operating expenses. In strategic businesses, pre-tax income of CHF 1,940 million decreased 12% compared to 1Q13, and in non-strategic businesses pre-tax losses of CHF 540 million increased 34%.

Net revenues of CHF 6,469 million decreased 8% compared to 1Q13. In the strategic businesses, net revenues declined 7% to CHF 6,553 million compared to 1Q13, with stable revenues in Private Banking & Wealth Management and lower revenues in Investment Banking. In the non-strategic businesses, negative net revenues were CHF 84 million in 1Q14 compared to no revenues in 1Q13.

Provision for credit losses of CHF 34 million in 1Q14, primarily reflected net provisions in Private Banking & Wealth Management.

Total operating expenses of CHF 5,035 million were down 3% compared to 1Q13, primarily reflecting lower commission expenses and 2% lower general and administrative expenses. In strategic businesses, total operating expenses of CHF 4,595 million decreased 4% compared to 1Q13, mainly reflecting a 7% decline in general and administrative expenses. In non-strategic businesses total operating expenses of CHF 440 million increased 11% compared to 1Q13, primarily reflecting a 32% increase in general and administrative expenses. In 1Q14, Credit Suisse recorded net litigation provisions of CHF 107 million. Business realignment costs recognized in the Corporate Center in 1Q14 were CHF 62 million.

Income tax expense of CHF 543 million recorded in 1Q14 reflected the impact of the geographical mix of results and the impact of a New York state tax law change of CHF 151 million. Overall, net deferred tax assets decreased CHF 535 million to CHF 5,256 million as of the end of 1Q14 compared to 4Q13. Deferred tax assets on net operating losses increased CHF 56 million to CHF 1,436 million during 1Q14. The Core Results effective tax rate was 38.8% in 1Q14, compared to 11.9% in 4Q13. Excluding the impact of the New York state tax law change, the Core Results effective tax rate for 1Q14 was 28.0%.

Diluted earnings per share from continuing operations were CHF 0.47 for 1Q14 compared to CHF 0.75 in 1Q13 and compared to a loss per share of CHF 0.37 in 4Q13. As of the end of 1Q14, Credit Suisse had 1,596.1 million shares issued, unchanged from the end of 4Q13.

Capital and leverage. As of the end of 1Q14, Credit Suisse reported a Look-through Basel III common equity tier 1 (CET1) ratio of 10.0%, unchanged compared to the end of 4Q13. As of the end of 1Q14, the Look-through Basel III total capital ratio was 15.1%, unchanged from the end of 4Q13.

The Basel III CET1 ratio as of the end of 1Q14 was 14.3%, compared to 15.7% as of the end of 4Q13, reflecting a decrease in CET1 capital and an increase in risk-weighted assets. Basel III risk-weighted assets for the Group increased 4%, from CHF 273.8 billion as of the end of 4Q13 to CHF 286.0 billion as of the end of 1Q14, reflecting increases from methodology and policy changes partially offset by business reductions.

As of the end of 1Q14, Credit Suisse's leverage exposure amounted to CHF 1,140 billion, compared to an updated long-term target of approximately CHF 1,000 billion. The Look-through Swiss leverage ratio was 3.7% as of the end of 1Q14, compared to the 4% requirement for 2019.

Benefits of the integrated bank. In 1Q14, Credit Suisse generated CHF 1.0 billion of collaboration revenues from the integrated bank. This corresponds to 15.9% of Core net revenues in 1Q14.

Private Banking & Wealth Management

In 1Q14, Private Banking & Wealth Management reported income before taxes of CHF 1,012 million and net revenues of CHF 3,240 million. In its strategic businesses, Private Banking & Wealth Management reported income before taxes of CHF 965 million and net revenues of CHF 3,031 million. Net revenues were lower compared to 4Q13 mainly due to seasonally higher fourth-quarter transaction- and performance-based revenues and lower net interest income. Compared to 1Q13, income before taxes increased 28%, driven by lower operating expenses. In its non-strategic businesses, Private Banking & Wealth Management reported income before taxes of CHF 47 million, while in 4Q13, it reported losses before taxes of CHF 624 million, reflecting substantial litigation provisions in connection with the US tax matter. In 1Q14, assets under management for the division were CHF 1,292.5 billion and the division attracted net new assets of CHF 13.7 billion.

Private Banking & Wealth Management

	1Q14	4Q13	1Q13	in / end of	% change
				QoQ	YoY
Reported results (CHF million)					
Net revenues	3,240	3,429	3,278	(6)	(1)
Provision for credit losses	33	44	28	(25)	18
Compensation and benefits	1,290	1,314	1,379	(2)	(6)
Total other operating expenses	905	1,647	990	(45)	(9)
Total operating expenses	2,195	2,961	2,369	(26)	(7)
Income before taxes	1,012	424	881	139	15
Metrics (%)					
Return on capital	32.3	13.9	29.8	-	-
Cost/income ratio	67.7	86.4	72.3	-	-

Strategic results

Private Banking & Wealth Management's strategic results comprise businesses from Wealth Management Clients, Corporate & Institutional Clients and Asset Management.

Private Banking & Wealth Management – strategic results

	1Q14	4Q13	1Q13	in / end of	% change
				QoQ	YoY
Strategic results (CHF million)					
Net interest income	963	1,038	1,019	(7)	(5)
Recurring commissions and fees	1,139	1,149	1,101	(1)	3
Transaction- and performance-based revenues	919	1,137	874	(19)	5
Other revenues	10	(64)	14	-	(29)
Net revenues	3,031	3,260	3,008	(7)	1
Provision for credit losses	17	27	23	(37)	(26)
Total operating expenses	2,049	2,185	2,229	(6)	(8)
Income before taxes	965	1,048	756	(8)	28
Metrics (%)					
Return on capital	33.0	36.8	27.7	-	-
Cost/income ratio	67.6	67.0	74.1	-	-

In 1Q14, the strategic businesses for Private Banking & Wealth Management reported income before taxes of CHF 965 million and net revenues of CHF 3,031 million.

Net revenues were stable compared to 1Q13 as higher transaction- and performance-based revenues and higher recurring commissions and fees were offset by lower net interest income and lower other revenues. Transaction- and performance-based revenues were higher with higher carried interest on realized private equity gains and higher corporate advisory fees, partially offset by lower sales and trading income and lower foreign exchange client business. Higher recurring commissions and fees reflected higher investment account and services fees, higher discretionary mandate management fees and higher banking services fees, partially offset by lower investment product management fees. In a low interest rate environment, net interest income was lower due to significantly lower deposit margins and slightly higher loan margins on higher average deposit and loan volumes.

Compared to 4Q13, net revenues were 7% lower, reflecting significantly lower transaction- and performance-based revenues and lower net interest income, partially offset by higher other revenues. Significantly lower transaction- and performance-based revenues reflected seasonally higher performance fees in Asset Management in 4Q13, partially offset by higher brokerage and product issuing fees and higher sales and trading income in 1Q14. Lower net interest income reflected lower deposit margins on stable average deposit volumes and slightly higher loan margins on slightly higher loan volumes. Higher other revenues mainly reflected an impairment related to Asset Management Finance LLC (AMF) in 4Q13. Stable recurring commissions and fees mainly reflected lower asset management fees and lower investment product management fees, offset by higher banking services fees and higher discretionary mandate management fees.

Provision for credit losses was CHF 17 million.

Total operating expenses were lower compared to both 1Q13 and 4Q13. Compared to 1Q13, compensation and benefits decreased 6%, mainly reflecting lower salary expenses, mostly as a result of the lower headcount, and general and administrative expenses decreased 10%, primarily reflecting lower expense provisions and lower occupancy fees. Compared to 4Q13, compensation and benefits were stable as slightly lower discretionary performance-related compensation and lower salary expenses were offset by slightly higher deferred compensation. General and administrative expenses decreased 12%, primarily reflecting lower professional fees, lower expense provisions and lower advertising and marketing costs.

The cost/income ratio for strategic results was 68% in 1Q14, down seven percentage points compared to 1Q13 and up one percentage point compared to 4Q13.

Wealth Management Clients

		in / end of		% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Strategic results (CHF million)					
Net interest income	706	760	746	(7)	(5)
Recurring commissions and fees	730	742	717	(2)	2
Transaction- and performance-based revenues	638	554	624	15	2
Net revenues	2,074	2,056	2,087	1	(1)
Provision for credit losses	16	18	19	(11)	(16)
Total operating expenses	1,480	1,572	1,614	(6)	(8)
Income before taxes	578	466	454	24	27
Metrics (%)					
Cost/income ratio	71.4	76.5	77.3	-	-

The *Wealth Management Clients* business in 1Q14 reported pre-tax income of CHF 578 million and net revenues of CHF 2,074 million. Net revenues were stable compared to 1Q13, with lower net interest income, partially offset by slightly higher recurring commissions and fees and slightly higher transaction- and performance-based revenues. Lower net interest income reflected the low interest rate environment, significantly lower deposit margins and stable loan margins on higher average deposit and loan volumes and lower levels of deposits eligible as stable funding. Recurring commissions and fees were slightly higher with higher investment account and services fees and higher discretionary mandate management fees, partially offset by lower investment product management fees, including lower retrocession revenues. Transaction- and performance-based revenues increased slightly, reflecting higher corporate advisory fees and higher placement and transaction fees, partially offset by lower foreign exchange client business.

Compared to 4Q13, net revenues were stable, with a 15% increase in transaction- and performance-based revenues offset by a 7% decline in net interest income and a slight decrease in recurring commissions and fees. The increase in transaction- and performance-based revenues was driven by higher brokerage and product issuing fees and higher sales and trading revenues, partially offset by lower performance fees. Lower net interest income reflected lower deposit margins and slightly higher loan margins on stable average deposit and loan volumes. Recurring commissions and fees were slightly lower with lower investment product management fees, partially offset by higher discretionary mandate management fees.

In 1Q14, the gross margin was 104 basis points, three basis points lower compared to 1Q13, mainly reflecting a continued adverse interest rate environment. Compared to 4Q13, the gross margin was stable, with higher transaction- and performance-based revenues offset by lower net interest income.

Wealth Management Clients net margin was 29 basis points in 1Q14, six basis points higher compared to 1Q13 and six basis points higher compared to 4Q13, reflecting a lower expense base.

Corporate & Institutional Clients

	1Q14	4Q13	in / end of 1Q13	% change	
				QoQ	YoY
Strategic results (CHF million)					
Net interest income	257	278	273	(8)	(6)
Recurring commissions and fees	122	108	111	13	10
Transaction- and performance-based revenues	117	102	121	15	(3)
Other revenues	(4)	(3)	(5)	33	(20)
Net revenues	492	485	500	1	(2)
Provision for credit losses	1	9	4	(89)	(75)
Total operating expenses	245	263	257	(7)	(5)
Income before taxes	246	213	239	15	3
Metrics (%)					
Cost/income ratio	49.8	54.2	51.4	-	-

The *Corporate & Institutional Clients* business reported pre-tax income of CHF 246 million in 1Q14 and net revenues of CHF 492 million. Net revenues were slightly lower compared to 1Q13, mainly driven by lower net interest income as a result of the low interest rate environment, and slightly lower transaction- and performance-based revenues, partially offset by a 10% increase in recurring commissions and fees. The increase in recurring commissions and fees primarily reflected higher banking services fees.

Compared to 4Q13, net revenues were stable, with higher transaction- and performance-based revenues and higher recurring commissions and fees offset by an 8% decline in net interest income. Higher transaction- and performance-based revenues reflected higher sales and trading revenues, higher brokerage and product issuing fees and higher corporate advisory fees. The increase in recurring commissions and fees primarily reflected higher banking services fees, partially offset by lower investment account and services fees.

Asset Management

		in / end of		% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Strategic results (CHF million)					
Recurring commissions and fees	287	299	273	(4)	5
Transaction- and performance-based revenues	164	481	129	(66)	27
Other revenues	14	(61)	19	–	(26)
Net revenues	465	719	421	(35)	10
of which fee-based revenues	438	769	387	(43)	13
Provision for credit losses	0	0	0	–	–
Total operating expenses	324	350	358	(7)	(9)
Income before taxes	141	369	63	(62)	124
Metrics (%)					
Cost/income ratio	69.7	48.7	85.0	–	–

The *Asset Management* business reported pre-tax income of CHF 141 million in 1Q14, with net revenues of CHF 465 million. Net revenues increased 10% compared to 1Q13, with fee-based revenues increasing 13%, reflecting higher carried interest on realized private equity gains and higher asset management fees. Net revenues declined 35% compared to 4Q13, with lower fee-based revenues from seasonally lower performance fees and private equity placement fees, partially offset by an impairment of CHF 68 million relating to AMF in 4Q13.

The fee-based margin was 49 basis points in 1Q14, compared to 46 basis points in 1Q13 and 87 basis points in 4Q13, primarily reflecting the movements in fee-based revenues. Average assets under management increased 6.2% and 1.3% compared to 1Q13 and 4Q13, respectively.

Non-strategic results

The non-strategic results for Private Banking & Wealth Management include positions relating to the restructuring of the former Asset Management division, run-off operations relating to the small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the US tax matter, the impact of restructuring of the German onshore operations, other smaller non-strategic positions formerly in the Corporate & Institutional Clients business and the run-off and active reduction of selected products.

Private Banking & Wealth Management – non-strategic results

		in / end of		% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Non-strategic results (CHF million)					
Net revenues	209	169	270	24	(23)
Provision for credit losses	16	17	5	(6)	220
Total operating expenses	146	776	140	(81)	4
Income/(loss) before taxes	47	(624)	125	–	(62)
Metrics (%)					
Cost/income ratio	69.9	459.2	51.9	–	–

In 1Q14, the non-strategic businesses reported income before taxes of CHF 47 million, including an equity participation gain of CHF 91 million from the sale in January 2014 of Customized Fund Investment Group, the division's private equity fund of funds and co-investment business. In 4Q13, Private Banking & Wealth Management's

non-strategic businesses reported a loss before taxes of CHF 624 million, reflecting litigation provisions of CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014.

Assets under management – Private Banking & Wealth Management

Assets under management of CHF 1,292.5 billion increased CHF 10.1 billion compared to the end of 4Q13, as net new assets and positive market movements were partially offset by structural effects mostly arising from disposals of businesses in the non-strategic unit, and adverse foreign exchange-related movements.

Net new assets: Private Banking & Wealth Management recorded net new assets of CHF 13.7 billion in 1Q14. In the strategic portfolio, Wealth Management Clients contributed net new assets of CHF 10.6 billion in 1Q14 with continued strong inflows from emerging markets, particularly in Asia Pacific, partially offset by Western European cross-border outflows. Asset Management reported net new assets of CHF 6.9 billion in 1Q14, driven by inflows in credit products and traditional products, with substantial contribution from index strategies, partially offset by net asset outflows in fixed income products. Corporate & Institutional Clients in Switzerland reported net new assets of CHF 0.4 billion in 1Q14. In the non-strategic portfolio, net asset outflows of CHF 2.3 billion reflected the exit of certain businesses, of which CHF 1.0 billion were classified as discontinued operations.

Assets under management – Private Banking & Wealth Management

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Assets under management by business (CHF billion)					
Wealth Management Clients	804.9	790.7	794.4	1.8	1.3
Corporate & Institutional Clients	254.4	250.0	238.7	1.8	6.6
Asset Management	363.4	352.3	347.0	3.2	4.7
Non-strategic	25.9	44.4	85.4	(41.7)	(69.7)
Assets managed across businesses	(156.1)	(155.0)	(153.9)	0.7	1.4
Assets under management	1,292.5	1,282.4	1,311.6	0.8	(1.5)
Average assets under management (CHF billion)					
Average assets under management	1,282.1	1,284.6	1,285.4	(0.2)	(0.3)
Net new assets by business (CHF billion)					
Wealth Management Clients	10.6	1.7	5.7	–	86.0
Corporate & Institutional Clients	0.4	4.0	4.5	(90.0)	(91.1)
Asset Management	6.9	(0.5)	8.5	–	(18.8)
Non-strategic	(2.3)	(1.0)	(2.3)	130.0	0.0
Assets managed across businesses	(1.9)	0.2	(4.4)	–	(56.8)
Net new assets	13.7	4.4	12.0	211.4	14.2
Net new asset growth rate (%)					
Net new asset growth rate – Wealth Management Clients	5.4	0.9	3.0	–	–
Net new asset growth rate – Asset Management	7.8	(0.6)	10.5	–	–

Investment Banking

In 1Q14, Investment Banking reported income before taxes of CHF 827 million and net revenues of CHF 3,416 million. Investment Banking delivered solid results amid a challenging market environment. In the strategic businesses, net revenues declined 11% compared to 1Q13 as strong performance in credit, securitized products and underwriting and advisory and solid equities results were offset by significantly reduced first quarter seasonal contribution from rates and certain emerging markets than experienced in previous years. Compared to 4Q13, the strategic businesses delivered significantly improved revenues, reflecting seasonally stronger trading volumes and client activity in fixed income and equities businesses which more than offset lower results in the underwriting and advisory franchises. In 1Q14, Investment Banking made progress in winding-down the non-strategic unit, including reducing leverage exposure, risk-weighted assets and funding costs.

Investment Banking

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Reported results (CHF million)					
Net revenues	3,416	2,668	3,945	28	(13)
Provision for credit losses	0	8	(6)	(100)	100
Compensation and benefits	1,521	1,355	1,485	12	2
Total other operating expenses	1,068	1,869	1,166	(43)	(8)
Total operating expenses	2,589	3,224	2,651	(20)	(2)
Income/(loss) before taxes	827	(564)	1,300	-	(36)
Metrics (%)					
Return on capital	13.8	-	20.4	-	-
Cost/income ratio	75.8	120.8	67.2	-	-

Strategic results

In 1Q14, the strategic businesses reported income before taxes of CHF 1,124 million and net revenues of CHF 3,563 million. Net revenues declined 11% compared to 1Q13 as strong performance in credit, securitized products and underwriting and advisory and solid equities results were offset by weakness in emerging markets and global macro products. Compared to 4Q13, the strategic businesses delivered significantly improved revenues, reflecting seasonally stronger trading volumes and client activity in the fixed income and equities businesses which more than offset lower results in the underwriting and advisory franchises.

Fixed income sales and trading revenues declined significantly from 1Q13 driven by substantially reduced client activity and challenging trading conditions in global macro products and emerging markets businesses, partially offset by strong results in securitized products and credit. Revenues increased significantly compared to 4Q13 due to a seasonal increase in client activity, resulting in higher revenues across most of its fixed income businesses.

Equities sales and trading revenues were solid, albeit lower than 1Q13, reflecting lower cash equities and systematic market making revenues, partially offset by higher derivatives revenues. Equity sales and trading revenues increased compared to 4Q13, reflecting higher results in derivatives and prime services.

Underwriting and advisory results were higher compared to 1Q13 driven by market share gains. Compared to 4Q13, revenues decreased driven by lower equity underwriting and advisory results reflecting lower industry activity.

Investment Banking – strategic results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Strategic results (CHF million)					
Debt underwriting	468	483	461	(3)	2
Equity underwriting	183	274	157	(33)	17
Total underwriting	651	757	618	(14)	5
Advisory and other fees	180	194	145	(7)	24
Total underwriting and advisory	831	951	763	(13)	9
Fixed income sales and trading	1,609	808	2,028	99	(21)
Equity sales and trading	1,207	1,070	1,316	13	(8)
Total sales and trading	2,816	1,878	3,344	50	(16)
Other	(84)	(34)	(90)	147	(7)
Net revenues	3,563	2,795	4,017	27	(11)
Provision for credit losses	0	8	(7)	(100)	100
Total operating expenses	2,439	2,319	2,477	5	(2)
Income before taxes	1,124	468	1,547	140	(27)
Metrics (%)					
Return on capital	20.9	8.8	27.5	-	-
Cost/income ratio	68.5	83.0	61.7	-	-

Total operating expenses of CHF 2,439 million decreased 2% compared to 1Q13, reflecting lower technology costs and lower litigation provisions, partially offset by seasonally higher compensation and benefits expense. Compared to 4Q13, operating expenses increased 5% reflecting higher compensation and benefits expense, partially offset by lower general and administrative expenses.

Results in 1Q14 were impacted by the weakening of the average rate of the US dollar against the Swiss franc, which negatively impacted revenues and favorably impacted expenses. Compared to 1Q13, revenues decreased 11% and total operating expenses decreased 2% in Swiss francs while revenues declined 8% and total operating expenses increased 3% in US dollars. Compared to 4Q13, revenues were up 27% and total operating expenses up 5% in Swiss francs while revenues increased 29% and total operating expenses increased 6% in US dollars.

Capital metrics As of the end of 1Q14, the strategic businesses in Investment Banking reported Basel III risk-weighted assets of USD 167 billion, up USD 11 billion from 4Q13, reflecting increases of USD 6 billion from external methodology changes and USD 5 billion from internal methodology changes. The leverage exposure of the strategic businesses in Investment Banking was USD 742 billion reflecting a modest increase from 4Q13 due to seasonal market activity in equities and increased commitments in credit.

Non-strategic results

Non-strategic results for Investment Banking include the fixed income wind-down portfolio, legacy rates business, primarily non-exchange-traded instruments and capital-intensive structured positions, legacy funding costs associated with non-Basel III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions.

Investment Banking – non-strategic results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Non-strategic results (CHF million)					
Net revenues	(147)	(127)	(72)	16	104
Provision for credit losses	0	0	1	–	(100)
Total operating expenses	150	905	174	(83)	(14)
Income/(loss) before taxes	(297)	(1,032)	(247)	(71)	20
Risk-weighted assets – Basel III	16,436	17,549	19,176	(6)	(14)

In 1Q14, Investment Banking continued to make progress on the wind-down strategy in its non-strategic unit. The non-strategic businesses reported a loss before taxes of CHF 297 million and net revenue losses of CHF 147 million. Investment Banking had higher net revenue losses as 1Q13 results reflected a gain of CHF 77 million from a sale in our real estate portfolio. Performance also reflected improved funding costs from portfolio management of both its legacy debt instruments and trading assets. Total operating expenses decreased compared to 1Q13 and 4Q13, driven by substantially lower litigation provisions.

As of the end of 1Q14, the Investment Banking non-strategic businesses reported Basel III risk-weighted assets of USD 19 billion were down USD 1 billion compared to 4Q13, with decreases of USD 3 billion from business reductions partially offset by increases of USD 2 billion from methodology changes. This compares to the target of USD 6 billion by end 2015. Additionally, the non-strategic businesses reported leverage exposure of USD 79 billion as of the end of 1Q14, a reduction of USD 8 billion, or 9% from 4Q13. This compares to the target of USD 24 billion in leverage exposure by year-end 2015.

Corporate Center

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. It also includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Corporate Center

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Reported results (CHF million)					
Net revenues	(187)	(177)	(205)	6	(9)
Provision for credit losses	1	1	0	0	–
Compensation and benefits	166	119	126	39	32
Total other operating expenses	85	92	45	(8)	89
Total operating expenses	251	211	171	19	47
Loss before taxes	(439)	(389)	(376)	13	17
Non-strategic results (CHF million)					
Net revenues	(146)	(160)	(198)	(9)	(26)
Provision for credit losses	0	0	0	–	–
Total operating expenses	144	161	82	(11)	76
Income/(loss) before taxes	(290)	(321)	(280)	(10)	4

The Corporate Center recorded a loss before taxes of CHF 439 million in 1Q14, including fair value losses on own debt of CHF 92 million, debit valuation adjustment losses on certain structured notes liabilities of CHF 4 million and fair value losses on stand-alone derivatives of CHF 24 million, resulting in overall fair value losses on own credit spreads of CHF 120 million in 1Q14. 1Q14 results also included business realignment costs of CHF 62 million, IT architecture simplification expenses of CHF 61 million and a gain on sale of real estate of CHF 34 million. This compares to a loss before taxes of CHF 376 million in 1Q13 and a loss before taxes of CHF 389 million in 4Q13.

Balance sheet, shareholders' equity and regulatory capital

Balance sheet

As of the end of 1Q14, total assets of CHF 878.1 billion were stable compared to 4Q13, reflecting a slight increase in operating activities, partially offset by the foreign exchange translation impact. Excluding the foreign exchange translation impact, total assets increased CHF 9.7 billion.

Total shareholders' equity

Credit Suisse's total shareholders' equity increased to CHF 43.2 billion as of the end of 1Q14 compared to CHF 42.2 billion as of the end of 4Q13. Total shareholders' equity was impacted by net income, the effect of share-based compensation and the purchase of subsidiary shares from non-controlling interests, relating to the redemption of tier 1 participation securities. These increases were partially offset by the impact of foreign exchange-related movements on cumulative translation adjustments and treasury shares purchases and sales.

Capital issuances and redemptions

In March 2014, pursuant to a tender offer, Credit Suisse repurchased USD 1.4 billion of outstanding 7.875% perpetual series B subordinated tier 1 participation securities. Credit Suisse subsequently exercised a regulatory call of the USD 99 million of such securities that had not been tendered, with the result that no such securities remain outstanding. Prior to the announcement of the tender offer and as advised by FINMA, these tier 1 participation securities formed part of Swiss CET1 capital under the Swiss Requirements, whereas under Basel III, these instruments were included in additional tier 1 instruments subject to phase out. These transactions were approved by FINMA.

In March 2014, CHF 0.5 billion of Contingent Capital Awards (CCA) were granted to certain employees as part of their 2013 deferred variable compensation. Also in March, employees holding 2011 Partner Asset Facility (PAF2) awards, which were restructured, reallocated a portion of their PAF2 holdings to CCA. CCA qualify as high-trigger regulatory capital.

Regulatory capital and ratios – Basel III

The CET1 ratio was 14.3% as of the end of 1Q14, compared to 15.7% as of the end of 4Q13, due to an increase in RWA and a decrease in CET1 capital. Credit Suisse' tier 1 ratio was 15.6% as of the end of 1Q14, compared to 16.8% as of the end of 4Q13. The total capital ratio decreased to 19.1% as of the end of 1Q14 compared to 20.6% as of the end of 4Q13.

CET1 capital was CHF 40.9 billion as of the end of 1Q14 compared to CHF 43.0 billion as of the end of 4Q13, mainly reflecting the 20% phase in of regulatory deductions from CET1 including goodwill and other intangible assets and certain deferred tax assets and a 20% decrease in the adjustment for the accounting treatment of pension plans, pursuant to phase-in requirements. CET1 capital was also impacted by a quarterly dividend accrual and a negative foreign exchange translation impact, partially offset by net income and the impact of share-based compensation.

Additional tier 1 capital increased to CHF 3.7 billion, mainly due to the issuance of CHF 0.5 billion CCA and the 20% decrease in phase in deductions, including goodwill and other intangible assets and other capital deductions, partially offset by the redemption of tier 1 participation securities in March 2014. Tier 2 capital decreased slightly to CHF 10.0 billion as of the end of 1Q14.

Total eligible capital was CHF 54.6 billion as of the end of 1Q14 compared to CHF 56.3 billion as of the end of 4Q13, reflecting the decrease in CET1 capital, partially offset by the increase in additional tier 1 capital.

As of the end of 1Q14, the Look-through CET1 ratio was 10.0% compared to an updated long-term target of 11.0%.

Capital ratios and leverage ratios – Basel III

end of	Phase-in		Look-through	
	1Q14	4Q13	1Q14	4Q13
BIS capital ratios (%)				
CET1 ratio	14.3	15.7	10.0	10.0
Tier 1 ratio	15.6	16.8	12.8	12.8
Total capital ratio	19.1	20.6	15.1	15.1
Leverage ratios (%)				
Swiss leverage ratio	4.8	5.1	3.7	3.7

As of the end of 1Q14, Swiss CET1 capital and Swiss total capital ratios were 14.2% and 19.0%, respectively, compared to the Swiss capital ratio phase-in requirements of 6.75% and 10.18%, respectively.

On a look-through basis, Swiss CET1 capital was CHF 27.7 billion and the Swiss CET1 ratio was 9.9% as of the end of 1Q14. Swiss total eligible capital was CHF 42.0 billion and the Swiss total capital ratio was 15.0% as of the end of 1Q14, each on a look-through basis.

Swiss leverage ratio

As of the end of 1Q14, the Swiss leverage ratio was 4.8% and total average exposure was CHF 1,137.6 billion. As of the end of 1Q14, total exposure was CHF 1,140 billion compared to Credit Suisse's updated long-term target of approximately CHF 1,000 billion. The Look-through Swiss leverage ratio was 3.7% as of the end of 1Q14, compared to the 4.0% requirement for 2019.

Quarterly results documentation

The Results Presentation Slides are available for download from 06:45 CEST today at:
<https://www.credit-suisse.com/results>

The 1Q14 Financial Report will be available for download on or about May 2, 2014 at:
<https://www.credit-suisse.com/results>

Hard copies of the 1Q14 Financial Report may be ordered free of charge at:
<https://publications.credit-suisse.com/index.cfm/publikationen-shop/quarterly-reports/>

Presentation – Wednesday, April 16, 2014

Event	Analyst, investor and media presentation
Time	09:00 Zurich 08:00 London 03:00 New York
Speakers	Brady W. Dougan, Chief Executive Officer David Mathers, Chief Financial Officer
Language	The presentation will be held in English
Access via Internet	Audio webcast www.credit-suisse.com/results
Access via Telephone	+41 44 580 40 01 (Switzerland) +44 1452 565 510 (Europe) +1 866 389 9771 (US) Reference: Credit Suisse Group quarterly results
Q&A Session	Following the presentations, you will have the opportunity to ask questions via the telephone conference.
Playback	Replay available approximately two hours after the event by visiting www.credit-suisse.com/results or by dialing: +41 44 580 34 56 (Switzerland) +44 1452 550 000 (Europe) +1 866 247 4222 (US) Conference ID: 25863345#

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 Investor Relations Credit Suisse, telephone +41 44 333 71 49, investor.relations@credit-suisse.com

Important information

The Group has not finalized its 1Q14 Financial Report and the Group's independent registered public accounting firm has not completed its review of the condensed consolidated financial statements (unaudited) for the period. Accordingly, the financial information contained in this Earnings Release is subject to completion of quarter-end procedures, which may result in changes to that information.

For purposes of this Earnings Release, unless the context otherwise requires, the terms "Credit Suisse" and "the Group" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and these terms are used to refer to both when the subject is the same or substantially similar. The term "the Bank" is used when referring to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

Information referenced in this Earnings Release, whether via website links or otherwise, are not incorporated into this Earnings Release.

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. The related disclosures are in accordance with Credit Suisse's current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of Credit Suisse's assumptions or estimates could result in different numbers from those shown herein.

References to phase-in and look-through included herein refer to Basel III requirements. Phase-in reflects that for the years 2014 – 2018, there will be a five-year (20% per annum) phase in of goodwill and other intangible assets and other capital deductions (e.g., certain deferred tax assets and participations in financial institutions) and for the years 2013 – 2022, there will be a phase out of certain capital instruments. Look-through assumes the full phase-in of goodwill and other intangible assets and other regulatory adjustments and the full phase out of certain capital instruments.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included herein are based on the current FINMA framework. The Swiss leverage ratio is calculated as Swiss total eligible capital, divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures, which consist of guarantees and commitments, and regulatory adjustments, which include cash collateral netting reversals and derivative add-ons.

Return on equity for strategic results is calculated by dividing annualized strategic net income by average strategic shareholders' equity (derived by deducting 10% of non-strategic risk-weighted assets from reported shareholders' equity). Return on capital is calculated using income after tax and capital allocated based on the average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

All expense reduction metrics against 6M11 annualized total expenses are measured at constant foreign exchange rates and exclude realignment and other significant expense items and variable compensation expenses. For further information regarding these measures, see the 1Q14 Results Presentation Slides.

In various tables, use of "–" indicates not meaningful or not applicable.

Appendix

Key metrics

	1Q14	4Q13	in / end of 1Q13	% change QoQ	% change YoY
Credit Suisse (CHF million, except where indicated)					
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	(34)
of which from continuing operations	844	(474)	1,297	–	(35)
Basic earnings/(loss) per share from continuing operations (CHF)	0.47	(0.37)	0.76	–	(38)
Diluted earnings/(loss) per share from continuing operations (CHF)	0.47	(0.37)	0.75	–	(37)
Return on equity attributable to shareholders (%)	8.0	(4.5)	14.2	–	–
Effective tax rate (%)	31.2	18.9	26.6	–	–
Core Results (CHF million, except where indicated)					
Net revenues	6,469	5,920	7,018	9	(8)
Provision for credit losses	34	53	22	(36)	55
Total operating expenses	5,035	6,396	5,191	(21)	(3)
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	–	(22)
Cost/income ratio (%)	77.8	108.0	74.0	–	–
Pre-tax income margin (%)	21.6	(8.9)	25.7	–	–
Strategic results (CHF million, except where indicated)					
Net revenues	6,553	6,038	7,018	9	(7)
Income from continuing operations before taxes	1,940	1,448	2,207	34	(12)
Cost/income ratio (%)	70.1	75.4	68.3	–	–
Return on equity – strategic results (%)	13.9	10.6	18.6	–	–
Non-strategic results (CHF million)					
Net revenues	(84)	(118)	0	(29)	–
Loss from continuing operations before taxes	(540)	(1,977)	(402)	(73)	34
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,281.1	1,253.4	1,258.6	2.2	1.8
Net new assets from continuing operations	14.7	4.2	14.4	250.0	2.1
Balance sheet statistics (CHF million)					
Total assets	878,090	872,806	946,618	1	(7)
Net loans	250,659	247,054	248,995	1	1
Total shareholders' equity	43,230	42,164	37,825	3	14
Tangible shareholders' equity	35,046	33,955	28,985	3	21
Basel III regulatory capital and leverage statistics					
Risk-weighted assets (CHF million)	285,996	273,846	–	4	–
CET 1 ratio (%)	14.3	15.7	–	–	–
Look-through CET 1 ratio (%)	10.0	10.0	–	–	–
Swiss leverage ratio (%)	4.8	5.1	–	–	–
Look-through Swiss leverage ratio (%)	3.7	3.7	–	–	–
Share information					
Shares outstanding (million)	1,587.2	1,590.9	1,312.2	0	21
of which common shares issued	1,596.1	1,596.1	1,339.7	0	19
of which treasury shares	(8.9)	(5.2)	(27.5)	71	(68)
Book value per share (CHF)	27.24	26.50	28.83	3	(6)
Tangible book value per share (CHF)	22.08	21.34	22.09	3	0
Market capitalization (CHF million)	45,633	43,526	33,371	5	37
Number of employees (full-time equivalents)					
Number of employees	45,600	46,000	46,900	(1)	(3)

See relevant tables for additional information on these metrics.

Credit Suisse

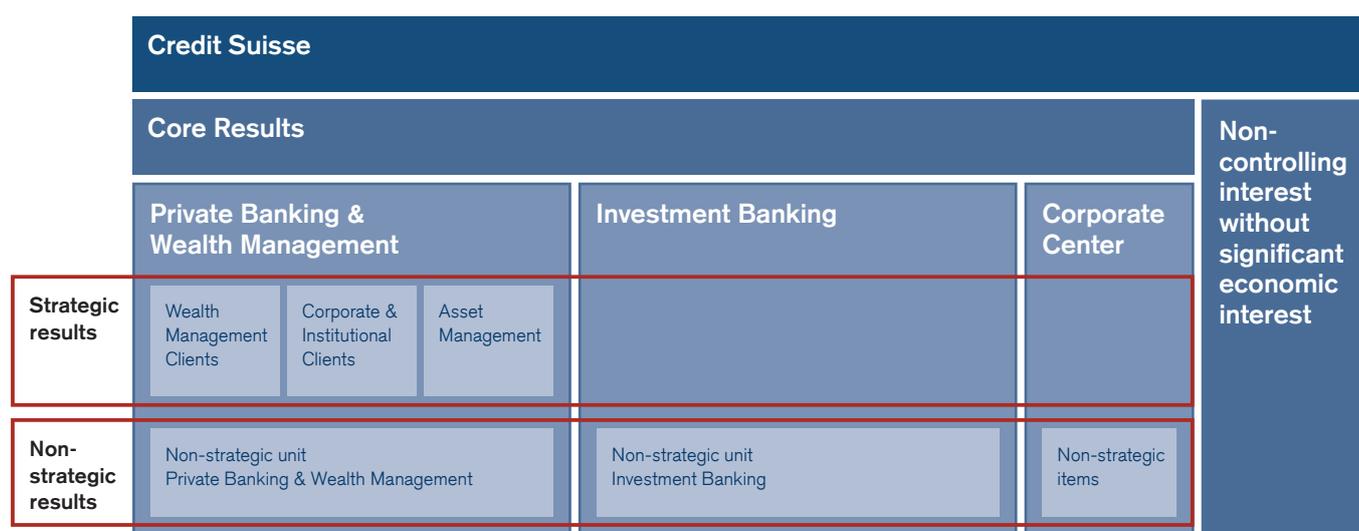
	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net revenues	6,829	6,139	7,089	11	(4)
Provision for credit losses	34	53	22	(36)	55
Compensation and benefits	2,993	2,807	2,991	7	0
General and administrative expenses	1,690	3,223	1,732	(48)	(2)
Commission expenses	369	389	470	(5)	(21)
Total other operating expenses	2,059	3,612	2,202	(43)	(6)
Total operating expenses	5,052	6,419	5,193	(21)	(3)
Income/(loss) from continuing operations before taxes	1,743	(333)	1,874	–	(7)
Income tax expense/(benefit)	543	(63)	499	–	9
Income/(loss) from continuing operations	1,200	(270)	1,375	–	(13)
Income/(loss) from discontinued operations	15	(2)	6	–	150
Net income/(loss)	1,215	(272)	1,381	–	(12)
Net income attributable to noncontrolling interests	356	204	78	75	356
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	(34)
of which from continuing operations	844	(474)	1,297	–	(35)
of which from discontinued operations	15	(2)	6	–	150
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	0.47	(0.37)	0.76	–	(38)
Basic earnings/(loss) per share	0.48	(0.37)	0.76	–	(37)
Diluted earnings/(loss) per share from continuing operations	0.47	(0.37)	0.75	–	(37)
Diluted earnings/(loss) per share	0.48	(0.37)	0.75	–	(36)
Return on equity (% , annualized)					
Return on equity attributable to shareholders	8.0	(4.5)	14.2	–	–
Return on tangible equity attributable to shareholders ¹	10.0	(5.6)	18.6	–	–
Number of employees (full-time equivalents)					
Number of employees	45,600	46,000	46,900	(1)	(3)

¹ Based on tangible shareholders' equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Credit Suisse and Core Results

in	Core Results			Noncontrolling interests without SEI			Credit Suisse		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)									
Net revenues	6,469	5,920	7,018	360	219	71	6,829	6,139	7,089
Provision for credit losses	34	53	22	0	0	0	34	53	22
Compensation and benefits	2,977	2,788	2,990	16	19	1	2,993	2,807	2,991
General and administrative expenses	1,689	3,219	1,731	1	4	1	1,690	3,223	1,732
Commission expenses	369	389	470	0	0	0	369	389	470
Total other operating expenses	2,058	3,608	2,201	1	4	1	2,059	3,612	2,202
Total operating expenses	5,035	6,396	5,191	17	23	2	5,052	6,419	5,193
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	343	196	69	1,743	(333)	1,874
Income tax expense/(benefit)	543	(63)	499	0	0	0	543	(63)	499
Income/(loss) from continuing operations	857	(466)	1,306	343	196	69	1,200	(270)	1,375
Income/(loss) from discontinued operations	15	(2)	6	0	0	0	15	(2)	6
Net income/(loss)	872	(468)	1,312	343	196	69	1,215	(272)	1,381
Net income attributable to noncontrolling interests	13	8	9	343	196	69	356	204	78
Net income/(loss) attributable to shareholders	859	(476)	1,303	-	-	-	859	(476)	1,303
of which from continuing operations	844	(474)	1,297	-	-	-	844	(474)	1,297
of which from discontinued operations	15	(2)	6	-	-	-	15	(2)	6
Statement of operations metrics (%)									
Cost/income ratio	77.8	108.0	74.0	-	-	-	74.0	104.6	73.3
Pre-tax income margin	21.6	(8.9)	25.7	-	-	-	25.5	(5.4)	26.4
Effective tax rate	38.8	11.9	27.6	-	-	-	31.2	18.9	26.6
Net income margin ¹	13.3	(8.0)	18.6	-	-	-	12.6	(7.8)	18.4

¹ Based on amounts attributable to shareholders.

Credit Suisse reporting structure


Credit Suisse results include revenues and expenses from the consolidation of certain private equity funds and other entities in which we have noncontrolling interests without significant economic interest (SEI) in such revenues and expenses. Core Results include the results of our two segments and the Corporate Center and discontinued operations, but do not include noncontrolling interests without SEI.

Core Results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net interest income	2,183	1,742	1,801	25	21
Commissions and fees	3,276	3,430	3,254	(4)	1
Trading revenues	630	287	1,807	120	(65)
Other revenues	380	461	156	(18)	144
Net revenues	6,469	5,920	7,018	9	(8)
of which strategic results	6,553	6,038	7,018	9	(7)
of which non-strategic results	(84)	(118)	0	(29)	–
Provision for credit losses	34	53	22	(36)	55
Compensation and benefits	2,977	2,788	2,990	7	0
General and administrative expenses	1,689	3,219	1,731	(48)	(2)
Commission expenses	369	389	470	(5)	(21)
Total other operating expenses	2,058	3,608	2,201	(43)	(6)
Total operating expenses	5,035	6,396	5,191	(21)	(3)
of which strategic results	4,595	4,554	4,795	1	(4)
of which non-strategic results	440	1,842	396	(76)	11
Income/(loss) from continuing operations before taxes	1,400	(529)	1,805	–	(22)
of which strategic results	1,940	1,448	2,207	34	(12)
of which non-strategic results	(540)	(1,977)	(402)	(73)	34
Income tax expense/(benefit)	543	(63)	499	–	9
Income/(loss) from continuing operations	857	(466)	1,306	–	(34)
Income/(loss) from discontinued operations	15	(2)	6	–	150
Net income/(loss)	872	(468)	1,312	–	(34)
Net income attributable to noncontrolling interests	13	8	9	63	44
Net income/(loss) attributable to shareholders	859	(476)	1,303	–	(34)
of which strategic results	1,398	1,062	1,579	32	(11)
of which non-strategic results	(539)	(1,538)	(276)	(65)	95
Statement of operations metrics (%)					
Return on capital ¹	14.4	–	18.2	–	–
Cost/income ratio	77.8	108.0	74.0	–	–
Pre-tax income margin	21.6	(8.9)	25.7	–	–
Effective tax rate	38.8	11.9	27.6	–	–
Net income margin ²	13.3	(8.0)	18.6	–	–
Return on equity (% , annualized)					
Return on equity – strategic results	13.9	10.6	18.6	–	–
Number of employees (full-time equivalents)					
Number of employees	45,600	46,000	46,900	(1)	(3)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

² Based on amounts attributable to shareholders.

Core Results – strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Core Results		
	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13	1Q14	4Q13	1Q13
Statements of operations (CHF million)									
Net revenues	6,553	6,038	7,018	(84)	(118)	0	6,469	5,920	7,018
Provision for credit losses	18	36	16	16	17	6	34	53	22
Compensation and benefits	2,797	2,599	2,802	180	189	188	2,977	2,788	2,990
Total other operating expenses	1,798	1,955	1,993	260	1,653	208	2,058	3,608	2,201
Total operating expenses	4,595	4,554	4,795	440	1,842	396	5,035	6,396	5,191
Income/(loss) from continuing operations before taxes	1,940	1,448	2,207	(540)	(1,977)	(402)	1,400	(529)	1,805
Income tax expense/(benefit)	529	378	619	14	(441)	(120)	543	(63)	499
Income/(loss) from continuing operations	1,411	1,070	1,588	(554)	(1,536)	(282)	857	(466)	1,306
Income/(loss) from discontinued operations	0	0	0	15	(2)	6	15	(2)	6
Net income/(loss)	1,411	1,070	1,588	(539)	(1,538)	(276)	872	(468)	1,312
Net income attributable to noncontrolling interests	13	8	9	0	0	0	13	8	9
Net income/(loss) attributable to shareholders	1,398	1,062	1,579	(539)	(1,538)	(276)	859	(476)	1,303
Balance sheet statistics (CHF million)									
Risk-weighted assets – Basel III ¹	255,697	242,475	262,941	23,997	23,628	26,745	279,694	266,103	289,686
Total assets	833,536	821,207	886,213	43,263	47,975	55,986	876,799	869,182	942,199
Swiss leverage exposure	1,050,957	1,031,316	1,170,436	88,660	99,289	117,144	1,139,617	1,130,605	1,287,580

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

Private Banking & Wealth Management

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	3,240	3,429	3,278	(6)	(1)
of which strategic results	3,031	3,260	3,008	(7)	1
of which non-strategic results	209	169	270	24	(23)
Provision for credit losses	33	44	28	(25)	18
Compensation and benefits	1,290	1,314	1,379	(2)	(6)
General and administrative expenses	736	1,443	791	(49)	(7)
Commission expenses	169	204	199	(17)	(15)
Total other operating expenses	905	1,647	990	(45)	(9)
Total operating expenses	2,195	2,961	2,369	(26)	(7)
of which strategic results	2,049	2,185	2,229	(6)	(8)
of which non-strategic results	146	776	140	(81)	4
Income before taxes	1,012	424	881	139	15
of which strategic results	965	1,048	756	(8)	28
of which non-strategic results	47	(624)	125	–	(62)
Statement of operations metrics (%)					
Return on capital ¹	32.3	13.9	29.8	–	–
Cost/income ratio	67.7	86.4	72.3	–	–
Pre-tax income margin	31.2	12.4	26.9	–	–
Assets under management (CHF billion)					
Assets under management	1,292.5	1,282.4	1,311.6	0.8	(1.5)
Net new assets	13.7	4.4	12.0	211.4	14.2
Number of employees and relationship managers					
Number of employees (full-time equivalents)	26,100	26,000	27,000	0	(3)
Number of relationship managers	4,410	4,330	4,530	2	(3)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

Private Banking & Wealth Management (continued)

		in / end of		% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Net revenue detail (CHF million)					
Net interest income	979	1,058	1,045	(7)	(6)
Recurring commissions and fees	1,189	1,232	1,219	(3)	(2)
Transaction- and performance-based revenues	937	1,186	919	(21)	2
Other revenues ¹	135	(47)	95	-	42
Net revenues	3,240	3,429	3,278	(6)	(1)
Provision for credit losses (CHF million)					
New provisions	53	76	52	(30)	2
Releases of provisions	(20)	(32)	(24)	(38)	(17)
Provision for credit losses	33	44	28	(25)	18

¹ Includes investment-related gains/(losses), equity participations and other gains/(losses) and fair value gains/(losses) on the Clock Finance transaction.

Private Banking & Wealth Management – strategic results

		in / end of		% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net interest income	963	1,038	1,019	(7)	(5)
Recurring commissions and fees	1,139	1,149	1,101	(1)	3
Transaction- and performance-based revenues	919	1,137	874	(19)	5
Other revenues	10	(64)	14	-	(29)
Net revenues	3,031	3,260	3,008	(7)	1
New provisions	36	58	47	(38)	(23)
Releases of provisions	(19)	(31)	(24)	(39)	(21)
Provision for credit losses	17	27	23	(37)	(26)
Compensation and benefits	1,225	1,242	1,307	(1)	(6)
General and administrative expenses	660	750	736	(12)	(10)
Commission expenses	164	193	186	(15)	(12)
Total other operating expenses	824	943	922	(13)	(11)
Total operating expenses	2,049	2,185	2,229	(6)	(8)
Income before taxes	965	1,048	756	(8)	28
of which Wealth Management Clients	578	466	454	24	27
of which Corporate & Institutional Clients	246	213	239	15	3
of which Asset Management	141	369	63	(62)	124
Statement of operations metrics (%)					
Return on capital ¹	33.0	36.8	27.7	-	-
Cost/income ratio	67.6	67.0	74.1	-	-
Pre-tax income margin	31.8	32.1	25.1	-	-
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	92,169	88,316 ²	90,752	4	2
Total assets	267,332	258,447	261,165	3	2
Swiss leverage exposure	309,672	302,894	312,280	2	(1)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

² Includes the impact of an operational risk add-on of CHF 1.6 billion in 4Q13.

Wealth Management Clients

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net revenues	2,074	2,056	2,087	1	(1)
Provision for credit losses	16	18	19	(11)	(16)
Total operating expenses	1,480	1,572	1,614	(6)	(8)
Income before taxes	578	466	454	24	27
Statement of operations metrics (%)					
Cost/income ratio	71.4	76.5	77.3	-	-
Pre-tax income margin	27.9	22.7	21.8	-	-
Net revenue detail (CHF million)					
Net interest income	706	760	746	(7)	(5)
Recurring commissions and fees	730	742	717	(2)	2
Transaction- and performance-based revenues	638	554	624	15	2
Net revenues	2,074	2,056	2,087	1	(1)
Gross margin (annualized) (bp) ¹					
Net interest income	35	38	38	-	-
Recurring commissions and fees	37	38	37	-	-
Transaction- and performance-based revenues	32	28	32	-	-
Gross margin	104	104	107	-	-
Number of relationship managers					
Switzerland	1,690	1,590	1,610	6	5
EMEA	1,150	1,180	1,290	(3)	(11)
Americas	560	560	630	0	(11)
Asia Pacific	460	440	430	5	7
Number of relationship managers	3,860	3,770	3,960	2	(3)

Beginning in 2Q13, fees collected in an agent role in connection with certain customized fund services we provide to clients where those fees are passed on directly to a third-party investment manager are now presented on a net basis per the applicable accounting standards. These fees were previously recorded on a gross basis as fee income and commission expense. Prior periods have been restated to conform to the current presentation.

¹ Net revenues divided by average assets under management.

Corporate & Institutional Clients

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Net revenues	492	485	500	1	(2)
Provision for credit losses	1	9	4	(89)	(75)
Total operating expenses	245	263	257	(7)	(5)
Income before taxes	246	213	239	15	3
Statement of operations metrics (%)					
Cost/income ratio	49.8	54.2	51.4	-	-
Pre-tax income margin	50.0	43.9	47.8	-	-
Net revenue detail (CHF million)					
Net interest income	257	278	273	(8)	(6)
Recurring commissions and fees	122	108	111	13	10
Transaction- and performance-based revenues	117	102	121	15	(3)
Other revenues	(4)	(3)	(5)	33	(20)
Net revenues	492	485	500	1	(2)
Number of relationship managers					
Number of relationship managers (Switzerland)	550	560	570	(2)	(4)

Asset Management

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	465	719	421	(35)	10
Provision for credit losses	0	0	0	-	-
Total operating expenses	324	350	358	(7)	(9)
Income before taxes	141	369	63	(62)	124
Statement of operations metrics (%)					
Cost/income ratio	69.7	48.7	85.0	-	-
Pre-tax income margin	30.3	51.3	15.0	-	-
Net revenue detail (CHF million)					
Recurring commissions and fees	287	299	273	(4)	5
Transaction- and performance-based revenues	164	481	129	(66)	27
Other revenues	14	(61)	19	-	(26)
Net revenues	465	719	421	(35)	10
Net revenue detail by type (CHF million)					
Asset management fees	287	299	273	(4)	5
Placement, transaction and other fees	56	116	60	(52)	(7)
Performance fees and carried interest	80	342	44	(77)	82
Equity participations income	15	12	10	25	50
Fee-based revenues	438	769	387	(43)	13
Investment-related gains/(losses)	19	19	33	0	(42)
Equity participations and other gains/(losses)	0	(68)	0	100	-
Other revenues ¹	8	(1)	1	-	-
Net revenues	465	719	421	(35)	10
Fee-based margin on assets under management (annualized) (bp)					
Fee-based margin ²	49	87	46	-	-

¹ Includes allocated funding costs.

² Fee-based revenues divided by average assets under management.

Private Banking & Wealth Management – non-strategic results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	209	169	270	24	(23)
Provision for credit losses	16	17	5	(6)	220
Compensation and benefits	65	72	72	(10)	(10)
Total other operating expenses	81	704	68	(88)	19
Total operating expenses	146	776	140	(81)	4
Income/(loss) before taxes	47	(624)	125	-	(62)
Revenue details (CHF million)					
Restructuring of select onshore businesses	22	28	74	(21)	(70)
Legacy cross-border business and small markets	44	52	51	(15)	(14)
Restructuring of former Asset Management division	134	54	111	148	21
Other	9	35	34	(74)	(74)
Net revenues	209	169	270	24	(23)
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	7,561	6,079	7,569	24	0
Total assets	17,856	20,692	23,423	(14)	(24)
Swiss leverage exposure	18,609	21,589	24,563	(14)	(24)

Investment Banking

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	3,416	2,668	3,945	28	(13)
of which strategic results	3,563	2,795	4,017	27	(11)
of which non-strategic results	(147)	(127)	(72)	16	104
Provision for credit losses	0	8	(6)	(100)	100
Compensation and benefits	1,521	1,355	1,485	12	2
General and administrative expenses	856	1,667	915	(49)	(6)
Commission expenses	212	202	251	5	(16)
Total other operating expenses	1,068	1,869	1,166	(43)	(8)
Total operating expenses	2,589	3,224	2,651	(20)	(2)
of which strategic results	2,439	2,319	2,477	5	(2)
of which non-strategic results	150	905	174	(83)	(14)
Income/(loss) before taxes	827	(564)	1,300	-	(36)
of which strategic results	1,124	468	1,547	140	(27)
of which non-strategic results	(297)	(1,032)	(247)	(71)	20
Statement of operations metrics (%)					
Return on capital ¹	13.8	-	20.4	-	-
Cost/income ratio	75.8	120.8	67.2	-	-
Pre-tax income margin	24.2	(21.1)	33.0	-	-
Number of employees (full-time equivalents)					
Number of employees	19,200	19,700	19,600	(3)	(2)

¹ Calculated using income after tax denominated in USD; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

Investment Banking (continued)

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Net revenue detail (CHF million)					
Debt underwriting	468	482	461	(3)	2
Equity underwriting	183	273	157	(33)	17
Total underwriting	651	755	618	(14)	5
Advisory and other fees	180	194	145	(7)	24
Total underwriting and advisory	831	949	763	(12)	9
Fixed income sales and trading	1,489	746	1,987	100	(25)
Equity sales and trading	1,201	1,050	1,297	14	(7)
Total sales and trading	2,690	1,796	3,284	50	(18)
Other	(105)	(77)	(102)	36	3
Net revenues	3,416	2,668	3,945	28	(13)

Investment Banking – strategic results

	1Q14	4Q13	1Q13	in / end of QoQ	% change YoY
Statements of operations (CHF million)					
Debt underwriting	468	483	461	(3)	2
Equity underwriting	183	274	157	(33)	17
Total underwriting	651	757	618	(14)	5
Advisory and other fees	180	194	145	(7)	24
Total underwriting and advisory	831	951	763	(13)	9
Fixed income sales and trading	1,609	808	2,028	99	(21)
Equity sales and trading	1,207	1,070	1,316	13	(8)
Total sales and trading	2,816	1,878	3,344	50	(16)
Other	(84)	(34)	(90)	147	(7)
Net revenues	3,563	2,795	4,017	27	(11)
Provision for credit losses	0	8	(7)	(100)	100
Compensation and benefits	1,495	1,335	1,459	12	2
General and administrative expenses	735	790	776	(7)	(5)
Commission expenses	209	194	242	8	(14)
Total other operating expenses	944	984	1,018	(4)	(7)
Total operating expenses	2,439	2,319	2,477	5	(2)
Income before taxes	1,124	468	1,547	140	(27)
Statement of operations metrics (%)					
Return on capital ¹	20.9	8.8	27.5	–	–
Cost/income ratio	68.5	83.0	61.7	–	–
Pre-tax income margin	31.5	16.7	38.5	–	–
Balance sheet statistics (CHF million, except where indicated)					
Risk-weighted assets – Basel III	147,629	138,853	153,632	6	(4)
Risk-weighted assets – Basel III (USD)	167,124	156,041	162,239	7	3
Total assets	478,476	475,516	549,709	1	(13)
Swiss leverage exposure	655,456	644,800	799,182	2	(18)

¹ Calculated using income after tax denominated in USD; assumes tax rate of 30% in 1Q14 and 4Q13, 25% in 1Q13 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

Investment Banking – non-strategic results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	(147)	(127)	(72)	16	104
Provision for credit losses	0	0	1	–	(100)
Compensation and benefits	26	20	26	30	0
Total other operating expenses	124	885	148	(86)	(16)
of which litigation	65	842	100	(92)	(35)
Total operating expenses	150	905	174	(83)	(14)
Income/(loss) before taxes	(297)	(1,032)	(247)	(71)	20
Revenue details (CHF million)					
Fixed income wind-down	(55)	60	6	–	–
Legacy rates business	(26)	(1)	28	–	–
Legacy funding costs	(46)	(93)	(96)	(51)	(52)
Other	(20)	(93)	(10)	(78)	100
Net revenues	(147)	(127)	(72)	16	104
Balance sheet statistics (CHF million, except where indicated)					
Risk-weighted assets – Basel III	16,436	17,549	19,176	(6)	(14)
Risk-weighted assets – Basel III (USD)	18,607	19,721	20,250	(6)	(8)
Total assets	25,407	27,283	32,563	(7)	(22)
Swiss leverage exposure	70,051	77,700	92,581	(10)	(24)

Corporate Center results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	(187)	(177)	(205)	6	(9)
Provision for credit losses	1	1	0	0	–
Compensation and benefits	166	119	126	39	32
General and administrative expenses	97	109	25	(11)	288
Commission expenses	(12)	(17)	20	(29)	–
Total other operating expenses	85	92	45	(8)	89
Total operating expenses	251	211	171	19	47
Loss before taxes	(439)	(389)	(376)	13	17
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III ¹	15,899	15,306	18,557	4	(14)
Total assets	87,728	87,244	75,339	1	16
Swiss leverage exposure	85,829	83,622	58,974	3	46

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

Corporate Center – non-strategic results

	in / end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Statements of operations (CHF million)					
Net revenues	(146)	(160)	(198)	(9)	(26)
Provision for credit losses	0	0	0	–	–
Total operating expenses	144	161	82	(11)	76
Income/(loss) before taxes	(290)	(321)	(280)	(10)	4
of which fair value impact from movements in own credit spreads	(120)	(202)	(80)	(41)	50
of which realignment costs ¹	(62)	(131)	(92)	(53)	(33)
of which IT architecture simplification expenses	(61)	(69)	–	(12)	–
of which real estate sales	34	68	–	(50)	–
of which legacy funding costs ²	(6)	6	(21)	–	(71)
of which reclassifications to discontinued operations ³	(56)	5	(17)	–	229
of which other non-strategic items	(19)	2	(70)	–	(73)

¹ Business realignment costs relating to divisional realignment costs are prospectively presented in the relevant divisional non-strategic results beginning in 4Q13.

² Represents legacy funding costs associated with non-BaseI III compliant debt instruments.

³ Includes reclassifications to discontinued operations of revenues and expenses arising from the sale of ETF, secondary private equity and CFG businesses and the announced sale of domestic private banking business booked in Germany.

Impact from movements in own credit spreads

Our Core Results revenues are impacted by changes in credit spreads on fair-valued Credit Suisse long-term vanilla debt and debit valuation adjustments (DVA) relating to certain structured notes liabilities carried at fair value. Our Core Results are also impacted by fair value gains/(losses) on stand-alone derivatives relating to certain of our funding liabilities and reflect the volatility of cross-currency swaps and yield curve volatility and, over the life of the derivatives, will result in no net gains/(losses). These fair value gains/(losses) are recorded in the Corporate Center.

in	1Q14	4Q13	1Q13
Impact from movements in own credit spreads (CHF million)			
Fair value gains/(losses) from movements in own credit spreads	(120)	(202)	(80)
of which fair value gains/(losses) on own long-term vanilla debt	(92)	(180)	(37)
of which fair value gains/(losses) from DVA on structured notes	(4)	(69)	(41)
of which fair value gains/(losses) on stand-alone derivatives	(24)	47	(2)

Assets under management – Group

	end of			% change	
	1Q14	4Q13	1Q13	QoQ	YoY
Assets under management (CHF billion)					
Wealth Management Clients	804.9	790.7	794.4	1.8	1.3
Corporate & Institutional Clients	254.4	250.0	238.7	1.8	6.6
Asset Management	363.4	352.3	347.0	3.2	4.7
Non-strategic	25.9	44.4	85.4	(41.7)	(69.7)
Assets managed across businesses	(156.1)	(155.0)	(153.9)	0.7	1.4
Assets under management	1,292.5	1,282.4	1,311.6	0.8	(1.5)
of which continuing operations	1,281.1	1,253.4	1,258.6	2.2	1.8
of which discontinued operations	11.4	29.0	53.0	(60.7)	(78.5)
Assets under management from continuing operations	1,281.1	1,253.4	1,258.6	2.2	1.8
of which discretionary assets	410.7	397.6	388.1	3.3	5.8
of which advisory assets	870.4	855.8	870.5	1.7	0.0

Net new assets – Group

in	1Q14	4Q13	1Q13
Net new assets (CHF billion)			
Wealth Management Clients	10.6	1.7	5.7
Corporate & Institutional Clients	0.4	4.0	4.5
Asset Management	6.9	(0.5)	8.5
Non-strategic	(2.3)	(1.0)	(2.3)
Assets managed across businesses ¹	(1.9)	0.2	(4.4)
Net new assets	13.7	4.4	12.0
of which continuing operations	14.7	4.2	14.4
of which discontinued operations	(1.0)	0.2	(2.4)

¹ Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.

BIS statistics – Basel III – Group

end of	Phase-in			Look-through		
	1Q14	4Q13	% change QoQ	1Q14	4Q13	% change QoQ
Eligible capital (CHF million)						
Total shareholders' equity	43,230	42,164	3	43,230	42,164	3
Regulatory adjustments ¹	(1,213)	(1,069)	13	(1,213)	(1,069)	13
Adjustments subject to phase in	(1,114) ²	1,894 ³	–	(14,159)	(14,615)	(3)
CET1 capital	40,903	42,989	(5)	27,858	26,480	5
Additional tier 1 instruments	8,000 ⁴	7,484	7	8,000	7,484	7
Additional tier 1 instruments subject to phase out ⁵	2,088	3,652	(43)	–	–	–
Deductions from additional tier 1 capital	(6,414) ⁶	(8,064)	(20)	–	–	–
Additional tier 1 capital	3,674	3,072	20	8,000	7,484	7
Total tier 1 capital	44,577	46,061	(3)	35,858	33,964	6
Tier 2 instruments	6,340 ⁷	6,263	1	6,340	6,263	1
Tier 2 instruments subject to phase out	3,924	4,321	(9)	–	–	–
Deductions from tier 2 capital	(263)	(357)	(26)	(2)	(18)	(89)
Tier 2 capital	10,001	10,227	(2)	6,338	6,245	1
Total eligible capital	54,578	56,288	(3)	42,196	40,209	5
Risk-weighted assets (CHF million)						
Credit risk	187,609	175,631	7	181,307	167,888	8
Market risk	34,143	39,133	(13)	34,143	39,133	(13)
Operational risk	58,400	53,075	10	58,400	53,075	10
Non-counterparty risk	5,844	6,007	(3)	5,844	6,007	(3)
Risk-weighted assets	285,996	273,846	4	279,694	266,103	5
Capital ratios (%)						
CET1 ratio	14.3	15.7	–	10.0	10.0	–
Tier 1 ratio	15.6	16.8	–	12.8	12.8	–
Total capital ratio	19.1	20.6	–	15.1	15.1	–

¹ Includes regulatory adjustments not subject to phase in, including a cumulative dividend accrual.

² Reflects 20% phase-in deductions including goodwill and other intangible assets and certain deferred tax assets and 80% of an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements.

³ Includes an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements and other regulatory adjustments.

⁴ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 5.7 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 2.3 billion consists of capital instruments with a capital ratio write-down trigger of 5.125%.

⁵ Includes hybrid capital instruments that are subject to phase out.

⁶ Includes 80% of goodwill and other intangible assets (CHF 6.5 billion) and other capital deductions, including gains/(losses) due to changes in own credit risks on fair valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.

⁷ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 2.5 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 3.8 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

CET1 capital movement – Basel III

	1Q14	4Q13
CET1 capital (CHF million)		
Balance at beginning of period	42,989	43,780
Net income	859	(476)
Foreign exchange impact	(233)	(516)
Impact of phase-in requirements	(3,015)	–
Other	303 ¹	201 ¹
Balance at end of period	40,903	42,989

¹ Reflects the effect of share-based compensation, a dividend accrual and a change in other regulatory adjustments.

Risk-weighted assets by division – Basel III

	1Q14	end of 4Q13	% change QoQ
Risk-weighted assets by division (CHF million)			
Private Banking & Wealth Management	99,730	94,395	6
Investment Banking	164,065	156,402	5
Corporate Center	22,201	23,049	(4)
Risk-weighted assets	285,996	273,846	4

Risk-weighted asset movement by risk type – Basel III

1Q14	Credit risk (excluding CVA)	Credit risk (CVA)	Market risk	Operational risk	Non- counterparty risk	Total risk- weighted assets
Risk-weighted asset movement by risk type (CHF million)						
Balance at beginning of period	164,924	10,707	39,133	53,075	6,007	273,846
Foreign exchange impact	(983)	(79)	(400)	0	0	(1,462)
Movements in risk levels	(31)	1,732	(6,311)	0	(163)	(4,773)
Model and parameter updates ¹	252	(214)	(575)	0	0	(537)
Methodology and policy – internal ²	2,306	4,396	(1,286)	0	0	5,416
Methodology and policy – external ³	4,599	0	3,582	5,325	0	13,506
Balance at end of period	171,067	16,542	34,143	58,400	5,844	285,996

¹ Represents movements arising from updates to models and recalibrations of parameters.

² Represents internal changes impacting how exposures are treated.

³ Represents externally prescribed regulatory changes impacting how exposures are treated.

Swiss statistics – Basel III – Group

end of	Phase-in			Look-through		
	1Q14	4Q13	% change QoQ	1Q14	4Q13	% change QoQ
Capital development (CHF million)						
CET1 capital	40,903	42,989	(5)	27,858	26,480	5
Swiss regulatory adjustments	(151)	1,658 ¹	–	(163)	1,824 ¹	–
Swiss CET1 capital²	40,752	44,647	(9)	27,695	28,304	(2)
High-trigger capital instruments	8,231 ³	7,743	6	8,231	7,743	6
Low-trigger capital instruments	6,109 ⁴	6,005	2	6,109	6,005	2
Additional tier 1 and tier 2 instruments subject to phase out ⁵	6,012	–	–	–	–	–
Deductions from additional tier 1 and tier 2 instruments ⁵	(6,677)	–	–	(2)	–	–
Swiss total eligible capital²	54,427	58,395	(7)	42,033	42,052	–
Risk-weighted assets (CHF million)						
Risk-weighted assets – Basel III	285,996	273,846	4	279,694	266,103	5
Swiss regulatory adjustments ⁶	737	1,015	(27)	736	1,031	(29)
Swiss risk-weighted assets	286,733	274,861	4	280,430	267,134	5
Capital ratios (%)						
Swiss CET1 ratio	14.2	16.2	–	9.9	10.6	–
Swiss total capital ratio	19.0	21.2	–	15.0	15.7	–

¹ Consists of tier 1 participation securities, which were redeemed in 1Q14, and other Swiss regulatory adjustments.

² Previously referred to as Swiss Core Capital and Swiss Total Capital, respectively.

³ Consists of CHF 5.7 billion additional tier 1 instruments and CHF 2.5 billion tier 2 instruments.

⁴ Consists of CHF 2.3 billion additional tier 1 instruments and CHF 3.8 billion tier 2 instruments.

⁵ In accordance with a December 2013 FINMA Decree, additional tier 1 instruments and tier 2 instruments and the deductions relating to those instruments are subject to phase out.

⁶ Includes differences in credit risk multiplier and changes in RWA from different regulatory thresholds.

Swiss leverage ratio – Group

end of	Phase-in			Look-through		
	1Q14	4Q13	% change QoQ	1Q14	4Q13	% change QoQ
Swiss Total Capital (CHF million)						
Swiss Total Capital	54,427	58,395	(7)	42,033	42,052	0
Exposure (CHF million)¹						
Balance sheet assets	879,250	890,242	(1)	879,250	890,242	(1)
Off-balance sheet exposures	135,500	133,426	2	135,500	133,426	2
Regulatory adjustments	122,813	130,150	(6)	108,996	113,596	(4)
Total average exposure	1,137,563	1,153,818	(1)	1,123,746	1,137,264	(1)
Swiss leverage ratio (%)						
Swiss leverage ratio	4.8	5.1	–	3.7	3.7	–

¹ Calculated as the average of the month-end amounts for the previous three calendar months.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (CHF)

in / end of	Interest rate	Credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Risk management	Regulatory
							VaR (98%)	VaR (99%)
							Total	Total
1Q14 (CHF million)								
Average	13	31	10	3	19	(35)	41	35
Minimum	9	29	5	1	14	- ¹	36	26
Maximum	17	33	17	4	24	- ¹	46	45
End of period	14	31	9	2	15	(29)	42	34
4Q13 (CHF million)								
Average	12	34	8	2	17	(33)	40	32
Minimum	8	32	3	1	13	- ¹	33	22
Maximum	16	37	15	3	24	- ¹	45	44
End of period	10	32	6	3	24	(30)	45	31
1Q13 (CHF million)								
Average	23	38	11	2	17	(51)	40	48
Minimum	17	33	6	1	12	- ¹	34	32
Maximum	45	41	24	3	36	- ¹	55	77
End of period	17	37	8	3	15	(43)	37	32

Excludes risks associated with counterparty and own credit exposures.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Consolidated statements of operations

in	1Q14	4Q13	1Q13
Consolidated statements of operations (CHF million)			
Interest and dividend income	4,445	4,073	4,822
Interest expense	(2,267)	(2,326)	(3,016)
Net interest income	2,178	1,747	1,806
Commissions and fees	3,275	3,425	3,248
Trading revenues	638	295	1,815
Other revenues	738	672	220
Net revenues	6,829	6,139	7,089
Provision for credit losses	34	53	22
Compensation and benefits	2,993	2,807	2,991
General and administrative expenses	1,690	3,223	1,732
Commission expenses	369	389	470
Total other operating expenses	2,059	3,612	2,202
Total operating expenses	5,052	6,419	5,193
Income/(loss) from continuing operations before taxes	1,743	(333)	1,874
Income tax expense/(benefit)	543	(63)	499
Income/(loss) from continuing operations	1,200	(270)	1,375
Income/(loss) from discontinued operations, net of tax	15	(2)	6
Net income/(loss)	1,215	(272)	1,381
Net income attributable to noncontrolling interests	356	204	78
Net income/(loss) attributable to shareholders	859	(476)	1,303
of which from continuing operations	844	(474)	1,297
of which from discontinued operations	15	(2)	6
Basic earnings per share (CHF)			
Basic earnings/(loss) per share from continuing operations	0.47	(0.37)	0.76
Basic earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Basic earnings/(loss) per share	0.48	(0.37)	0.76
Diluted earnings per share (CHF)			
Diluted earnings/(loss) per share from continuing operations	0.47	(0.37)	0.75
Diluted earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Diluted earnings/(loss) per share	0.48	(0.37)	0.75

Consolidated balance sheets

end of	1Q14	4Q13	1Q13
Assets (CHF million)			
Cash and due from banks	65,972	68,692	57,242
Interest-bearing deposits with banks	1,728	1,515	1,781
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	162,890	160,022	180,513
Securities received as collateral, at fair value	23,029	22,800	33,199
Trading assets, at fair value	237,069	229,413	264,201
Investment securities	3,320	2,987	3,428
Other investments	7,806	10,329	12,084
Net loans	250,659	247,054	248,995
Premises and equipment	4,926	5,091	5,593
Goodwill	7,956	7,999	8,584
Other intangible assets	228	210	256
Brokerage receivables	49,353	52,045	58,538
Other assets	62,405	63,065	72,204
Assets of discontinued operations held-for-sale	749	1,584	0
Total assets	878,090	872,806	946,618
Liabilities and equity (CHF million)			
Due to banks	24,211	23,108	35,033
Customer deposits	348,450	333,089	316,681
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	88,675	94,032	127,182
Obligation to return securities received as collateral, at fair value	23,029	22,800	33,199
Trading liabilities, at fair value	73,029	76,635	91,490
Short-term borrowings	24,181	20,193	24,657
Long-term debt	132,434	130,042	143,094
Brokerage payables	70,250	73,154	73,466
Other liabilities	48,768	51,447	56,870
Liabilities of discontinued operations held-for-sale	781	1,140	0
Total liabilities	833,808	825,640	901,672
Common shares	64	64	54
Additional paid-in capital	28,406	27,853	23,808
Retained earnings	31,092	30,261	29,474
Treasury shares, at cost	(249)	(139)	(446)
Accumulated other comprehensive income/(loss)	(16,083)	(15,875)	(15,065)
Total shareholders' equity	43,230	42,164	37,825
Noncontrolling interests	1,052	5,002	7,121
Total equity	44,282	47,166	44,946
Total liabilities and equity	878,090	872,806	946,618

Consolidated statements of changes in equity

	Attributable to shareholders						Non-controlling interests	Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity		
1Q14 (CHF million)								
Balance at beginning of period	64	27,853	30,261	(139)	(15,875)	42,164	5,002	47,166
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{1,2}	–	238	–	–	–	238	(1,812)	(1,574)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ²	–	–	–	–	–	–	21	21
Net income/(loss)	–	–	859	–	–	859	356	1,215
Total other comprehensive income/(loss), net of tax	–	–	–	–	(208)	(208)	(25)	(233)
Sale of treasury shares	–	3	–	1,896	–	1,899	–	1,899
Repurchase of treasury shares	–	–	–	(2,025)	–	(2,025)	–	(2,025)
Share-based compensation, net of tax	–	311 ³	–	19	–	330	–	330
Dividends paid	–	–	(28)	–	–	(28)	(17)	(45)
Changes in redeemable noncontrolling interests	–	2	–	–	–	2	–	2
Change in scope of consolidation, net	–	–	–	–	–	–	(2,473)	(2,473)
Other	–	(1)	–	–	–	(1)	–	(1)
Balance at end of period	64	28,406	31,092	(249)	(16,083)	43,230	1,052	44,282

¹ Distributions to owners in funds include the return of original capital invested and any related dividends.

² Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

³ Includes a net tax charge of CHF 48 million from the excess recognized compensation expense over fair value of shares delivered.

Earnings per share

in	1Q14	4Q13	1Q13
Basic net income/(loss) attributable to shareholders (CHF million)			
Income/(loss) from continuing operations	844	(474)	1,297
Income/(loss) from discontinued operations, net of tax	15	(2)	6
Net income/(loss) attributable to shareholders	859	(476)	1,303
Preferred securities dividends	(28)	(122)	–
Net income/(loss) attributable to shareholders for basic earnings per share	831	(598)	1,303
Available for common shares	785	(598)	1,033
Available for unvested share-based payment awards	46	0	93
Available for mandatory convertible securities ¹	–	–	177
Diluted net income/(loss) attributable to shareholders (CHF million)			
Net income/(loss) attributable to shareholders for basic earnings per share	831	(598)	1,303
Income impact of assumed conversion on contracts that may be settled in shares or cash ²	–	–	(5)
Net income/(loss) attributable to shareholders for diluted earnings per share	831	(598)	1,298
Available for common shares	785	(598)	1,033
Available for unvested share-based payment awards	46	0	92
Available for mandatory convertible securities ¹	–	–	173
Weighted-average shares outstanding (million)			
Weighted-average shares outstanding for basic earnings per share available for common shares	1,621.2	1,601.9	1,354.6
Dilutive contracts that may be settled in shares or cash ³	–	–	24.9
Dilutive share options and warrants	1.4	0.0	2.0
Dilutive share awards	5.2	0.0	1.8
Weighted-average shares outstanding for diluted earnings per share available for common shares ⁴	1,627.8	1,601.9 ⁵	1,383.3
Weighted-average shares outstanding for basic/diluted earnings per share available for unvested share-based payment awards	95.5	122.0	122.6
Weighted-average shares outstanding for basic/diluted earnings per share available for mandatory convertible securities ¹	–	–	231.8
Basic earnings/(loss) per share available for common shares (CHF)			
Basic earnings/(loss) per share from continuing operations	0.47	(0.37)	0.76
Basic earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Basic earnings/(loss) per share available for common shares	0.48	(0.37)	0.76
Diluted earnings/(loss) per share available for common shares (CHF)			
Diluted earnings/(loss) per share from continuing operations	0.47	(0.37)	0.75
Diluted earnings/(loss) per share from discontinued operations	0.01	0.00	0.00
Diluted earnings/(loss) per share available for common shares	0.48	(0.37)	0.75

Prior periods have been adjusted to reflect the increase in the number of shares outstanding that arose from the 2Q13 stock dividend, as required under US GAAP.

¹ Reflects MACCS issued in July 2012 that were mandatorily convertible into shares on March 29, 2013, which shares were settled and delivered on April 8, 2013.

² Reflects changes in the fair value of the PAF2 units which are reflected in the net results of the Group until the awards are finally settled. Fair value of the PAF2 units which are reflected in the net results of the Group are not adjusted for 4Q13, as the effect would be antidilutive. In 1Q14, the Group restructured the PAF2 awards as due to regulatory changes the capital relief provided by PAF2 awards was no longer available under Basel III. The PAF2 units were converted into other capital eligible compensation instruments and will no longer be settleable in Credit Suisse Group shares.

³ Reflects weighted-average shares outstanding on PAF2 units. Weighted-average shares on PAF2 units for 4Q13 were excluded from the diluted earnings per share calculation, as the effect would be antidilutive. In 1Q14, the Group restructured the PAF2 awards as due to regulatory changes the capital relief provided by PAF2 awards was no longer available under Basel III. The PAF2 units were converted into other capital eligible compensation instruments and will no longer be settleable in Credit Suisse Group shares.

⁴ Weighted-average potential common shares relating to instruments that were not dilutive for the respective periods (and therefore not included in the diluted earnings per share calculation above) but could potentially dilute earnings per share in the future were 9.1 million, 36.0 million and 13.7 million for 1Q14, 4Q13 and 1Q13, respectively.

⁵ Due to the net loss in 4Q13, 1.7 million weighted-average share options and warrants outstanding and 0.8 million weighted-average share awards outstanding were excluded from the diluted earnings per share calculation, as the effect would be antidilutive.

Cautionary statement regarding forward-looking information

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.
- Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:
 - the ability to maintain sufficient liquidity and access capital markets;
 - market and interest rate fluctuations and interest rate levels;
 - the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;
 - the direct and indirect impacts of continuing deterioration or slow recovery in residential and commercial real estate markets;
 - adverse rating actions by agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
 - the ability to achieve our objectives, including improved performance, reduced risks, lower costs, and more efficient use of capital;
 - the ability of counterparties to meet their obligations to us;
 - the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
 - political and social developments, including war, civil unrest or terrorist activity;
 - the possibility of foreign exchange controls, expropriation, nationalizations or confiscations in countries where we conduct operations;
 - operational factors such as systems failure, human error, or the failure to implement procedures properly;
 - actions taken by regulators with respect to our business and practices in one or more of the countries where we conduct operations;
 - the effects of changes in laws, regulations or accounting policies or practices;
 - competition in geographic and business areas in which we conduct our operations;
 - the ability to retain and recruit qualified personnel;
 - the ability to maintain our reputation and promote our brand;
 - the ability to increase market share and control expenses;
 - technological changes;
 - the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
 - acquisitions, including the ability to integrate businesses successfully, and divestitures, including the ability to sell non-core assets;
 - the adverse resolution of litigation and other contingencies;
 - the ability to achieve our cost efficiency goals and cost targets; and
 - our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in “Risk Factors” in I – Information on the company in our Annual Report 2013.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013.
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-15244

Credit Suisse Group AG

(Exact name of Registrant as specified in its charter)

Canton of Zurich, Switzerland

(Jurisdiction of incorporation or organization)

Paradeplatz 8, CH 8001 Zurich, Switzerland

(Address of principal executive offices)

David R. Mathers

Chief Financial Officer

Paradeplatz 8, CH 8001 Zurich, Switzerland

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Telephone: +41 44 333 6607

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Commission file number: 001-33434

Credit Suisse AG

(Exact name of Registrant as specified in its charter)

Canton of Zurich, Switzerland

(Jurisdiction of incorporation or organization)

Paradeplatz 8, CH 8001 Zurich, Switzerland

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David R. Mathers

Chief Financial Officer

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Telephone: +41 44 333 6607

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class of securities	Name of each exchange on which registered
Credit Suisse Group AG American Depositary Shares each representing one Share Shares par value CHF 0.04*	New York Stock Exchange New York Stock Exchange*
Credit Suisse AG Fixed to Floating Rate Tier 1 Capital Notes Floating Rate Tier 1 Capital Notes Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net) Credit Suisse Equal Weight MLP Index Exchange Traded Notes due April 20, 2020 Linked to the Cushing® 30 MLP Index Exchange Traded Notes due October 6, 2020 Linked to the Credit Suisse Merger Arbitrage Liquid Index (Net) Exchange Traded Notes due March 13, 2031 Linked on a Leveraged Basis to the Credit Suisse Merger Arbitrage Liquid Index (Net) Market Neutral Equity ETN Linked to the HS Market Neutral Index Powered by HOLT™ due September 22, 2031 VelocityShares Daily Inverse VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030 VelocityShares Daily Inverse VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030 VelocityShares VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030 VelocityShares VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030 VelocityShares Daily 2x VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030 VelocityShares Daily 2x VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030 VelocityShares™ 3x Long Gold ETN Linked to the S&P GSCI® Gold Index ER due October 14, 2031 VelocityShares™ 3x Long Silver ETN Linked to the S&P GSCI® Silver Index ER due October 14, 2031 VelocityShares™ 3x Inverse Gold ETN Linked to the S&P GSCI® Gold Index ER due October 14, 2031 VelocityShares™ 3x Inverse Silver ETN Linked to the S&P GSCI® Silver Index ER due October 14, 2031 VelocityShares™ 3x Long Crude Oil ETN Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032 VelocityShares™ 3x Long Natural Gas ETN Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032 VelocityShares™ 3x Inverse Crude Oil ETN Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032 VelocityShares™ 3x Inverse Natural Gas ETN Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032 Credit Suisse Gold Shares Covered Call Exchange Traded Notes (ETNs) due February 2, 2033 Linked to the Credit Suisse NASDAQ Gold FLOWS™ 103 Index Credit Suisse Silver Shares Covered Call Exchange Traded Notes (ETNs) due April 21, 2033 Linked to the Credit Suisse NASDAQ Silver FLOWS™ 106 Index Credit Suisse Commodity Benchmark Exchange Traded Notes (ETNs) due June 15, 2033 Linked to the Credit Suisse Commodity Benchmark Total Return Index Credit Suisse Commodity Rotation Exchange Traded Notes (ETNs) due June 15, 2033 Linked to the Credit Suisse Commodity Backwardation Total Return Index Credit Suisse FI Enhanced Europe 50 Exchange Traded Notes (ETNs) due September 10, 2018 Linked to the STOXX Europe 50® USD (Gross Return) Index Credit Suisse FI Enhanced Big Cap Growth Exchange Traded Notes (ETNs) due October 22, 2018 Linked to the Russell 1000® Growth Index Total Return	New York Stock Exchange New York Stock Exchange NYSE Arca NYSE Arca NYSE Arca NYSE Arca NYSE Arca NYSE Arca The Nasdaq Stock Market The Nasdaq Stock Market NYSE Arca NYSE Arca NYSE Arca The Nasdaq Stock Market The Nasdaq Stock Market NYSE Arca NYSE Arca NYSE Arca The Nasdaq Stock Market The Nasdaq Stock Market NYSE Arca NYSE Arca NYSE Arca

* Not for trading, but only in connection with the registration of the American Depositary Shares

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2013: 1,590,936,195 shares of Credit Suisse Group AG

Indicate by check mark if the Registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the Registrants are not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether Registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filers Accelerated filers Non-accelerated filers

Indicate by check mark which basis of accounting the Registrants have used to prepare the financial statements included in this filing:

U.S. GAAP International Other
Financial Reporting Standards
as issued by the
International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act)

Yes No

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Definitions

For the purposes of this Form 20-F and the attached Annual Report 2013, unless the context otherwise requires, the terms “Credit Suisse Group,” “Credit Suisse,” “the Group,” “we,” “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries and the term “the Bank” means Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

The business of the Bank is substantially similar to the Group and, except where noted or the context otherwise requires, information relating to the Group is also relevant to the Bank.

Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Annual Report 2013.

Sources

Throughout this Form 20-F and the attached Annual Report 2013, we describe the position and ranking of our various businesses in certain industry and geographic markets. The sources for such descriptions come from a variety of conventional publications generally accepted as relevant business indicators by members of the financial services industry. These sources include: Standard & Poor’s, Thomson Financial, Dealogic, the Loan Pricing Corporation, Institutional Investor, Lipper, Moody’s Investors Service and Fitch Ratings.

Cautionary statement regarding forward-looking information

For Credit Suisse and the Bank, please see Cautionary statement regarding forward-looking information on the inside page of the back cover of the attached Annual Report 2013.

Part I

Item 1. Identity of directors, senior management and advisers.

Not required because this Form 20-F is filed as an annual report.

Item 2. Offer statistics and expected timetable.

Not required because this Form 20-F is filed as an annual report.

Item 3. Key information.

A – Selected financial data.

For Credit Suisse and the Bank, please see Appendix – Selected five-year information – Group on page A-2 and – Bank on page A-3 of the attached Annual Report 2013. In addition, please see IX – Additional information – Other information – Foreign currency translation rates on page 504 of the attached Annual Report 2013.

B – Capitalization and indebtedness.

Not required because this Form 20-F is filed as an annual report.

C – Reasons for the offer and use of proceeds.

Not required because this Form 20-F is filed as an annual report.

D – Risk factors.

For Credit Suisse and the Bank, please see I – Information on the company – Risk factors on pages 35 to 42 of the attached Annual Report 2013.

Item 4. Information on the company.

A – History and development of the company.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 22 to 23, and IV – Corporate Governance and Compensation – Corporate Governance – Overview – Company on pages 147 to 148 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 3 – Business developments, significant shareholders and subsequent events in V – Consolidated financial statements – Credit Suisse Group on page 226 of the attached Annual Report 2013 and, for the Bank, please see Note 3 – Business developments and subsequent events in VII – Consolidated financial statements – Credit Suisse (Bank) on page 385 of the attached Annual Report 2013.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 10 to 42 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 229 to 231 of the attached Annual Report 2013 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 387 to 388 of the attached Annual Report 2013.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 22 to 23 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on pages 48 to 50 of the attached Annual Report 2013. For a list of Credit Suisse's significant subsidiaries, please see Note 39 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 337 to 339 of the attached Annual Report 2013 and, for a list of the Bank's significant subsidiaries, please see Note 37 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 456 to 458 of the attached Annual Report 2013.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on page 503 of the attached Annual Report 2013.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 480 to 498 of the attached Annual Report 2013. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Credit risk – Loans – Impaired loans on pages 133 to 134 and – Provision for credit losses on page 133 of the attached Annual Report 2013.

Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

As stated in the Credit Suisse Annual Report 2012, in 2005 and earlier, Credit Suisse AG, through a business line operating in Switzerland, entered into export finance credit facilities involving Iranian parties, through bilateral contracts and as a member of lending syndicates. Credit Suisse AG loaned funds under these credit facilities for project finance activities in Iran that did not support or facilitate Iran's nuclear weapons proliferation efforts, its acquisition of other military items, or its support of terrorism. Our participation in these credit facilities was legal under applicable law. The Iranian parties involved in certain of these credit facilities entered into between 2001 and 2005 subsequently were designated Specially Designated Nationals or Blocked Persons pursuant to an Executive Order of the President of the United States, or fall within the US government's definition of the government of Iran (which includes government-controlled entities). Default on these credit facilities is subject to export financing insurance provided by European governmental export credit agencies.

Credit Suisse AG does not generally calculate gross revenues or net profits from individual export finance credit facilities of this type; however, Credit Suisse AG estimates that it recognized approximately CHF 0.4 million in interest income in 2013 on these credit facilities and believes that it has not earned any related net profit in 2013 and over the life of these credit facilities. While Credit Suisse AG ceased providing funds to any Iranian parties pursuant to any of these credit facilities several years ago, it has continued, where possible, to receive repayment of funds owed to it. In 2013, Credit Suisse AG received insurance payments totaling CHF 12.1 million from the Swiss governmental export credit agency and payments totaling CHF 15.6 million from financial institutions acting as agents of lending syndicates, both in partial payment under certain of these credit facilities. As of December 31, 2013, approximately CHF 4.8 million was owed to Credit Suisse AG under these credit facilities which is not covered by the European governmental export credit agency guarantees, out of a total amount of approximately CHF 103.0 million outstanding. Credit Suisse AG will continue to seek repayment of funds it is owed under these credit facilities pursuant to its contractual rights and applicable law, and will continue to cooperate with the European governmental export credit agencies.

During 2013, Credit Suisse AG processed a small number of de minimis payments related to the operation of Iranian diplomatic missions in Switzerland and to fees for ministerial government functions such as issuing passports and visas. Processing these payments is permitted under Swiss law and is performed with the consent of Swiss authorities, and Credit Suisse AG intends to continue processing such payments. Revenues and profits from these activities are not calculated but would be negligible.

Credit Suisse AG also continues to hold funds from two wire transfers to non-Iranian customers which were blocked pursuant to Swiss sanctions because Iranian government-owned entities have an interest in such transfers. Such funds are maintained in blocked accounts opened in accordance with Swiss sanctions requirements. Credit Suisse AG derives no revenues or profits from maintenance of these blocked accounts.

Item 4A. Unresolved staff comments.

None.

Item 5. Operating and financial review and prospects.**A – Operating results.**

For Credit Suisse and the Bank, please see II – Operating and financial review on pages 44 to 92 of the attached Annual Report 2013. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 24 to 34 of the attached Annual Report 2013 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Foreign exchange exposure and interest rate management on page 114.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management and – Capital management on pages 94 to 114 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 250 to 251 and Note 36 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 328 of the attached Annual Report 2013 and, for the Bank, please see Note 23 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 404 and Note 35 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 455 of the attached Annual Report 2013.

C – Research and development, patents and licenses, etc.

Not applicable.

D – Trend information.

For Credit Suisse and the Bank, please see Item 5.A of this Form 20-F. In addition, for Credit Suisse and the Bank, please see I – Information on the Company – Our businesses on pages 14 to 21 of the attached Annual Report 2013.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations on pages 141 to 144 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 31 – Derivatives and hedging activities, Note 32 – Guarantees and commitments and Note 33 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 281 to 300 of the attached Annual Report 2013 and, for the Bank, please see Note 30 – Derivatives and hedging activities, Note 31 – Guarantees and commitments and Note 32 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 423 to 435 of the attached Annual Report 2013.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on page 144 of the attached Annual Report 2013.

Item 6. Directors, senior management and employees.**A – Directors and senior management.**

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors, – Board Committees, – Biographies of the Board Members, – Executive Board and – Biographies of the Executive Board Members on pages 153 to 172 of the attached Annual Report 2013.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 178 to 204 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 11 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 234, Note 28 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 263 to 269 and Note 30 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 272 to 280, and Note 3 – Compensation to members of the Executive Board and the Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 361 to 366 of the attached Annual Report 2013 and, for the Bank, please see Note 11 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 390, Note 27 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 412 to 414 and Note 29 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 416 to 422 of the attached Annual Report 2013.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance on pages 146 to 175 of the attached Annual Report 2013.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Employees on page 148. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Core Results on pages 54 to 60 of the attached Annual Report 2013.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 178 to 204 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 28 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 263 to 269, and Note 3 – Compensation to members of the Executive Board and Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 361 to 366 of the attached Annual Report 2013. For the Bank, please see Note 27 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 412 to 414 of the attached Annual Report 2013.

Item 7. Major shareholders and related party transactions.**A – Major shareholders.**

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Shareholders on pages 149 to 152 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 3 – Business developments, significant shareholders and subsequent events in V – Consolidated financial statements – Credit Suisse Group on page 226, Note 6 – Own shares held by the company and by group companies and Note 7 – Significant shareholders in VI – Parent company financial statements – Credit Suisse Group on page 367 of the attached Annual Report 2013. Credit Suisse's major shareholders do not have different voting rights. The Bank has 4,399,665,200 shares outstanding and is a wholly-owned subsidiary of Credit Suisse. See Note 11 – Major shareholders and groups of shareholders in VIII – Parent company financial statements – Credit Suisse (Bank) on page 474 of the attached Annual Report 2013.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 178 to 204 and – Corporate Governance – Banking relationships and related party transactions on pages 158 to 159 of the attached Annual Report 2013. In addition, for Credit Suisse, please see Note 29 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 270 to 272 and Note 3 – Compensation to members of the Executive Board and the Board of Directors – Board of Directors loans in VI – Parent company financial statements – Credit Suisse Group on pages 361 to 366 of the attached Annual Report 2013 and, for the Bank, please see Note 28 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on page 415 of the attached Annual Report 2013.

C – Interests of experts and counsel.

Not applicable because this Form 20-F is filed as an annual report.

Item 8. Financial information.**A – Consolidated statements and other financial information.**

Please see Item 18 of this Form 20-F.

For a description of Credit Suisse's legal and arbitration proceedings, please see Note 38 – Litigation in V – Consolidated financial statements – Credit Suisse Group on pages 330 to 336 of the attached Annual Report 2013. For a description of the Bank's legal and arbitration proceedings, please see Note 36 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 456 of the attached Annual Report 2013.

For a description of Credit Suisse's policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Dividends and dividend policy on page 114 of the attached Annual Report 2013.

B – Significant changes.

None.

Item 9. The offer and listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Other information – Listing details on page 503 of the attached Annual Report 2013. Shares of the Bank are not listed.

B – Plan of distribution, D – Selling shareholders, E – Dilution, F – Expenses of the issue.

Not required because this Form 20-F is filed as an annual report.

Item 10. Additional information.

A – Share capital.

Not required because this Form 20-F is filed as an annual report.

B – Memorandum and Articles of Association.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview, – Shareholders and – Board of Directors on pages 146 to 166 and – Additional information – Changes in control and defense measures on page 173 and – Liquidation on page 175 of the attached Annual Report 2013. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 499 of the attached Annual Report 2013. Shares of the Bank are not listed.

C – Material contracts.

Neither Credit Suisse nor the Bank has any contract that would constitute a material contract for the two years immediately preceding this Form 20-F.

D – Exchange controls.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Exchange controls on page 499 of the attached Annual Report 2013.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 499 to 502 of the attached Annual Report 2013. The Bank does not have any public shareholders.

F – Dividends and paying agents.

Not required because this Form 20-F is filed as an annual report.

G – Statement by experts.

Not required because this Form 20-F is filed as an annual report.

H – Documents on display.

Credit Suisse and the Bank file annual reports on Form 20-F and furnish or file quarterly and other reports on Form 6-K and other information with the SEC pursuant to the requirements of the Securities Exchange Act of 1934, as amended. These materials are available to the public over the Internet at the SEC's website at www.sec.gov and from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (telephone 1-800-SEC-0330). SEC reports are also available for review at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005. Further, our reports on Form 20-F, Form 6-K and certain other materials are available on the Credit Suisse website at www.credit-suisse.com. Information contained on our website is not incorporated by reference into this Form 20-F.

In addition, Credit Suisse's parent company financial statements, together with the notes thereto, are set forth on pages 355 to 372 of the attached Annual Report 2013 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 461 to 478 of the attached Annual Report 2013 and incorporated by reference herein.

I – Subsidiary information.

Not applicable.

Item 11. Quantitative and qualitative disclosures about market risk.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 115 to 140 of the attached Annual Report 2013.

Item 12. Description of securities other than equity securities.

A – Debt Securities, B – Warrants and Rights, C – Other Securities.

Not required because this Form 20-F is filed as an annual report.

D – American Depositary Shares.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional information – American Depositary Share fees on page 175 of the attached Annual Report 2013. Shares of the Bank are not listed.

Part II

Item 13. Defaults, dividend arrearages and delinquencies.

None.

Item 14. Material modifications to the rights of security holders and use of proceeds.

None.

Item 15. Controls and procedures.

For Credit Suisse's management report and the related report from the Group's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in V – Consolidated financial statements – Credit Suisse Group on pages 353 to 354 of the attached Annual Report 2013. For the Bank's management report and the related report from the Bank's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 459 to 460 of the attached Annual Report 2013.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors – Board committees – Audit Committee on page 157 of the attached Annual Report 2013.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Corporate governance framework on page 147 of the attached Annual Report 2013.

Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional Information – Internal and external auditors on pages 173 to 174 of the attached Annual Report 2013.

Item 16D. Exemptions from the listing standards for audit committee.

None.

Item 16E. Purchases of equity securities by the issuer and affiliated purchasers.

For Credit Suisse, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Share repurchases on pages 113 to 114 of the attached Annual Report 2013. The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Item 16F. Change in registrants' certifying accountant.

None.

Item 16G. Corporate governance.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Complying with rules and regulations on pages 146 to 147 of the attached Annual Report 2013. Shares of the Bank are not listed.

Item 16H. Mine Safety Disclosure.

None.

Part III**Item 17. Financial statements.**

Not applicable.

Item 18. Financial statements.

Credit Suisse's consolidated financial statements, together with the notes thereto and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 205 to 354 of the attached Annual Report 2013 and incorporated by reference herein. The Bank's consolidated financial statements, together with the notes thereto (and any notes or portions thereof in the consolidated financial statements of Credit Suisse Group referred to therein) and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 373 to 460 of the attached Annual Report 2013 and incorporated by reference herein.

Item 19. Exhibits.

- 1.1 Articles of association (Statuten) of Credit Suisse Group AG as of February 5, 2014.
- 1.2 Articles of association (Statuten) of Credit Suisse AG as of March 21, 2014.
- 1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG as of October 17, 2013.
- 2.1 Pursuant to the requirement of this item, we agree to furnish to the SEC upon request a copy of any instrument defining the rights of holders of long-term debt of us or of our subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
- 4.1 Agreement, dated February 13, 2011, among Competrol Establishment, Credit Suisse Group (Guernsey) II Limited and Credit Suisse Group AG (incorporated by reference to Exhibit 99.1 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).
- 4.2 Agreement, dated February 13, 2011, among Qatar Holding LLC, Credit Suisse Group (Guernsey) II Limited and Credit Suisse Group AG (incorporated by reference to Exhibit 99.2 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).
- 4.3 Amendment Agreement, dated July 18, 2012, among Competrol Establishment, Credit Suisse Group (Guernsey) II Limited, Credit Suisse Group AG and Credit Suisse AG, acting through its Guernsey Branch (incorporated by reference to Exhibit 99.3 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).
- 4.4 Purchase and Underwriting Agreement, dated as of July 17, 2012, between Credit Suisse AG and Competrol Establishment (incorporated by reference to Exhibit 4.4 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2012 filed on March 22, 2013).
- 4.5 Purchase and Underwriting Agreement, dated as of July 18, 2012, between Credit Suisse AG and Qatar Holding LLC (incorporated by reference to Exhibit 4.5 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2012 filed on March 22, 2013).
- 4.6 Agreement, dated October 10, 2013, among Qatar Holding LLC, Credit Suisse Group (Guernsey) II Limited, Credit Suisse Group AG and Credit Suisse AG, acting through its Guernsey Branch.
- 7.1 Computations of ratios of earnings to fixed charges of Credit Suisse and of the Bank are set forth under IX – Additional Information – Statistical information – Ratio of earnings to fixed charges – Group and – Ratio of earnings to fixed charges – Bank on page 498 of the attached Annual Report 2013 and incorporated by reference herein.
- 8.1 Significant subsidiaries of Credit Suisse are set forth in Note 39 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 337 to 339, and significant subsidiaries of the Bank are set forth in Note 37 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 456 to 458 in the attached Annual Report 2013 and incorporated by reference herein.
- 9.1 Consent of KPMG AG, Zurich with respect to Credit Suisse Group AG consolidated financial statements.
- 9.2 Consent of KPMG AG, Zurich with respect to the Credit Suisse AG consolidated financial statements.
- 12.1 Rule 13a-14(a) certification of the Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.2 Rule 13a-14(a) certification of the Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certifications pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Credit Suisse Group AG and Credit Suisse AG.
- 101.1 Interactive Data Files (XBRL-Related Documents).

SIGNATURES

Each of the registrants hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CREDIT SUISSE GROUP AG

(Registrant)

Date: April 3, 2014

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer

CREDIT SUISSE AG

(Registrant)

Date: April 3, 2014

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer

Exhibit 9.1

Consent of the Independent Registered Public Accounting Firm to the Board of Directors of Credit Suisse Group AG

We consent to the incorporation by reference in the registration statement (No. 333-180300) on Form F-3 and in the registration statement (No. 333-101259) on Form S-8 of Credit Suisse Group AG of our reports dated April 3, 2014 with respect to the consolidated balance sheets of Credit Suisse Group AG and its subsidiaries (the "Group") as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting as of December 31, 2013, which reports appear in the December 31, 2013 annual report on Form 20-F of the Group.

KPMG AG

/s/ Simon Ryder
Simon Ryder
Licensed Audit Expert
Auditor in Charge

/s/ Anthony Anzevino
Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
April 3, 2014

Exhibit 9.2**Consent of the Independent Registered Public Accounting Firm to the Board of Directors of Credit Suisse AG**

We consent to the incorporation by reference in the registration statement (No. 333-180300) on Form F-3 of Credit Suisse AG of our reports dated April 3, 2014 with respect to the consolidated balance sheets of Credit Suisse AG and its subsidiaries (the "Bank") as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting as of December 31, 2013, which reports appear in the December 31, 2013 annual report on Form 20-F of the Bank.

KPMG AG

/s/ Simon Ryder
Simon Ryder
Licensed Audit Expert
Auditor in Charge

/s/ Anthony Anzevino
Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
April 3, 2014

Exhibit 12.1

I, Brady W. Dougan, certify that:

1. I have reviewed this annual report on Form 20-F of Credit Suisse Group AG and Credit Suisse AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of each of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Dated: April 3, 2014

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG

Exhibit 12.2

I, David R. Mathers, certify that:

1. I have reviewed this annual report on Form 20-F of Credit Suisse Group AG and Credit Suisse AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of each of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Dated: April 3, 2014

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG

Exhibit 13.1

Annual Certification

Pursuant to Section 906 of the Sarbanes – Oxley Act of 2002

Pursuant to subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code, each of the undersigned officers of Credit Suisse Group AG and Credit Suisse AG, incorporated in Switzerland (the “Companies”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2013 of the Companies fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Companies for such period presented.

Dated: April 3, 2014

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG

Dated: April 3, 2014

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG

CREDIT SUISSE 

A photograph of two men in suits standing on a wooden walkway in a conservatory. The man on the left is younger, with a beard and glasses, wearing a dark blue suit and a red tie. The man on the right is older, wearing a grey suit. They are both smiling and appear to be in conversation. The background is filled with lush green plants, including palm trees and anthuriums.

Annual Report 2013

Credit Suisse Group AG & Credit Suisse AG

Financial highlights

	2013	2012	in / end of 2011	13 / 12	% change 12 / 11
Net income (CHF million)					
Net income attributable to shareholders	2,326	1,349	1,953	72	(31)
of which from continuing operations	2,181	1,389	1,978	57	(30)
Earnings per share (CHF)					
Basic earnings per share from continuing operations	1.14	0.82	1.34	39	(39)
Basic earnings per share	1.22	0.79	1.32	54	(40)
Diluted earnings per share from continuing operations	1.14	0.82	1.34	39	(39)
Diluted earnings per share	1.22	0.79	1.32	54	(40)
Return on equity (%)					
Return on equity attributable to shareholders	5.7	3.9	6.0	-	-
Core Results (CHF million) ¹					
Net revenues	25,217	23,251	25,095	8	(7)
Provision for credit losses	167	170	187	(2)	(9)
Total operating expenses	21,546	21,193	22,149	2	(4)
Income from continuing operations before taxes	3,504	1,888	2,759	86	(32)
Core Results statement of operations metrics (%) ¹					
Cost/income ratio	85.4	91.1	88.3	-	-
Pre-tax income margin	13.9	8.1	11.0	-	-
Effective tax rate	36.4	24.6	23.8	-	-
Net income margin ²	9.2	5.8	7.8	-	-
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,253.4	1,197.8	1,133.5	4.6	5.7
Net new assets from continuing operations	36.1	11.4	43.7	216.7	(73.9)
Balance sheet statistics (CHF million)					
Total assets	872,806	924,280	1,049,165	(6)	(12)
Net loans	247,054	242,223	233,413	2	4
Total shareholders' equity	42,164	35,498	33,674	19	5
Tangible shareholders' equity ³	33,955	26,866	24,795	26	8
Book value per share outstanding (CHF)					
Total book value per share	26.50	27.44	27.59	(3)	(1)
Tangible book value per share ³	21.34	20.77	20.32	3	2
Shares outstanding (million)					
Common shares issued	1,596.1	1,320.8	1,224.3	21	8
Treasury shares	(5.2)	(27.0)	(4.0)	(81)	-
Shares outstanding	1,590.9	1,293.8	1,220.3	23	6
Market capitalization					
Market capitalization (CHF million)	43,526	29,402	27,021	48	9
Market capitalization (USD million)	49,224	32,440	28,747	52	13
BIS statistics (Basel III) ⁴					
Risk-weighted assets (CHF million)	273,846	292,481	-	(6)	-
CET 1 ratio (%)	15.7	14.2	-	-	-
Tier 1 ratio (%)	16.8	15.2	-	-	-
Dividend per share (CHF)					
Dividend per share	0.70 ⁵	0.75 ⁶	0.75 ⁶	-	-
Number of employees (full-time equivalents)					
Number of employees	46,000	47,400	49,700	(3)	(5)

¹ Refer to "Results overview" in II – Operating and financial review – Core Results for further information on Core Results.

² Based on amounts attributable to shareholders.

³ A non-GAAP financial measure. Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets as shown on our balance sheet from total shareholders' equity.

⁴ Basel III became effective as of January 1, 2013.

⁵ Proposal of the Board of Directors to the Annual General Meeting on May 9, 2014; to be paid out of reserves from capital contributions.

⁶ Paid out of reserves from capital contributions.

Annual Report 2013



The **Annual Report 2013** is a detailed presentation of the Group's annual financial statements, company structure, corporate governance and compensation practices, treasury and risk management framework and a review of our operating and financial results.

Annual Report – Cover Relationship manager Gianluigi Pezzotta (left) from Credit Suisse's corporate clients business in Lugano believes that engaging in a personal discussion with clients at their offices is an important part of his work. He is pictured here with Umberto Zardi, President of Casale Group, in the entrance of the company's premises in Lugano. Casale Group is a global market leader in the production and modernization of nitrogenous fertilizer plants and won the Prix SVC Svizzera italiana in 2013.



The **Corporate Responsibility Report 2013** provides a detailed presentation on how the Group assumes its various responsibilities as a bank towards society and the environment.

The **Company Profile 2013** is enclosed in the Corporate Responsibility Report and contains a summary of Credit Suisse' strategic direction, an overview of its organization and a brief description of its key businesses.

www.credit-suisse.com/responsibility.

Corporate Responsibility Report – Cover Credit Suisse assigns a high level of importance to the promotion of young talent. In 2013, a total of 1,370 young people received support as part of their professional training. HR Consultant Michael Seibold (center) from the Young Talents team is currently overseeing the development of 71 junior employees who are enrolled in a commercial apprenticeship or are participating in the Junior Banking Program for high school graduates. Michael Seibold is pictured here in the Uetlihof 2 office complex in Zurich together with the apprentices Maxime Seiler, Largesia Mena, Louise Brun, Denis Schnell and Fiona Bosshard (from left to right).

Company Profile – Cover On the campus of the Swiss Federal Institute of Technology (EPFL) in Lausanne, Credit Suisse operates a "branch of the future" where it tests new ideas and concepts in banking. The branch manager, Oliver Kratzer, and his colleagues, Yasmina Garchi and Luana Conticello, ensure that Credit Suisse is an integral part of daily campus life at EPFL.

Credit Suisse Apps



Investor Relations and Media

allows investors, analysts, media and other interested parties to remain up to date with relevant online and offline financial information on Credit Suisse.



News & Expertise by Credit Suisse

bundles expert knowledge of Credit Suisse into a dynamic news application, focusing on global trends in economics and finance.



The Swiss Financial Center and Credit Suisse

provides an overview of the activities performed by Credit Suisse in Switzerland and the bank's multifaceted commitment to the Swiss financial center and economy.



Credit Suisse Mobile Banking

places all the advantages at your fingertips – anytime, anywhere. Use your mobile phone to pay bills, review credit card transactions, catch up on financial information, or track your safekeeping and other accounts in real time.



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For the purposes of this report, unless the context otherwise requires, the terms "Credit Suisse Group", "Credit Suisse", "the Group", "we", "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term "the Bank" when we are referring only to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries. Abbreviations and selected  terms are explained in the List of abbreviations and the Glossary in the back of this report. Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report. In various tables, use of "-" indicates not meaningful or not applicable.



Urs Rohner (left), Chairman of the Board of Directors and Brady W. Dougan, Chief Executive Officer.

Message from the Chairman and the Chief Executive Officer

DEAR SHAREHOLDERS, CLIENTS AND COLLEAGUES

Five years after one of the biggest crises that the banking industry has seen, the strategy and evolution of both the industry and Credit Suisse are directly linked to changing regulatory requirements as well as changing market conditions and client needs that emerged from the crisis. As we present our results for the financial year 2013 to you, we think it is important to take a step back and look at how the industry and Credit Suisse have changed since 2008 and what we believe will be some of the future trends, opportunities and challenges for the banking industry, and specifically for Credit Suisse.

Transformation of the banking industry in response to the financial crisis

New and evolving regulatory requirements governing capital, leverage, liquidity and resolution planning, together with the steps banks have taken to adapt to them, have been critical to creating a safer and more resilient financial system. Since the financial crisis, regulators and banks around the world have worked to substantially reduce the probability of taxpayer-funded bank bailouts in the future. While initially there were concerns that distinct and, at times, conflicting requirements of different jurisdictions and regulatory authorities would make it difficult for global banks to operate competitively, there now appears to be a trend toward regulatory convergence. Under the developing requirements, banks around the globe have begun to significantly adapt their business models by increasing capital, reducing risk and taking significant steps to increase productivity and efficiency.

Credit Suisse took early and proactive steps to adapt to the changing environment and today is a markedly different bank than it was in 2008. We actively participated in discussions with regulators and evolved our Investment Banking business model to focus on high-returning and capital-efficient businesses. We strengthened the footprint of our Private Banking & Wealth Management franchise in growth markets, while improving the productivity of its operations. We reduced our total balance sheet assets by 25% from 2008 and reduced our Basel III risk-weighted assets, calculated on a look-through basis, by 28% since the third quarter of 2011 when we first started reporting risk-weighted assets under the Basel III framework. We improved our efficiency by lowering Credit Suisse's overall expense base by CHF 3.1 billion compared to the adjusted run rate for the first half of 2011. We also further strengthened our capital base in recent years, while striving to balance the interests of our various stakeholders. We continued to

allocate capital to targeted growth areas, while returning to proposing a distribution entirely in cash to our shareholders.

Trends, growth opportunities and challenges for the industry

Notwithstanding these far-reaching changes, we remain convinced that there are attractive opportunities for targeted growth in the financial services industry. For example, according to the Credit Suisse Global Wealth Report 2013, global wealth is expected to increase by nearly 40% over the next five years, reaching USD 334 trillion by 2018, emerging markets are expected to account for around 29% of this growth.

At Credit Suisse, we continue to see significant growth potential for our Private Banking & Wealth Management and Investment Banking businesses in Asia and Latin America, as well as in parts of the Middle East and Eastern Europe. We plan to continue to invest in our franchises in those regions, as well as in the ultra-high-net-worth individual (UHNWI) client segment, while leveraging our strong market share position in Switzerland and other mature markets. We are also convinced that our repositioned Asset Management business, which is focused toward more liquid strategies and working closely with our other businesses, will continue to generate attractive returns.

Developments in the financial services industry are also expected to be materially shaped by technological advances. New participants in the form of non-bank financial institutions have entered the market, and we believe that they have the potential to capture market share from traditional banks and challenge established institutions to redefine their value propositions – whether in lending or even in wealth management.

As a bank with a long and rich heritage, Credit Suisse is distinguished from these new competitors given our experience in managing capital and liquidity and our established and extensive network. Credit Suisse has around 2.2 million clients worldwide, who place their trust in us as their financial partner, as well as 46,000 employees who can offer clients customized expertise and advice. One of the key challenges for our bank in the near future will be to implement technological solutions that allow us to make the full capabilities of our network and resources readily available to our clients and ensure that the vast information and expertise available within the bank is delivered to them promptly and efficiently. With this in mind, we are currently developing our integrated digital private banking service, which is expected to deliver intuitive online banking functionality and improve access for our clients.

International tax compliance and resolving legacy tax issues are major concerns for the Swiss banking industry, including Credit Suisse. We believe that all Swiss banks that remain active in cross-border business must comply with foreign tax requirements. Credit Suisse has long pursued a strategy of tax compliance and continues to support measures such as the automatic information exchange which help to ensure that assets deposited in banks around the globe are properly taxed. We are convinced that this strategy – as well as the country's political and economic stability and its high quality service offering – will help Switzerland to strengthen its leading position among international financial centers in the future. Although the financial services industry has suffered a loss of trust since the crisis, with many stakeholders questioning its values and principles, banks continue to play a pivotal role in the economy and society as a whole. Over the past 50 years, we saw relative prosperity in the developed parts of the world with unprecedented growth in the wealth of the middle class, followed by an increase in wealth in emerging markets driven by globalization. In part, this prosperity was driven by the existence of a properly functioning financial system. We believe that banks, through their intermediary role, will continue to be crucial to fostering economic growth and job creation.

Credit Suisse has been serving corporate clients and financing entrepreneurs since it was founded in 1856 and it has long-standing experience in the wealth management and capital markets businesses. As an employer, purchaser and investor, Credit Suisse makes a substantial contribution to economic output and employment. In 2013, Credit Suisse purchased over CHF 6 billion of goods, services and licenses from over 28,000 suppliers around the globe.

Credit Suisse progress and achievements in 2013

Throughout its history, Credit Suisse has evolved its business model and organizational structure in line with changing client needs, regulation and market conditions. In 2013, we made substantial progress in executing our strategy and building on steps that we have taken since 2008. Since the start of 2013, Credit Suisse has been operating under the Basel III regulatory framework, which was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation. During the year, we once again participated in discussions about national and international regulations, and we made further significant progress in our efforts to address the "Too Big to Fail" topic.

For 2013, we delivered Core pre-tax income of CHF 3,504 million compared to CHF 1,888 million in the prior year. Net income attributable to shareholders was CHF 2,326 million and the return on equity was 6%. Our strategic businesses reported Core pre-tax income of CHF 7,132 million. The return on equity of 13% for our strategic businesses in the full-year 2013 demonstrates the strength of our core franchises within our two divisions.

In addition, we showed continued cost discipline with compensation and benefits expense down 9% from 2012 for the Group and down 10% in Investment Banking.

We largely completed our capital plan announced in July 2012 and ended 2013 with a Look-through Basel III CET1 ratio of 10.0%. We further reduced leverage exposure and reported a Swiss leverage ratio of 5.1%, as well as a Look-through Swiss leverage ratio of 3.7% as of the end of 2013. Based on our preliminary assessment, the Basel Committee's revised guidelines on the calculation of the leverage ratio would increase our year-end 2013 Look-through Swiss leverage ratio to close to 4%, which would meet the Swiss requirement applicable in 2019. We completed the exchange of CHF 3.8 billion of hybrid tier 1 notes into high-trigger capital instruments, successfully issued CHF 6 billion of low-trigger capital notes, and are now just approximately CHF 3 billion away from meeting the Swiss 2019 progressive capital requirement. Furthermore, as part of our 2013 compensation structure, we introduced a similar instrument which aligns compensation incentives to the capital strength of the Group, as well as providing additional tier 1 benefits.

In November 2013, we announced our program to evolve the Group's legal entity structure, which is designed to both result in a substantially less complex and more efficient operating infrastructure in view of the new regulatory requirements and meet future requirements for global recovery and resolution planning.

Throughout 2013, we continued to manage our legacy legal issues, and we will continue to do so in a responsible manner. With regard to the ongoing investigations by regulatory authorities into whether financial institutions engaged in an effort to manipulate LIBOR and other reference rates, Credit Suisse has seen no evidence to suggest that it is likely to have any material exposure in connection with the LIBOR matter. Furthermore, we are fully cooperating with industry investigations into trading activities and the setting of benchmark rates in foreign exchange markets, which are ongoing and it is too soon to predict the final outcome. Credit Suisse also continues its efforts to resolve legacy private banking cross-border US legal issues. In February 2014, Credit Suisse announced that it reached a settlement with the US Securities and Exchange Commission (SEC) and agreed to pay USD 196 million for violations of US securities laws that centered on activities between 2002 and 2008. Also, in February, the US Senate's Permanent Subcommittee on Investigations held a hearing to discuss legacy tax issues in the Swiss private banking industry. Four members of Credit Suisse's Executive Board testified at the hearing and discussed the bank's efforts to establish tax compliance by US clients. The investigation by the US Department of Justice (DOJ) in this matter remains outstanding. Primarily due to an increase in the litigation provision held against this matter, we announced in April 2014 that we incurred an after-tax charge of CHF 468 million in respect of our preliminary fourth-quarter 2013 and full-year 2013

results. In March 2014, we announced that Credit Suisse reached an agreement with the Federal Housing Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac. The agreement resolves Credit Suisse's largest mortgage-related investor litigation, settling claims related to the sale of approximately USD 16.6 billion of residential mortgage-backed securities between 2005 and 2007. Under the terms of the agreement, Credit Suisse will pay USD 885 million to resolve all claims in two pending securities lawsuits filed by the FHFA against Credit Suisse. As a result of this settlement, we incurred an after-tax charge of CHF 275 million in respect of our preliminary fourth-quarter 2013 and full-year 2013 results.

In line with our strategy of shifting resources to focus on growth in high-return businesses – particularly in Private Banking & Wealth Management – we have created non-strategic units within our two divisions and separated non-strategic items in the Corporate Center. This is expected to allow us to further reduce costs, capital and leverage exposures in non-strategic businesses, and it represents an important step toward achieving a more balanced allocation of capital between our two divisions. The progress we have made and our investors' confidence in our strategy are also reflected in our share price, which increased 20% in 2013.

Progress in Private Banking & Wealth Management

Our global Private Banking & Wealth Management franchise remains at the core of Credit Suisse's strategy. For 2013, Private Banking & Wealth Management reported pre-tax income of CHF 3,240 million. For its strategic businesses, reported pre-tax income for 2013 increased 7% from 2012 to CHF 3,627 million, mainly driven by the successful restructuring of Asset Management business and growth in emerging markets and in the Wealth Management Clients business.

In 2013, we improved the profitability of our strategic businesses within Private Banking & Wealth Management, also completing the integration of our former Private Banking and Asset Management divisions. With this integrated value chain, we can support our highly scalable business model in Private Banking & Wealth Management, which is suited to the new regulatory environment. The integrated Private Banking & Wealth Management division allows us to better manage the alignment of the products, advice and services that we deliver to our clients and is expected to further enhance the productivity and efficiency of our businesses. Pre-tax income of Asset Management increased 32% from 2012 to 2013, which underscores the strength of the ongoing business and its importance in profit generation within the Private Banking & Wealth Management franchise.

In the area of advisory and expertise, all 4,330 Credit Suisse relationship managers worldwide have successfully completed our mandatory certification program and we are focused on ensuring that their skills are continually updated and deployed to maximum

effect. In a further step that reflects our commitment to delivering high-quality investment advice and research insights, we established the Investment Strategy & Research Group in 2013. This group brings together all of Credit Suisse's investment specialists into a single unit seeking to produce better investment advice and results for our clients in terms of both discretionary and advisory investment views. In 2013, we continued to reallocate resources to growth areas, with a particular focus on emerging markets businesses, our global UHNWI client franchise and on leveraging our strong market position in Switzerland. In 2013, net new assets from Wealth Management Clients were CHF 18.9 billion, with emerging markets growing at 8%, and continued strong growth in the UHNWI client segment. We also recorded CHF 15.0 billion in net new assets from Asset Management, reflecting significant inflows into higher-margin products, and we continued to see strong inflows of CHF 8.8 billion from the Corporate & Institutional Clients business. We believe these strong inflows are indicative of the trust that clients place in Credit Suisse.

In terms of global client coverage, we continued to shift resources to those businesses where we see strong potential. We announced an agreement to acquire parts of a competitor's wealth management businesses, in order to further accelerate growth momentum in our international markets and in our UHNWI client segment.

In the course of 2013, we continued to adapt our onshore client service model for Western Europe, adjusting capacity to meet client needs, efficiently managing costs across our businesses and improving our overall market position. We announced the sale of our domestic private banking business booked in Germany in December 2013, while at the same time remaining highly committed to serving the German wealth management market on a cross-border basis. As part of our efforts to focus our offshore coverage, we announced plans in 2013 to exit certain smaller markets.

We plan to remain focused on further improving the profitability of our Private Banking & Wealth Management businesses by delivering growth in emerging markets and continuing to adjust our capacity in targeted mature markets to meet client needs.

Progress in Investment Banking

For 2013, Investment Banking reported pre-tax income of CHF 1,719 million. Total compensation and benefit expense was 10% lower in 2013 than in 2012.

Reported pre-tax income for its strategic business for 2013 was CHF 3,853 million, a 12% increase compared to the prior year. Continued sustained market share positions across our high-returning strategic businesses, combined with a reduced cost base and lower leverage and capital usage, helped Investment Banking achieve a return on Basel III allocated capital of 19% for 2013. Since the fourth quarter of 2012, the division reduced Basel III risk-weighted assets by USD 11 billion to USD 176 billion. Business reductions of USD 27 billion in 2013 were partially offset by increases relating to methodology

changes and parameter updates of CHF 10 billion and, in the fourth quarter, an operational risk-related add-on of USD 6 billion.

Our strategy of rebalancing resources toward high market share and high-return businesses has proven effective. Today, 62% of the division's overall capital is allocated to Securitized Products, Global Credit Products, the Emerging Markets Group, Prime Services and Cash Equities. These are all businesses where we have a top-three market share and generate high returns. Given the increasing focus of regulators on leverage exposures and in view of the fundamental changes in the structure of the Rates market – with a shift towards clearing and electronic trading – we announced the restructuring of our Rates business in October 2013. This step forms part of the evolution of our Investment Banking business model and is expected to provide us with a simplified and more capital-efficient business that is focused on meeting client liquidity needs.

In connection with this measure, we also announced the creation of a cross-asset Global Macro Products Group, combining our Rates, Foreign Exchange and Commodities businesses into a single platform. This approach offers clients a comprehensive approach across the macro asset classes and allows us to focus our resources on those areas and products that matter most to them. We remain fully committed to serving our Fixed Income clients and believe that this cross-asset class model will help us meet their needs more effectively.

We believe that our Investment Banking division, featuring a top-three Equities franchise, a strong and profitable Underwriting & Advisory business and a Fixed Income franchise focused on high-returning yield businesses, is well positioned to continue to serve our clients' needs and deliver strong returns and profitability in 2014.

Creating value for our clients and shareholders

We are confident that the continued momentum we see in our strategic businesses, combined with the successful execution of the run-off of positions and losses in our non-strategic units, will allow us to achieve our targeted return on equity of 15% through the cycle.

Given the progress we have made in implementing our capital plan and in reducing leverage and risk-weighted assets while, at

the same time, improving the operational efficiency of the bank, the Board of Directors at the annual general meeting of Credit Suisse Group on May 9, 2014 will propose a cash distribution of CHF 0.70 per share to be paid out of reserves from capital contributions for the financial year 2013. This is intended to provide a basis for future progression in our dividend payments as we continue to execute our strategy and resolve legacy issues.

We are active in attractive markets and have transformed our integrated bank in recent years to further improve our profitability and returns in the evolving operating environment, while continuing to place our clients' needs first and maintaining positive market share momentum across targeted businesses. To retain the trust of our clients, shareholders and other stakeholders, we must consistently deliver on our targets – both financial and strategic. And we want to set an example in the marketplace when it comes to compliance and professional standards.

Although the banking sector has already undergone a significant transformation since the crisis began, the industry landscape is expected to continue to evolve. With our integrated Basel III-compliant business model, we are confident that we can continue to adapt to these changes while acting as a strong and reliable partner to our clients, shareholders and employees.

We would like to thank our shareholders and clients for their loyalty to Credit Suisse and for the trust they placed in us in 2013. We also wish to thank all our employees for their ongoing commitment and contribution to the success of our business.

Best regards

Urs Rohner
Chairman of the
Board of Directors

Brady W. Dougan
Chief Executive Officer

April 2014

Adjusted cost run-rate results are measured against our annualized six-month 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

As of January 1, 2013, Basel III was implemented in Switzerland along with the "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown herein. Capital and ratio numbers for periods prior to 2013 are based on estimates, which are calculated as if the Basel III framework had been in place in Switzerland during such periods. For Investment Banking's strategic businesses, return on Basel III allocated capital is calculated using income after tax denominated in US dollars and assumes (i) a tax rate of 28% in 2013; and (ii) that capital is allocated at 10% of average Basel III risk-weighted assets.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included herein are based on the current FINMA framework. The Swiss leverage ratio is calculated as Swiss Total Capital, divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures, which consist of guarantees and commitments, and regulatory adjustments, which include cash collateral netting reversals and derivative add-ons.

All references to pre-tax income for Core results refer to income from continuing operations before taxes.



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Credit Suisse at a glance

Credit Suisse

As one of the world's leading financial services providers, we are committed to delivering our combined financial experience and expertise to corporate, institutional and government clients, to ultra-high-net-worth and high-net-worth individuals worldwide, as well as affluent and retail clients in Switzerland. Founded in 1856, today we have a global reach with operations in over 50 countries and 46,000 employees from approximately 150 different nations. Our broad footprint helps us to generate a geographically diverse stream of revenues and net new assets and allows us to capture growth opportunities around the world. We serve our clients through our two divisions, which cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

Private Banking & Wealth Management

Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Our Wealth Management Clients business serves ultra-high-net-worth and high-net-worth individuals around the globe, as well as affluent and retail clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across diverse asset classes and investment styles, serving governments, institutions, corporations and individuals worldwide.

Investment Banking

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising services, corporate advisory and comprehensive investment research, with a focus on businesses that are client driven, flow-based and capital-efficient. Clients include corporations, governments, institutional investors, including pension funds and hedge funds, and private individuals around the world. Credit Suisse delivers its investment banking capabilities via regional and local teams based in major global financial centers. Strongly anchored in Credit Suisse's integrated model, Investment Banking works closely with Private Banking & Wealth Management to provide clients with customized financial solutions.

Strategy

AN INTEGRATED GLOBAL BANK

We offer our clients in Switzerland and around the world a broad range of traditional and customized banking services and products. We believe that our ability to serve clients globally with solutions tailored to their needs gives us a strong advantage in today's rapidly changing and highly competitive marketplace.

We operate as an integrated bank, combining our strengths and expertise in our two global divisions, Private Banking & Wealth Management and Investment Banking. Our divisions are supported by our Shared Services functions, which provide corporate services and business solutions while ensuring a strong compliance culture. Our global structure comprises four regions: Switzerland; Europe, Middle East and Africa (EMEA); Americas; and Asia Pacific. With our local presence and global approach, we are well positioned to respond to changing client needs and our operating environment.

PROGRESS ON OUR STRATEGY

In 2013, we continued to make significant progress in executing our client-focused, capital-efficient strategy to meet emerging client needs and regulatory trends while delivering attractive returns to shareholders. We are progressing towards achieving specific goals to reduce our cost base and strengthen our capital position, and we have operated under the [► Basel III capital framework](#) since January of 2013. We have further optimized our business footprint, continuing to shift resources to focus on growth in high-returning businesses while moving towards a more balanced capital allocation between our Investment Banking and Private Banking & Wealth Management divisions. As a result of this progress, we believe that Credit Suisse today is better positioned to perform in a challenging market environment and compete in our chosen businesses and markets around the world.

Private Banking & Wealth Management

Our Private Banking & Wealth Management division is comprised of our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In our Wealth Management Clients business our Swiss home market remains a key area of focus and we continued to pursue our international growth strategy, most notably in fast-growing emerging markets and in our [► ultra-high-net-worth individual \(UHNWI\) client segment](#), and we further optimized our market footprint while capturing growth in select profitable onshore markets. In our Corporate & Institutional Clients business in Switzerland, we offer comprehensive solutions to companies and institutional clients and we continued to build out our capabilities in international growth markets. In our Asset Management business, we continued to strengthen our focus on liquid, scalable alternative investment products, emerging markets and multi-asset class solutions, while exiting subscale, non-core or less capital-efficient businesses.

Investment Banking

In the Investment Banking division, we remain committed to offering our key clients a spectrum of equities, fixed income, and investment banking advisory products and services. We are focused on businesses where we have a competitive advantage and where we are able to operate profitably and with an attractive return on capital in the new regulatory environment. While the industry still faces significant adjustments to new regulatory requirements, we have substantially evolved our business model to one that is fully compliant with the Basel III regulatory framework, including exiting certain non-Basel III compliant businesses. We will continue to invest in our market-leading, high-returning businesses while optimizing our [► risk-weighted assets and cost base](#) to further improve returns.

Introduction of Non-strategic units

In the fourth quarter of 2013, we created non-strategic units within our Private Banking & Wealth Management and Investment Banking divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on our strategic businesses and growth initiatives.

We decided to retain these non-strategic units within the divisions, rather than establishing a single non-strategic unit, so as to benefit from senior management's expertise and focus. The non-strategic units have separate management within each division and a clear governance structure through the establishment of a Non-Strategic Oversight Board. As a result, we expect that the establishment of these non-strategic units will drive further reductions in Swiss leverage exposure and risk-weighted assets. It is also expected to free up capital for future growth in Private Banking & Wealth Management, accelerating a move towards a more balanced capital allocation between Investment Banking and Private Banking & Wealth Management, and to allow us to return capital to our shareholders.

[► Refer to "Format of presentation and changes in reporting" in II – Operating and financial review – Credit Suisse – Information and developments for further information on non-strategic units in Private Banking & Wealth Management and Investment Banking.](#)

Capital and leverage ratio

In 2013, we continued to strengthen our capital position in light of the evolving regulatory environment, which included the implementation of the Basel III framework and regulations under the Swiss [► "Too Big to Fail"](#) legislation in January 2013. We issued Basel III-compliant contingent capital instruments and reduced risk-weighted assets to achieve a Basel III look-through common equity tier 1 (CET1) ratio of 10.0% as of year-end 2013, exceeding the requirement applicable in 2019. In addition, we have further optimized our balance sheet and leverage exposure, leading to an

improved Swiss look-through leverage ratio of 3.7% as of year-end 2013 compared to the current 4% requirement for 2019. We continue to deploy capital in a disciplined manner based on our economic capital model, assessing our aggregated risk taking in relation to our client needs and our financial resources.

► Refer to “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on capital and leverage ratio trends.

Group cost efficiencies

We continued to adapt our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure. We target cost savings of CHF 3.8 billion by the end of 2014 and more than CHF 4.5 billion by the end of 2015. These targets are measured against our annualized six month 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

We expect to incur approximately CHF 1.4 billion of business realignment costs associated with these measures during the course of 2014 to 2015.

We continue to adjust and optimize our footprint across businesses and regions and adapt Shared Services to changing business priorities.

► Refer to “Cost savings and strategy implementation” in II – Operating and financial review – Core Results – Information and developments for further information.

GROUP PRIORITIES

We expect our client-focused, capital-efficient strategy will enable us to benefit from a more constructive market environment while limiting our risk exposure in down markets. We have greater clarity on our future regulatory environment, and we are well advanced on implementation.

We target an after-tax return on equity of 15% across market cycles. To track our progress and benchmark our performance, we have defined a set of key performance indicators for growth, efficiency and performance, and capital to be achieved across market cycles.

► Refer to “Key performance indicators” in II – Operating and financial review – Core Results – Information and developments for further information.

Building on the momentum we have established, we aim to further focus on our most profitable client businesses, gain market share, strengthen our geographic footprint, and drive ongoing efficiency improvements. To achieve our goals, we continue to focus on the following six pillars of our strategy.

Client focus

We put our clients' needs first. We aspire to be a consistent, reliable, flexible and long-term partner focused on clients with complex and multi-product needs, such as ► UNHWI, large and mid-sized companies, entrepreneurs, institutional clients, hedge funds and ► affluent clients in Switzerland. By listening attentively to their needs and offering superior solutions, we empower our

clients to make better financial decisions. Against the backdrop of significant changes within our industry, we strive to consistently enable our clients to realize their goals and thrive. We continue to strengthen the coverage of our key clients by dedicated teams of senior executives who can deliver our integrated business model. We have a strong capital position and high levels of client satisfaction and brand recognition, and our strong client momentum is well recognized.

Employees

We continue our efforts to attract, develop and retain top talent in order to deliver outstanding financial products and services to our clients. Our candidates go through a rigorous interview process, where we not only look for technical proficiency and intellect, but for people who can thrive in and contribute to our culture. We review our talent and identify the optimal development opportunities based on individual and organizational needs. We strongly promote cross-divisional and cross-regional development, as well as lateral recruiting and mobility. Valuing different perspectives, creating an inclusive environment and showing cross-cultural sensitivity are key to Credit Suisse's workplace culture. We train our leaders, specialists and client advisors in a wide range of subjects. We take a prudent and constructive approach to compensation, designed to reflect the performance of individuals and the firm and closely align the interests of employees with those of shareholders.

Capital and risk management

We believe prudent risk taking aligned with our strategic priorities is fundamental to our business, and we maintain a conservative framework to manage liquidity and capital. We continue to strengthen our capital base with a focus on additional issuances of contingent capital instruments and decreasing ► risk-weighted assets and leverage exposures. For the Group, our long-term goal for risk-weighted assets is approximately CHF 250 billion and a Swiss leverage exposure below CHF 1,070 billion, post run-off of exposures in our non-strategic units.

Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. In line with the evolution of our strategy, implemented efficiency measures are generating significant cost savings while helping to build an efficiency culture. We have increased deployment under our Centers of Excellence (CoE) program to almost 15,000 roles, including contractors as well as third party affiliates and vendors working for Credit Suisse. We have established initiatives to further leverage the service capabilities and talent at our CoE sites.

Following efficiency measures implemented during 2013, we adjusted our overall cost savings targets measured against our annualized six month 2011 expense run rate to more than CHF 4.5 billion by the end of 2015, adjusted on the same basis as previously described. We have also updated our cost/income targets to achieve 65% in Private Banking & Wealth Management and 70% in Investment Banking across market cycles.

Collaboration

We are convinced that close collaboration between our divisions and regions is essential to delivering comprehensive solutions to the complex financial needs of our clients. We have established a dedicated governance structure in order to drive, measure and manage collaboration among our businesses. We target collaboration revenues of 18% to 20% of net revenues. In 2013 collaboration revenues represented 18% of net revenues. Since the inception of our collaboration program in 2006, we have built a strong track record of delivering customized value propositions. We believe this is a significant differentiator for Credit Suisse. We have observed increasing momentum in collaboration initiatives, including tailored solutions for entrepreneurs and high-net-worth individual (HNWI) clients by Investment Banking and managed investment products developed by Private Banking & Wealth Management. As we also benefit from our programs for cross-divisional management development and lateral recruiting, collaboration revenues, including cross-selling and client referrals, have proven to be a resilient source of both revenues and assets under management.

Corporate responsibility

We strive to assume our corporate responsibilities in every aspect of our work and we conduct our business based on our broad understanding of our role as a financial services provider, member of society and employer. Our approach also reflects our commitment to protecting the environment. To ensure that we supply the full breadth of information required by our stakeholders, we publish a Corporate Responsibility Report and additional information, which can be found at www.credit-suisse.com/responsibility.

CODE OF CONDUCT

At Credit Suisse, we are convinced that our responsible approach to business is a decisive factor determining our long-term success. We therefore expect all our employees and members of the Board of Directors to observe the professional standards and ethical values set out in our Code of Conduct, including our commitment to complying with all applicable laws, regulations and policies in order to safeguard our reputation for integrity, fair dealing and measured risk-taking. Our Code of Conduct is available on our website at www.credit-suisse.com/code.

INDUSTRY TRENDS AND COMPETITION

For the financial services industry, 2013 was a challenging year, with banks seeking to adapt to new regulatory requirements, changing macroeconomic conditions and evolving client needs. Global banks took significant steps to restructure businesses and decrease costs while also taking measures to increase capital and liquidity ratios. In Switzerland, developments in the cross-border wealth management business continued to be driven by a focus on finding a political basis for operating this business in the future and ongoing efforts to resolve legacy tax matters, particularly with European countries and the US.

► Refer to “Our businesses – Private Banking & Wealth Management” and “Our businesses – Investment Banking” for further information.

Our businesses

PRIVATE BANKING & WEALTH MANAGEMENT

Business profile

Within the Private Banking & Wealth Management division, we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. The strategic businesses of Private Banking & Wealth Management comprise Wealth Management Clients, Corporate & Institutional Clients and Asset Management.

Our **Wealth Management Clients** business is one of the largest in the international wealth management industry, serving over two million clients, including ◉ UHNWI and ◉ HNWI clients around the globe in addition to ◉ affluent and retail clients in Switzerland. We offer our clients a distinct value proposition, combining global reach with a structured advisory process and access to a broad range of comprehensive products and services. Our global network includes 3,770 relationship managers in 41 countries with close to 300 offices and 21 ◉ booking centers. As of the end of 2013, our Wealth Management Clients business had assets under management of CHF 790.7 billion.

Our **Corporate & Institutional Clients** business offers expert advice and high-quality services to a wide range of clients, serving the needs of over 100,000 corporations and institutions, mainly in Switzerland, including large corporate clients, small and medium size enterprises (SME), institutional clients, financial institutions, shipping companies and commodity traders. Around 1,600 employees, including 560 relationship managers, serve our clients out of 52 locations. While the Swiss home market remains our main focus, we also continue to build out our capabilities in international growth markets with dedicated teams in Luxembourg, Singapore and Hong Kong. As of the end of 2013, our Corporate & Institutional Clients business reported CHF 353.3 billion of client assets and CHF 62.4 billion of net loans.

Our **Asset Management** business offers investment solutions and services globally to a wide range of clients, including pension funds, governments, foundations and endowments, corporations and individuals. We invest across a broad range of asset classes with a focus on alternative investment strategies, emerging markets, asset allocation and traditional investment strategies. Our investment professionals deliver access to best-in-class products and holistic client solutions. Our Asset Management business had CHF 352.3 billion of assets under management as of the end of 2013.

We have established a **non-strategic unit** in Private Banking & Wealth Management to include positions relating to the restructuring of the former Asset Management division, run-off operations relating to our small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the US tax matter, the impact of restructuring our German onshore operations, other smaller non-strategic positions formerly in our Corporate & Institutional Clients business and the run-off and active reduction of selected products. The non-strategic

unit allows management to focus on ongoing businesses and growth initiatives and further accelerates the reduction of capital and costs currently tied up in non-strategic businesses.

Key data – Private Banking & Wealth Management

	in / end of		
	2013	2012	2011
Key data			
Net revenues (CHF million)	13,442	13,474	13,397
Income before taxes (CHF million)	3,240	3,775	2,961
Assets under management (CHF billion)	1,282.4	1,250.8	1,185.2
Number of employees	26,000	27,300	28,100

Industry trends and competition

We believe the **wealth management** industry continues to have positive growth prospects. Assets of UHNWI and HNWI globally are projected to grow approximately 7% annually over the next five years. Although wealth creation continues to be at higher growth rates in emerging markets compared to mature markets, the difference in growth compared to mature markets is expected to be less significant than in recent years. Nevertheless, the higher growth rates in emerging markets, especially in Asia Pacific, fueled by entrepreneurial activity and comparatively strong economic development, are expected to keep adding weight to these regions. With around two-thirds of the world's global wealth still located in the US, Japan and Western Europe, the mature markets continue to be of crucial importance for global wealth managers.

Structurally, the industry continues to undergo significant change. Regulatory requirements for investment advisory services continue to increase, including in the areas of suitability and appropriateness of advice, client information and documentation. Further, new and proposed laws and international treaties are leading to increased regulation of cross-border banking. We believe Credit Suisse is well advanced in adapting to this new environment as we have and are continuing to dedicate significant resources to ensure our business is compliant with regulatory standards.

We believe the market for **corporate and institutional banking** services continues to offer attractive business opportunities in Switzerland and internationally. However, the competition among financial institutions is intense and the low-interest rate environment as well as negative impacts from the continued weakness of the US dollar versus the Swiss franc remains challenging, resulting in continuous pressure on margins.

The **asset management** industry overall has returned to growth, with the largest managers continuing to capture the majority of asset flows. Within the asset management industry, allocations to alternative investments and solution-orientated investments have continued to increase due to projected low returns from fixed-income products and shifting investor preferences. Within alternatives, the hedge fund industry experienced

expansion with increased asset flows in 2013, bringing assets under management to record highs. Private equity fundraising rebounded, raising the largest amount of capital since the global financial crisis in 2008 led by fundraising for investment in developed economies. The regulatory environment continued to evolve in 2013 and is expected to continue to trend toward simpler, more regulated fund structures in conjunction with investors seeking better transparency and risk management.

For the wealth and asset management industry in general, revenue levels remain under pressure due to continued low interest rates as well as clients choosing a more conservative asset mix and reducing their overall investment activity in the face of macro-economic uncertainty, including specific events such as expected changes in US monetary policy and continued focus on the European sovereign debt crisis. Competition and cost pressure in the banking industry remain intense and the industry is affected by new capital and leverage requirements, forcing many competitors to continue to review their business strategies and operating models. Attracting and retaining the best talent continues to be a key factor for success. As a result of these structural industry trends, we expect industry consolidation and restructuring to continue.

We believe Switzerland is well positioned to continue as an attractive financial center in this changing marketplace, offering clients a politically stable and economically diversified investment environment combined with a long-standing heritage in wealth and asset management services. For Swiss institutions, the Swiss franc remains strong historically, even given the actions by the Swiss National Bank (SNB) to maintain a minimum exchange rate against the euro. This strength can adversely affect operating performance for Swiss institutions as revenues are based on assets under management that are often denominated in currencies that have weakened against the Swiss franc but a substantial portion of the related expenses are incurred in Swiss francs.

Strategy

Following the decision in late 2012 to integrate our former Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division, we retained the operating and reporting structure along the lines of our strategic businesses (i) Wealth Management Clients, (ii) Corporate & Institutional Clients and (iii) Asset Management. The integration of the formerly separate divisions allowed us to implement a more efficient, cost effective operating model that better serves our clients. In particular, our investment views have been further aligned and tailored locally, leading to a simpler product shelf and streamlined delivery. In addition, we have regionalized and focused our product offering to shorten our response time to product needs and improve time-to-market. Finally, we have transitioned our sales & trading capabilities from Investment Banking into Private Banking & Wealth Management, to become more efficient and offer more effective buy-side execution.

We expect to make additional progress by continuing our long-term strategy focused on:

- Advice at the core

- Global growth
- Productivity management
- Regulatory compliance
- Integrated bank
- Best people

Advice at the core: We strive for our clients to benefit from our value-adding services in terms of advice and performance. Our advisory value proposition is a vital part of our wealth management strategy to provide our clients with specific advice around their asset allocation and asset-liability management needs. Our globally consistent advisory process, which is at the center of our wealth management advice, allows us to define an investment strategy in line with each individual client's risk profile and to deliver tailor-made and comprehensive financial solutions to our clients. To ensure the highest standards in our product offerings, our selection of internal and third-party solutions is based on comprehensive due diligence with regard to the suitability of products and advice. In line with industry trends, we continue to adapt our offering by launching a suite of inducement-free mandates and are planning to introduce a pricing model that more directly links our fee schedules to the level of service and advice provided to our clients.

Global growth: We saw a further expansion of our footprint in emerging markets in the last year with strong net new asset growth of 8%. To further capture the superior growth opportunities of these regions, we are planning to realign the expense base away from non-strategic and mature markets towards faster growing emerging markets. Our Swiss home market remains a key area of focus where we plan to leverage our strong market position and cross-segment collaboration to further increase scale. In mature markets outside Switzerland, we make selective investments to strengthen our profitable onshore franchises.

Productivity management: Key to achieving our productivity enhancements are the efficiency management programs that we announced and began implementing in November 2011 and further expanded with the creation of the combined division in November 2012. We are targeting CHF 950 million of direct expense savings as part of Credit Suisse's firm-wide cost savings target of CHF 4.5 billion by the end of 2015. The savings are mainly expected to come from the wind-down of non-strategic businesses, the streamlining of the Swiss client coverage model, the rationalization of support functions and increasing automation, and savings from efficiency measures in our Western European and US onshore locations.

Regulatory compliance: We are dedicated to strict compliance with national and international regulations and we proactively develop and implement new business standards to address changes in the regulatory environment.

Integrated bank: The value proposition of our integrated bank remains a key strength in our client offerings. Close collaboration with the Investment Banking division enables us to offer additional customized and innovative solutions to our clients, especially to UHNWI clients, our fastest growing client segment. We

strive to further strengthen our market share by continuing to build out our specific UHNWI product offerings, including the expansion of secured lending.

Best people: Attracting, developing and retaining the industry's top talent continues to be a vital cornerstone of our strategy. Therefore, while reducing the overall headcount in 2013 in accordance with our efficiency targets, we continued to hire experienced senior relationship managers, who accounted for 63% of our relationship manager hires. We also continued and added to our extensive training and certification programs through which we enhance our existing talent pool.

Wealth Management Clients

In 2013, we continued to make significant progress towards our goal of becoming the leading private bank for UHNWI and HNWI clients globally while efficiently growing our affluent and retail business in our Swiss home market.

In our home market in **Switzerland**, our clients range from the retail segment up to UHNWI. They benefit from a broad service offering and widespread local presence. Our nation-wide branch network with over 200 locations allows us to stay in close contact with our clients and to identify new business opportunities across client segments. To further enhance efficiencies and improve productivity we have delayered our service model and implemented two focused business areas: First, a dedicated coverage team for UHNWI and External Asset Managers to meet the complex and demanding needs of these clients, which often resemble those of institutional clients. Second, a more effective coverage organization for our clients in Switzerland, ensuring high client proximity and a seamless service offering for our clients ranging from the retail and affluent to the HNWI segment. To expand our already strong position in Switzerland we are continuously adapting our service offering. For instance, to strengthen our position as the market leader in the External Asset Manager business, we have successfully launched eamXchange, an innovative platform that combines business-oriented goals with social media tools.

In **emerging markets** we continue to make focused investments to capture the attractive growth prospects in these regions. Our clients benefit from our broad global footprint and the services we provide in collaboration with Credit Suisse's established global Investment Banking presence. The importance of emerging markets for our Wealth Management Clients business has continued to increase, with assets from emerging markets accounting for 37% of our assets under management as of year-end 2013 (compared to 35% at the end of 2011). We are further increasing depth in key markets like Brazil, China, Indonesia, the Middle East and Russia, and continue to enhance our Singapore and Hong Kong on- and offshore offerings. We expect to further accelerate our emerging markets expansion by extending our secured lending offerings and increasing the hiring of experienced relationship managers in these regions. We also plan to invest in our digital client interface to include a wider product range, portfolio analytics, research and transaction services, particularly in Asia. Our achievements in emerging markets are being recognized with private banking and

wealth management awards, including recently the *Euromoney Private Banking Survey 2014* regional award for "Best Private Bank in Central and Eastern Europe" and the *Asian Private Banker Award for Distinction 2013* for "Best Private Bank – Asia".

In **mature markets** in Western Europe, North America, Japan and Australia, we are transforming our businesses to accelerate growth, enhance efficiency and adjust to the new regulatory environment. In Western Europe, the announcement of the sale of our domestic private banking business booked in Germany, which is expected to close in 2014, marks an important achievement. We remain fully committed to serving German wealth management clients and will do so on a cross-border basis, leveraging our comprehensive platforms in Switzerland and Luxembourg. We also plan to continue to grow select profitable onshore markets, including those in Italy and Spain. The launch of our advisory branch in Portugal and our agreement to acquire Morgan Stanley's private wealth management businesses in EMEA, excluding Switzerland, are further evidence of our commitment to successfully grow our presence in mature markets.

In all regions, the **UHNWI** client segment is an important growth driver for our business. By combining individual and comprehensive advice with dedicated investment ideas we continue to focus on this fast-growing client segment. Our offer is complemented by customized and innovative asset management and investment banking solutions based on our integrated bank approach. We continue to successfully execute our growth strategy, as UHNWI clients represented 45% of our assets under management at year-end 2013, compared to 37% at the end of 2011. We plan to continue to build out our specific product capabilities for UHNWI clients to further capture the segment's growth potential, including the expansion of our secured lending offering.

To further reduce operational complexity and respond to increasing regulatory scrutiny, primarily in our cross-border business, we decided to fully exit from serving clients domiciled in over 80 small markets, primarily in Eastern EMEA. Similarly, we decided to discontinue servicing lower band wealth client segments in over 60 additional mainly small markets. These decisions, which are largely scheduled to be implemented through 2014, are expected to have a minor impact on our assets under management while creating efficiency and productivity gains by ensuring that our attention and resources are focused on core markets and client segments.

Corporate & Institutional Clients

In 2013, we successfully leveraged our strong market position in Switzerland and cross-segment collaboration, while increasing productivity and profitability.

We maintained and selectively improved our leading position in Switzerland as a trusted and proactive partner particularly in our business with corporates as well as with institutional clients. We increased our margins significantly over the whole business portfolio through active loan management. In order to support these measures, we rolled out a comprehensive Sales Excellence Training to all levels. Internationally, we reinforced our growth strategy

by strengthening our presence in the Asia Pacific region, while we reduced non-core and capital intensive business activities in line with the Group's goal to further improve capital ratios and focus on core activities.

Also in 2013, we were recognized with several awards, including "Best Trade Finance Bank in Switzerland" by *Global Finance* magazine, "Best Swiss Global Custodian" and "Best European Global Custodian" by *R&M Surveys* and "Best Private Bank for Business Jet Finance 2013" by *Corporate Jet Investor* magazine.

Asset Management

In 2013, we made significant progress in our strategy, executing several business and assets sales while focusing on growth areas in alternative investment strategies and core investments. We reorganized our distribution efforts to expand our client reach through our own teams and third-party distribution channels. With the formation of a single Private Banking & Wealth Management division, we ensure close collaboration between the wealth and asset management businesses. Our clients benefit from the division-wide alignment and focusing of our investment ideas and our UHNWI clients, in particular, from the increased speed in the delivery of individually customized investment solutions. We continue to streamline and simplify our businesses which is resulting in significant headcount and operating expense reductions.

In alternative investments, we are focusing on providing investors with attractive alternatives to equities and traditional fixed income. With CHF 76.4 billion in assets under management, we are one of the leading alternatives managers globally. Our goal is to further increase scale in our main businesses and to seize opportunities in specialized niche areas. Our highly successful raising of capital for our collateralized loan obligation fund and inflows in our Brazilian hedge funds, securitized products and commodities contributed significantly to net asset inflows of CHF 11.1 billion in alternative assets. In 2013, we successfully launched new products in emerging markets, including Aventure, our joint venture with Qatar Holdings, and NEXT, a venture capital fund. In addition, we successfully raised funds for Peninsula Investimentos SA, which sponsors and manages hedge funds with a focus on Brazilian macroeconomic funds and private equity funds.

With CHF 275.5 billion assets under management, our core investments business is a leader in the Swiss market, offering equity, fixed income, real estate, index and multi-asset class solutions products. Our strategic areas of focus include positioning our core investments business as a European investment manager, expanding our footprint in Asia and launching dedicated solutions and products for UHNWI clients. Our real estate business is a market leader in Switzerland and the second-largest European property fund manager.

During 2013 we completed the sale of our exchange-traded funds business to BlackRock and the sale of Strategic Partners, our dedicated secondary private equity business, to Blackstone. In August 2013, we announced the sale of the Customized Fund Investment Group, our private equity fund of funds and co-investment business, to Grosvenor Capital Management. This

transaction was completed in the first quarter of 2014. Further, we announced an agreement to acquire Morgan Stanley's private wealth management businesses in EMEA, excluding Switzerland; after a first closing in December 2013, we expect to complete this transaction during the course of 2014.

Products and services

The Private Banking & Wealth Management division offers a variety of products and services. They can be broadly divided into those products and services provided by each of our businesses within the division, as described below.

Wealth Management Clients

In Wealth Management Clients, our service offering is based on our structured advisory process, client segment specific value propositions, comprehensive investment services and our multi-shore platform.

- **Structured advisory process:** We apply a structured approach based on a thorough understanding of our clients' needs, personal situation, product knowledge, investment objectives and a comprehensive analysis of their financial situation to define individual client risk profiles. On this basis we define together with our clients an individual investment strategy. This strategy is implemented ensuring that portfolio quality standards are adhered to and that all investment instruments are compliant with suitability and appropriateness standards. Responsible for the implementation are either the portfolio managers, in the case of discretionary mandates, or our relationship managers working together with their advisory clients.
- **Client segment specific value propositions:** We offer a wide range of wealth management solutions tailored to specific client segments. UHNWI and HNWI clients contributed 45% and 42%, respectively, of assets under management in Wealth Management Clients at the end of 2013. For entrepreneurs, we offer solutions for a range of private and corporate wealth management needs, including succession planning, tax advisory, financial planning and investment banking services. Our entrepreneur clients benefit from the advice of Credit Suisse's corporate finance advisors, access to a network of international investors and professional support in financial transactions. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions to our UHNWI clients.
- **Comprehensive investment services:** We offer a comprehensive range of investment advice and discretionary asset management services based on the outcome of our structured advisory process and the guidelines of the Investment Strategy & Research Group and the Credit Suisse Investment Committee. We base our advice and services on the analysis and recommendations of our research teams, which provide a wide range of global research including macroeconomic, equity, bond and foreign-exchange analysis, as well as research on the Swiss economy. Our investment advice covers

a range of services from portfolio consulting to advising on individual investments. We offer our clients portfolio and risk management solutions, including managed investment products. These are products actively managed and structured by our specialists or third parties, providing private investors with access to investment opportunities that otherwise would not be available to them. For clients with more complex requirements, we offer investment portfolio structuring and the implementation of individual strategies, including a wide range of structured products and alternative investments. Discretionary asset management services are available to clients who wish to delegate the responsibility for investment decisions to Credit Suisse. We are an industry leader in alternative investments and, in close collaboration with our Asset Management business and Investment Banking, Wealth Management Clients offers innovative products with limited correlation to equities and bonds, such as hedge funds, private equity, commodities and real estate investments.

- **Multi-shore platform:** With global operations comprising 20 international booking centers in addition to our operations in Switzerland, we are able to offer our clients booking capabilities locally as well as through our international hubs. Our multi-shore offering is designed to serve clients who are focused on geographical risk diversification, have multiple domiciles, seek access to global execution services or are interested in a wider range of products than are available to them locally. In 2013, CHF 23.6 billion of net new assets in Wealth Management Clients were booked outside of Switzerland, and we expect that international clients will continue to drive our growth in assets under management.

Corporate & Institutional Clients

In Corporate & Institutional Clients, we supply a comprehensive range of financial solutions to companies and institutional clients. Our offering is derived from our clients' needs and delivered through our integrated franchise and growing international presence. With this foundation, we are able to assist our clients in virtually every stage of their business cycle and cover their banking needs in Switzerland and abroad. For corporate clients we provide

a wide range of basic banking products such as traditional and structured lending, payment services, foreign exchange, capital goods leasing as well as investment solutions. Furthermore, together with the Investment Banking division we offer tailor-made services in the areas of mergers and acquisitions, syndications and structured finance. For corporations with specific needs for global finance and transaction banking, we provide services in commodity trade finance, export finance as well as trade finance and factoring. For our institutional clients, including pension funds and public sector clients, we offer a wide range of fund solutions and fund-linked services, including fund management and administration, fund design and comprehensive global custody solutions. Our offering also includes ship and aviation finance and a competitive range of services and products for financial institutions such as securities, cash and treasury services.

Asset Management

In Asset Management, we offer institutional and individual clients a range of products, including alternative and core traditional products. We reach our clients through our own distribution teams in Private Banking & Wealth Management, the Investment Banking division and through third-party distribution channels.

Our alternative investment offerings include hedge fund strategies, alternative beta, commodities and credit investments. We offer access to various asset classes and markets through strategic alliances and key joint ventures with external managers and have a strong footprint in emerging markets.

Our core investment products include multi-asset class solutions, which provides clients with innovative strategies and comprehensive management across asset classes to optimize client portfolios with services that range from funds to fully customized solutions. Other core investment strategies include a suite of fixed income, equity and real estate funds, and our indexed solutions business which provides institutions and individual clients access to a wide variety of asset classes in a cost-effective manner. Stressing investment principles such as risk management and asset allocation, we take an active and disciplined approach to investing.

INVESTMENT BANKING

Business profile

Investment Banking provides a broad range of financial products and services, focusing on businesses that are client-driven, flow-based and capital-efficient. Our suite of products and services includes global securities sales, trading and execution, prime brokerage and capital raising and advisory services as well as comprehensive investment research. Our clients include corporations, governments, institutional investors, including pension funds and hedge funds, and private individuals around the world. We deliver our global investment banking capabilities via regional and local teams based in major developed and emerging market centers. Our integrated business model enables us to gain a deeper understanding of our clients and deliver creative, high-value, customized solutions based on expertise from across Credit Suisse.

Key data – Investment Banking

	in / end of		
	2013	2012	2011
Key data			
Net revenues (CHF million)	12,565	12,558	10,460
Income/(loss) before taxes (CHF million)	1,719	2,002	(593)
Number of employees	19,700	19,800	20,700

Industry trends and competition

2013 was a challenging year, particularly in our fixed income sales and trading business, marked by market uncertainty regarding US monetary policy, heightened volatility in emerging markets and the impact of the US government shutdown. As a result of the difficult operating conditions, our fixed income businesses were impacted by subdued corporate and institutional risk appetite and continued low client activity levels. However, the equities sales and trading business benefited from higher client activity, favorable market conditions, increased fund flows and investor rotation into equities throughout the year. In addition, financial institutions across the globe continued to face significant pressure to adapt to the changing regulatory requirements. To this end, we have significantly evolved our business model and were one of the first global banks to be Basel III compliant, beginning in January 2013. Additionally, there has been heightened regulatory focus on leverage and the migration of markets towards cleared and electronic trading across rates businesses. As a result, we expect increased capital and liquidity requirements and derivatives regulation to result in reduced risk-taking and enhanced transparency.

Strategy

We continue to proactively pursue a client-focused, capital-efficient business model. We believe this strategy, coupled with our conservative funding and liquidity position and strong capitalization, has served us well during a period of market volatility and industry change. In November 2011, we announced a refinement to our strategy aimed at adapting our businesses to the new market and regulatory environment. This includes significantly reducing

Basel III risk-weighted assets in fixed income, creating greater financial flexibility by reducing our cost base, optimizing our portfolio towards synergies with the Private Banking & Wealth Management division and delivering sustainable, attractive returns in areas where we have competitive advantages.

Over the past two years, we have made considerable progress in improving capital efficiency. We substantially reduced Basel III risk-weighted assets usage for Investment Banking, reducing total risk-weighted assets by USD 66 billion or 27% from 2011 to USD 176 billion in 2013. As of the end of 2013, we reported total assets of USD 565 billion, exceeding our Investment Banking balance sheet target of less than USD 600 billion of assets by year-end 2013. Additionally, we reported Swiss leverage exposure of USD 812 billion, exceeding our target of less than USD 840 billion by year-end 2013.

As part of continuing to advance our business model, we created a non-strategic unit within Investment Banking, with the goal of reducing costs, capital and leverage exposure in the non-strategic portfolio and redeploying resources to growth initiatives in high returning businesses. Non-strategic results for Investment Banking include the fixed income wind-down portfolio, legacy rates business, primarily non-exchange-cleared instruments and capital-intensive structured positions, legacy funding costs associated with non-Basel III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions. In connection with these actions, we are targeting non-strategic Basel III risk-weighted asset reductions of USD 14 billion from year-end 2013 to USD 6 billion by the end of 2015 and non-strategic Swiss leverage exposure reductions of USD 63 billion from year-end 2013 to USD 24 billion by the end of 2015.

In light of recent developments such as heightened regulatory focus on leverage and the migration of markets towards cleared and electronic trading, we have restructured and simplified our rates business model to focus on increasing returns and meeting client liquidity needs. More specifically, as a part of modifying our business model we are focusing on high volume, high liquidity electronic trading in cash products and exchange-cleared products in derivatives and on reducing capital intensive structured rates activity. Additionally, we have combined our rates, foreign exchange and commodities franchises to create the Global Macro Products Group within our fixed income business. This new cross-asset model is designed to offer clients a holistic approach across the macro asset classes and allow us to create scale in our delivery of macro products, resulting in improved capital and cost efficiency.

Another component of our evolved strategy is our focus on cost initiatives, which have been ongoing since the second quarter of 2011. We have significantly improved the operating efficiency of Investment Banking and have delivered most of our targeted CHF 1.9 billion of direct cost savings compared to the annualized six month 2011 run rate, measured at constant foreign exchange rates and adjusted to exclude significant non-operating expenses and variable compensation expenses. Through these initiatives, we are creating significant flexibility in our Investment Banking cost structure, which is permitting us to adapt to the challenging market

environment while taking advantage of favorable market opportunities when they arise.

Looking ahead, we believe our client-focused and cost- and capital-efficient strategy will allow us to deliver strong returns. We continue to refocus resources on opportunities in high-returning businesses such as securitized products, global credit products, cash equities, prime services, and emerging markets, and to reduce the drag from the non-strategic unit.

► Refer to "Regulation and supervision" for further information on regulatory developments.

Significant transactions

We executed a number of noteworthy transactions in 2013, reflecting the breadth and diversity of our Investment Banking franchise:

- **Debt capital markets:** We arranged key financings for a diverse set of clients, including Verizon Communications (broadband and wireless communications services), Wells Fargo (financial services), Électricité de France Group (electric utilities), Volkswagen Group (German auto maker), and Group R (offshore construction and engineering services).
- **Equity capital markets:** We executed a rights issue for Barclays Plc (financial services), a follow-on offering for KAR Holdings (vehicle auction services), an initial public offering (IPO) of Cembra Money Bank (a subsidiary of General Electric Capital EMEA), a follow-on offering for Diamondback Energy (independent oil and natural gas), and a follow-on offering of Fibra Uno de Mexico (commercial real estate trust).
- **Mergers and acquisitions:** We advised on a number of key transactions throughout the year, including the Freeport-McMoRan Copper & Gold (international mining) acquisition of Plains Exploration & Production Company and McMoRan Exploration Co (oil & gas exploration, development and production); the sale of Berry Petroleum (crude oil and natural gas exploration and production) to LINN Energy (holding company of oil and natural gas assets) and Linn Co (subsidiary of LINN Energy); the sale of E.I. du Pont Nemours and Company's (diversified products and services) performance coating business to The Carlyle Group (global alternative asset manager); the sale of Lender Processing Services (loan processing services) to Fidelity National Financial (commercial and residential mortgage and diversified services); and the sale of Neiman Marcus (luxury retail chain) to Ares Management (private investment manager).

Market share momentum

- Remained #1 ranked European prime broker for the fourth consecutive year according to *EuroHedge Magazine*.
- Advanced to become the second-largest prime broker in Asia, according to the 2013 *AsiaHedge Survey*.
- Advanced to Top 3 ranking in Americas prime brokerage, according to *The Absolute Return 2013 Prime Brokerage Survey* in which we were the only prime broker to increase both market share and rank.

- Retained #1 ranking in US Electronic Trading and US Program Trading and maintained a Top 3 ranking in US Equity Trading, according to the 2013 *Greenwich Associates Survey*.
- Advanced to the #1 rank in overall US Fixed Income by market share according to the 2013 Fixed Income Trading Survey for North America by *Greenwich Associates*. We also advanced to the #1 rank in US Securitized Products, reflecting significant market share gains and increased or maintained market share in Secondary Investment Grade Credit and Secondary Leveraged Loans.

Products and services

Our comprehensive portfolio of products and services is aimed at the needs of the most sophisticated clients, and we increasingly use integrated platforms to ensure efficiency and transparency. Our activities are organized around two broad functional areas: investment banking and global securities. In investment banking, we work in industry, product and country groups. The industry groups include energy, financial institutions, financial sponsors, industrial and services, healthcare, media and telecom, real estate, and technology. The product groups include mergers and acquisitions (M&A) and financing products. The country groups include Europe, Latin America, North America, Japan, Non-Japan Asia, and Emerging Europe. In global securities, we engage in a broad range of activities across fixed income, currencies, commodities, derivatives and cash equities markets, including sales, structuring, trading, financing, prime brokerage, syndication and origination, with a focus on client-based and flow-based businesses, in line with growing client demand for less complex and more liquid products and structures.

Investment banking

The investment banking industry, product and country groups provide the following services.

Equity and debt underwriting

Equity capital markets originates, syndicates and underwrites equity in IPOs, common and convertible stock issues, acquisition financing and other equity issues. Debt capital markets originates, syndicates and underwrites corporate and sovereign debt.

Advisory services

Advisory services advises clients on all aspects of M&A, corporate sales and restructurings, divestitures and takeover defense strategies. The fund-linked products group is responsible for the structuring, risk management and distribution of structured mutual fund and alternative investment products and develops innovative products to meet the needs of its clients through specially tailored solutions.

Global securities

Global securities provides access to a wide range of debt and equity securities, derivative products and financing opportunities across the capital spectrum to corporate, sovereign and institutional clients. Global securities is structured into the areas outlined below.

Fixed income

- **Credit products** offers a full range of fixed income products and instruments to clients across investment grade and high yield credits, ranging from standard debt issues and credit research to fund-linked products, derivatives instruments and structured solutions that address specific client needs. We are a leading dealer in flow trading of single-name credit default swap (CDS) on individual credits, credit-linked notes and index swaps. Investment grade trades domestic corporate and sovereign debt, non-convertible preferred stock and short-term securities such as floating rate notes and commercial paper. Leveraged finance provides capital raising and advisory services and core leveraged credit products such as bank loans, bridge loans and high yield debt for non-investment grade corporate and financial sponsor-backed companies.
- **Securitized products** trades, securitizes, syndicates, underwrites and provides research for various forms of securities, primarily residential mortgage-backed securities and asset-backed securities. Both the mortgage- and asset-backed securities are based on underlying pools of assets, and include both government- and agency-backed, as well as private label loans.
- **Emerging markets** offers a full range of fixed income products and instruments, including sovereign and corporate securities, local currency derivative instruments and tailored emerging market investment products.
- **Global macro products** is a newly formed group combining our existing rates, foreign exchange and commodities businesses, creating a new cross-asset model that offers a holistic approach across asset classes to our key clients. Our rates business is a global market maker in cash and derivatives markets and a primary dealer in multiple jurisdictions including the US, Europe and Japan. This business covers a spectrum of government bonds, interest rate swaps and options, as well as providing liability and liquidity management solutions. Foreign exchange provides market making in products such as spot and options for currencies in developed markets. The foreign exchange product suite also includes proprietary market leading technology to provide clients with electronic trading solutions. Commodities trades oil, gas and other energy products as well as base, precious and minor metals. The commodities product suite also includes benchmark indices developed by Credit Suisse commodities.

Equity

- **Cash equities** provides a comprehensive suite of offerings; such as (i) research, analytics and other content-driven products and services, to meet the needs of clients including mutual funds, investment advisors, banks, pension funds, hedge

funds, insurance companies and other global financial institutions; (ii) sales trading, responsible for managing the order flow between our clients and the marketplace and providing clients with trading ideas and capital commitments, identifying trends and delivering the most effective execution; (iii) trading, which executes client orders and makes markets in listed and over-the-counter (OTC) cash securities, exchange-traded funds and programs, providing liquidity to the market through both capital commitments and risk management; and (iv) Credit Suisse's advanced execution services (AES), a sophisticated suite of algorithmic trading strategies, tools and analytics to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES helps institutions and hedge funds reduce market impact. AES is a recognized leader in its field and provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

- **Equity derivatives** provides a full range of equity-related products, investment options and financing solutions, as well as sophisticated hedging and risk management expertise and comprehensive execution capabilities to financial institutions, hedge funds, asset managers and corporations.
- **Convertibles** involves both secondary trading and market making and the trading of credit default and asset swaps and distributing market information and research. The global convertibles business is a leading originator of new issues throughout the world.
- **Prime services** offers hedge funds and institutional clients execution, financing, clearing and reporting capabilities across various asset classes through prime brokerage, synthetic financing, listed and OTC derivatives and hedge fund administration. In addition, prime services is a leading provider of advisory services across capital services and consulting for both start-ups and existing clients.

Systematic market-making group

The systematic market-making group operates a range of liquidity-providing and market-making strategies in liquid markets.

Other

Other products and activities include lending, certain real estate investments and the distressed asset portfolios. Lending includes senior bank debt in the form of syndicated loans and commitments to extend credit to investment grade and non-investment grade borrowers.

Research and HOLT

Our equity and fixed income businesses are enhanced by the research and HOLT functions. HOLT offers a framework for objectively assessing the performance of 20,000 companies in over 60 countries, with interactive tools and consulting services that clients use to make informed investment decisions.

Equity and fixed income research uses in-depth analytical frameworks, proprietary methodologies and data sources to analyze approximately 3,000 companies worldwide and provide macroeconomic insights into this constantly changing environment.

Organizational and regional structure

ORGANIZATIONAL STRUCTURE

We operate in two global divisions and reporting segments – Private Banking & Wealth Management and Investment Banking. Consistent with our client-focused, capital-efficient business strategy, we coordinate activities in four market regions: Switzerland, EMEA, Americas and Asia Pacific. In addition, Shared Services provides centralized corporate services and business support, as well as effective and independent controls procedures in the following areas:

- The Chief Financial Officer (CFO) area covers many diverse functions, including Corporate Development, Information Technology, Corporate Real Estate & Services, Efficiency Management, Financial Accounting, Group Insurance, Group Finance, Investor Relations, New Business, Global Operations, Product Control, Tax and Treasury.
- The General Counsel area provides legal and compliance support to help protect the reputation of Credit Suisse. It does so by giving legal and regulatory advice and providing employees with the tools and expertise to comply with applicable internal policies and external laws, rules and regulations.
- The Chief Risk Officer (CRO) area comprises strategic risk management, credit risk management, risk analytics and reporting, and operational risk management, which cooperate closely to maintain a strict risk control environment and to help ensure that our risk capital is deployed wisely.
- The Talent, Branding and Centers of Excellence area comprises human resources, corporate branding and advertising and our CoE. Human Resources strives to attract, retain and develop staff, while also creating a stimulating working environment for all employees. Branding works closely with the businesses to manage our brand as a common touchstone, a differentiator in a competitive market and a motivator of behavior and our promise to clients. Our CoE support our global operations in process optimization by providing services and best practices away from the on-shore locations and are an essential component in the implementation of our strategy.

Other functions providing corporate services include Corporate Communications, One Bank Collaboration and Public Policy. Corporate Communications provides support in media relations, crisis management, executive and employee communications. One Bank Collaboration facilitates cross-divisional collaboration initiatives throughout the Group and measures and controls collaboration revenues. Public Policy promotes and protects the interests of Credit Suisse and its reputation.

The Chief Executive Officers (CEOs) of the divisions and regions report directly to the Group CEO, and, together with the CFO, CRO, General Counsel and Chief Marketing and Talent Officer, they formed the Executive Board of Credit Suisse in 2013.

Our Internal Audit function reports directly to the Audit Committee of the Board of Directors.

Our structure is designed to promote cross-divisional collaboration while leveraging resources and synergies within our four regions. The regions perform a number of essential functions to coordinate and support the global operations of the two divisions. On a strategic level, regions are responsible for corporate development and the establishment of regional business plans, projects and initiatives. They also have an oversight role in monitoring financial performance. Each region is responsible for the regulatory relationships within its boundaries, as well as for regulatory risk management and the resolution of significant issues in the region as a whole or its constituent countries. Other responsibilities include client and people leadership and the coordination of the delivery of Shared Services and business support in the region.

MARKET REGIONS

Switzerland

Switzerland, our home market, represents a broad business portfolio. We have 17,900 employees in Switzerland. The Private Banking & Wealth Management division comprises our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients, we offer our clients a distinct value proposition combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services tailored to different client groups, from private clients to UHNWI. We serve clients in 214 branches. Additionally, we are dedicated experts for our external asset manager business. In Corporate & Institutional Clients, we provide premium advice and solutions within a broad range of banking services, including lending, cash and liquidity management, trade finance, corporate finance, foreign exchange, investment solutions, ship and aviation finance, global custody and asset and liability management. Clients taking advantage of these solutions include SME, global corporations and commodity traders, banks and Swiss pension funds. Our Asset Management business has a market-leading position in the Swiss traditional and alternative investments businesses, and also offers a broad range of multi-asset class solutions. The Investment Banking division offers a full range of financial services to its Swiss client base, holding market-leading positions in the Swiss debt and capital markets as well as in mergers and acquisition advisory.

EMEA

We are active in 29 countries across the EMEA region with 9,600 employees working in 63 offices. Our regional headquarters is in the UK, but we have an onshore presence in every major EMEA country. The EMEA region encompasses both developed markets, such as France, Germany, Italy, Spain and the UK, and emerging markets, including Russia, Poland, Turkey and the Middle East. We implemented our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. Both divisions are strongly represented in the EMEA region, with the Investment Banking division providing a spectrum of financial advisory services with strong market shares across many key products and markets. The Private Banking & Wealth Management division continues to further develop its integrated UHNWI offerings and to focus on the distribution of a variety of investment products, including alternative investments and core investments such as equities, fixed income, real estate, multi-asset class solutions and index solutions.

Americas

We have operations in the US, Canada, the Caribbean and Latin America with 11,100 employees working in 43 offices spanning 14 countries. In the US, our emphasis is on our core client-focused and high-returning businesses in Investment Banking, and on building on the market share gains we have achieved in a capital-efficient manner. In Private Banking & Wealth Management, we see considerable potential to leverage our cross-divisional capabilities, as we further develop our onshore wealth management platform in the US, Brazil and Mexico. In Latin America, particularly in our key markets of Brazil and Mexico, we continue to focus on providing clients with a full range of cross-divisional services.

Asia Pacific

We are present in 12 Asia Pacific countries with 7,400 employees working in 24 offices, giving us one of the broadest footprints among international banks in the region. Singapore and Hong Kong are key hubs for our Private Banking & Wealth Management business, while Australia and Japan are home to our expanding domestic Private Banking franchises. We serve UHNWI and HNWI, combining global reach with a structured advisory process, offering distinct client segment specific value propositions, as well as access to a broad range of comprehensive and sophisticated products and services. We also deliver innovative and integrated solutions in close collaboration with our Investment Banking division. Our market-leading Investment Banking business operates principally in Hong Kong and Singapore. The strong equity and research platform helps underpin a robust capital markets and Investment Banking franchise. The Investment Banking division is recognized as a leader in the industry, contributing thought leadership through research, conferences and industry commentary.

Regulation and supervision

OVERVIEW

Our operations are regulated by authorities in each of the jurisdictions in which we have offices, branches and subsidiaries.

Central banks and other bank regulators, financial services agencies, securities agencies and exchanges and self-regulatory organizations are among the regulatory authorities that oversee our businesses. There is coordination among our primary regulators in Switzerland, the US, the EU and the UK.

The supervisory and regulatory regimes of the countries in which we operate determine to some degree our ability to expand into new markets, the services and products that we are able to offer in those markets and how we structure specific operations. We are in compliance with our regulatory requirements in all material respects and in compliance with regulatory capital requirements.

Governments and regulatory authorities around the world have responded to the challenging market conditions beginning in 2007 by proposing and enacting numerous reforms of the regulatory framework for financial services firms such as the Group. In particular, a number of reforms have been proposed and enacted by regulators, including our primary regulators, which could potentially have a material effect on our business. These regulatory developments could result in additional costs or limit or restrict the way we conduct our business. Although we expect regulatory-related costs and capital requirements for all major financial services firms (including the Group) to increase, we cannot predict the likely impact of proposed regulations on our businesses or results. We believe, however, that overall we are well positioned for regulatory reform, as we have reduced risk and maintained strong capital, funding and liquidity.

▶ Refer to "Risk factors" for further information on risks that may arise relating to regulation.

RECENT REGULATORY DEVELOPMENTS AND PROPOSALS

Some of the most significant regulations proposed or enacted during 2013 and early 2014 are discussed below.

Basel framework

Derivative regulation

In September 2013, the ◉ Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) published a final global framework on margin requirements applicable to non-centrally cleared ◉ derivatives. If the framework is enacted into law at national jurisdiction-level as currently contemplated, margin requirements would be significantly higher than current market practice, dealing firms such as Credit Suisse would be required to post initial and variation margins and the re-hypothecation of posted initial margin would be limited.

These margin requirements could significantly increase the cost of non-centrally cleared derivatives and reduce demand for such derivatives, which could in turn adversely affect our derivatives sales and trading businesses. The framework contemplates that these margin requirements would be phased in beginning December 1, 2015. It is anticipated that regulators in the US, EU and other key BCBS/IOSCO jurisdictions will adopt rules implementing the framework during 2014.

Switzerland

As of January 1, 2013, the ◉ Basel III framework was implemented in Switzerland along with the Swiss ◉ "Too Big to Fail" legislation and regulations thereunder. Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements, and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Certain requirements under the legislation, including those regarding capital, are to be phased in through year-end 2018.

Capital and prudential supervision

On February 13, 2013, the Swiss Federal Council decided to activate the countercyclical capital buffer based on the request of the SNB. This activation of the countercyclical buffer requires banks to hold additional capital in the amount of 1% of their risk-weighted assets pertaining to mortgage loans that finance residential property in Switzerland from September 30, 2013. In January 2014, upon the request of SNB, the Swiss Federal Council further increased the countercyclical buffer from 1% to 2%, effective June 30, 2014.

▶ Refer to "Liquidity and funding management" and "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

Cross-border cooperation

On August 15, 2013, Switzerland and Germany agreed to increase cross-border cooperation to facilitate the ability of financial institutions in both countries to provide banking services and mutual funds to customers in the other country. The agreement is expected to remain effective under the revised EU Markets in Financial Instruments Directive (MiFID II), subject to the assessment of the Swiss and German authorities on the compatibility of the agreement with MiFID II. The agreement has been supplemented by two implementation agreements defining the scope of cooperation. These implementation agreements have been finalized by Germany's Federal Financial Supervisory Authority and ◉ FINMA and entered into effect on January 1, 2014.

Derivative regulation

On December 13, 2013, the Swiss Federal Council launched a consultation process for a new act to be named Financial Market Infrastructure Act (FMIA). The core purpose of the FMIA is to adjust Swiss regulation of financial market infrastructure and derivatives trading to market developments and international requirements, in particular the EU regulation on OTC Derivatives, Central Counterparties and Trade Repositories (also known as the European Market Infrastructure Regulation, or EMIR).

Executive compensation

On March 3, 2013, Swiss citizens approved the so-called "Minder Initiative" intended to strengthen shareholder rights. The initiative requires legislation to be passed to impose board and executive compensation-related requirements on Swiss public companies, including requiring a binding (rather than advisory) shareholder vote on total board and total executive management compensation and prohibiting severance payments, salary prepayments and payments related to the acquisition or disposal of companies. The initiative also provides that the board members, the board chairperson and the compensation committee members be directly elected by shareholders annually. Further, the initiative calls for criminal sanctions in case of noncompliance. The Swiss Federal Council issued the transitional ordinance on November 20, 2013, which entered into force on January 1, 2014. The Ordinance against Excessive Compensation with respect to Listed Stock Corporations implements the initiative until the final legal implementation is approved by the parliament and entered into force. Specifically, according to the ordinance the board members, board chairperson and the compensation committee members must now be directly elected by shareholders annually, for the first time at the annual general meeting in 2014.

Reimbursement of commissions

The Swiss Federal Supreme Court issued a decision in the fourth quarter of 2012 in a case brought by a client of another bank seeking reimbursement of commissions paid to the client's bank by providers of investment products. The court ruled that such payments ("retrocessions") received in the context of a discretionary asset management mandate from issuers of investment products are owed to the client (including payments from intra-group companies) unless a client waiver is in place. FINMA subsequently issued a notice requiring all banks to inform potentially affected clients and we have done so by informing all of our discretionary mandate clients in the second quarter of 2013. Based on our current evaluation, we expect no material exposure from this decision. In line with industry trends, we continue to adapt our offering by launching a suite of inducement-free mandates.

Resolution regime

The consultation process launched by the Swiss Federal Council on December 13, 2013 relating to the FMIA also proposes to amend the Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended (Bank Law), seeking to subject

parent companies of financial groups or conglomerates and certain unregulated companies of the group domiciled in Switzerland to the Swiss resolution regime that applies to banks. If enacted, Credit Suisse Group would, and certain of its unregulated Swiss-domiciled subsidiaries could, become subject to the Swiss bank resolution regime and the resolution authority of FINMA. The consultation process on FMIA ended on March 31, 2014.

On January 1, 2014, revisions of the Federal Act of 11 April 1889 on Debt Enforcement and Bankruptcy entered into effect. The revisions seek to facilitate the restructuring of companies and to strengthen creditors' rights in provisional or definitive stays. In addition, it introduced certain procedural changes and a special treatment of continuing obligations (i.e., contracts such as leases, rentals or loans that contain a continuing and repeated exchange of money, goods or services), which in case of a provisional or definitive stay, may in the future be terminated at will by the debtor at any time with the permission of the receiver against payment of a compensation if a restructuring would otherwise be defeated.

Tax

On January 1, 2013, the bilateral tax agreements between Switzerland and each of the UK and Austria entered into force, allowing for the regularization of assets in Switzerland of UK and Austrian residents. Past assets are to be regularized through an anonymous one-off payment deducted by paying agents in Switzerland or by a bank client's voluntary disclosure to Austrian or British authorities, as applicable. Austrian and UK clients have two options to regularize their future investment income and capital gains: they can instruct the Swiss bank to either deduct a withholding tax from relevant income and gains (which will grant client anonymity) or report such income and gains to their home authorities. In December 2012, the bilateral tax agreement between Switzerland and Germany was rejected by the German government.

On February 1, 2013, the Swiss Tax Administrative Assistance Act entered into force. The act governs administrative assistance in double taxation and other international agreements that Switzerland has entered into which provide for the exchange of information relating to tax matters consistent with Article 26 of the OECD Model Tax Convention. Under the act, administrative assistance is no longer prohibited for group requests based on a behavioral pattern, but so-called "fishing expeditions" are expressly prohibited. In August 2013, the Swiss Federal Council announced that it would seek to amend the act to comply with international standards. In March 2014, the Swiss Parliament approved amendments relating to the deferred notification of parties concerned, which will allow in certain cases that the affected taxpayer be informed after the information has been communicated to the authorities of the requesting country, and the establishment of a special procedure for informing parties affected by a group request. It is expected that the revised act will enter into force on January 1, 2015.

The Swiss Federal Supreme Court, in a July 2013 decision concerning a former Credit Suisse client, confirmed that so-called group requests which are not targeting an identified client but instead describe a behavioral pattern are permissible under the

existing 1996 Swiss/US double taxation treaty for the avoidance of double taxation.

On August 29, 2013, Switzerland and the US signed a joint statement which provides a framework for Swiss banks' cooperation with the US authorities in their investigations focused on tax evasion. The framework applies to all Swiss banks except those banks, including Credit Suisse, which are the target of criminal investigations by the US Department of Justice (DOJ).

In September 2013, the Swiss Parliament approved an inter-governmental agreement with the US to implement the reporting and withholding tax provisions of the Foreign Account Tax Compliance Act (FATCA). FATCA requirements enter into force on July 1, 2014.

On December 18, 2013, the Swiss Federal Council adopted the mandate for negotiations regarding a revision of the taxation of savings agreement between the EU and Switzerland. The envisaged revision should bring the agreement in line with the planned revision of the EU Savings Directive and close current perceived gaps. Switzerland and the EU have officially started negotiations on January 17, 2014. In March 2014, the EC agreed an extension to the EU Savings Directive to cover the automatic information exchange within the EU on all forms of savings income and products that generate interest or equivalent income. The EU is now trying to reach an agreement with third countries such as Switzerland by the end of 2014 regarding amendments to saving taxation agreements implementing the EU Savings Directive. At the global level, in September 2013 the G20 Summit endorsed global automatic information exchange as a new international standard.

US

In July 2010, the US enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which provides a broad framework for regulatory changes. Although rulemaking in respect of many of the provisions of the Dodd-Frank Act has already taken place, implementation will require further detailed rulemaking over several years by different regulators, including the US Department of the Treasury (US Treasury), the US Federal Reserve (Fed), the US Securities and Exchange Commission (SEC), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Commodity Futures Trading Commission (CFTC) and the Financial Stability Oversight Council (FSOC).

Capital and prudential supervision

In July 2013, the Fed, the FDIC and the OCC released final capital rules that overhaul the existing US bank regulatory capital rules and implement the Basel III framework and certain provisions of the Dodd-Frank Act. The final rules are largely consistent with the Basel III framework published by the BCBS, although they diverge in several important respects due to requirements of the Dodd-Frank Act and do not address other, more recent aspects of the Basel III framework. In October 2013, the Fed, the OCC and the FDIC issued a proposed rule to introduce the Basel III  liquidity

coverage ratio (LCR) in the US, applicable to certain large US banking organizations. The US LCR proposal is generally consistent with the LCR published by the BCBS in January 2013, but it is stricter in certain respects and would be phased in between January 1, 2015 and January 1, 2017. In future separate rulemakings, the Fed may apply the US LCR requirement to the US operations of certain large foreign banking organizations.

The Dodd-Frank Act also provides regulators with tools to impose greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk. In February 2014, the Fed adopted a rule under the Dodd-Frank Act that creates a new framework for regulation of the US operations of foreign banking organizations. The rule requires Credit Suisse to create a single US intermediate holding company (IHC) to hold all of its US subsidiaries; this will not apply to Credit Suisse AG's New York branch (New York Branch). The IHC will be subject to local risk-based capital and leverage requirements. In addition, both the IHC itself and the combined US operations of Credit Suisse (including the IHC and the New York Branch) will be subjected to other new prudential requirements, including with respect to liquidity risk management, separate liquidity buffers for each of the IHC and the New York Branch, stress testing, and other prudential standards. The new framework's prudential requirements generally become effective in July 2016. Under proposals that remain under consideration, the IHC and the combined US operations of Credit Suisse would become subject to limits on credit exposures to any single counterparty, and the combined US operations of Credit Suisse would also become subject to an early remediation regime which could be triggered by capital, leverage, stress tests, liquidity, risk management and market indicators. On April 15, 2013, the Fed and the FDIC released additional guidance requiring certain financial companies, including Credit Suisse, to provide additional analysis and data in future resolution plans, and extended the deadline to submit an updated plan from July 1, 2013 to October 1, 2013. Our initial resolution plan was submitted on July 1, 2012 and our first annual update was submitted by the October 1, 2013 deadline.

► Refer to "Liquidity and funding management" and "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

On December 10, 2013, US regulators released the final version of the so-called "Volcker Rule", which limits the ability of banking entities to sponsor or invest in certain private equity or hedge funds and to engage in certain types of proprietary trading. The end of the conformance period for the Volcker Rule was extended until July 21, 2015 (with the possibility of extensions under certain circumstances), by which time financial institutions subject to the rule must bring their activities and investments into compliance. We are analyzing the final rule, assessing how it affects our businesses, and re-initiating an implementation program to come into compliance.

Derivative regulation

On July 1, 2013, Credit Suisse Securities Europe Limited (CSSEL), the entity through which we conduct certain of our equity swap trading business, registered with the CFTC as a swap dealer.

On July 12, 2013, the CFTC adopted final cross-border guidance governing the application of CFTC rules to non-US swap dealers, which include Credit Suisse International (CSI) and CSSEL. The guidance adopted by the CFTC permits non-US swap dealers to comply with comparable home country rules in lieu of complying with certain CFTC rules. In this regard, the European Commission (EC) made an application to the CFTC for substituted compliance on behalf of firms based in the EU, including CSI and CSSEL. The CFTC granted this application in part through comparability determinations it issued on December 20, 2013 for the EU and certain other jurisdictions. As a result of these determinations, CSI and CSSEL may comply with local EU rules in lieu of certain CFTC requirements regarding risk management, internal controls, chief compliance officer duties and reports, recordkeeping, swap confirmations, portfolio reconciliation and compression, and swap valuation. In addition, the CFTC issued two no-action letters deferring certain CFTC requirements, most notably with respect to trade reporting for swaps with non-US persons, thereby allowing the CFTC more time to consider the comparability of similar rules in other jurisdictions. If the CFTC does not ultimately grant substituted compliance for reporting of swaps with non-US persons, CSI and CSSEL could incur significant operational costs.

On November 14, 2013, staff of the CFTC published an advisory stating that CFTC “transaction-level” requirements, such as mandatory clearing, mandatory exchange trading, real-time public reporting and external business conduct, apply to a swap between a non-US swap dealer, such as CSI or CSSEL, and another non-US person if the swap is arranged, negotiated or executed by US personnel or agents of the non-US swap dealer. This advisory is currently scheduled to go into effect on September 15, 2014, and the CFTC has requested public comments on it. If this advisory is not rescinded or modified, it could result in some market disruption and impose significant compliance costs on CSI and CSSEL. In light of this advisory, on December 4, 2013, several US financial trade associations filed a lawsuit in the US District Court for the District of Columbia challenging the advisory and the CFTC’s July 2013 guidance regarding the cross-border application of its swaps rules. The lawsuit asks the court to vacate the July 2013 guidance and enjoin the CFTC from enforcing its rules outside the US. Depending on the outcome of this lawsuit, the extent to which CSI and CSSEL are subject to CFTC rules may differ significantly from the framework currently applicable under the CFTC’s guidance. We are monitoring the progress of the lawsuit and assessing our contingency plans for the different scenarios that could result from it.

On January 16, 22 and 27, 2014, specified types of interest rate swaps and index credit default swaps were deemed “made available to trade” by CFTC-registered swap execution facilities (SEFs). As a result, since February 15, 21 and 26, 2014, those types of swaps have been required to be executed on a SEF or

designated contract market, unless an exception or exemption applies. It is possible that certain market participants, including some of our clients or counterparties, will change their trading behavior as a result of these SEF requirements which could negatively affect swap trading revenue.

Tax

On July 12, 2013, the US Treasury published a notice postponing the entry into force of FATCA by six months to July 1, 2014.

On August 29, 2013, Switzerland and the US signed a joint statement which provides a framework for Swiss banks’ cooperation with the US authorities in their investigations focused on tax evasion. The framework applies to all Swiss banks except those banks, including Credit Suisse, which are the target of criminal investigations by the DOJ.

EU

The EU, the UK and other national European jurisdictions have also proposed and enacted a wide range of prudential, securities and governance regulations to address systemic risk and to further regulate financial institutions, products and markets. These proposals are at various stages of the EU pre-legislative, legislative and rule making processes, and their final form and cumulative impact remain uncertain.

Capital and prudential supervision

On June 27, 2013, the final text of the Capital Requirement Directive IV and Capital Requirements Regulation (CRD IV) was published in the Official Journal of the EU. With effect from January 1, 2014, CRD IV has replaced the current CRD with new measures implementing Basel III and other requirements. Compliance with these requirements will include receiving approval by the UK’s Prudential Regulation Authority (PRA) of certain models with respect to regulatory capital requirements of our UK subsidiaries.

On July 22, 2013, the Alternative Investment Fund Managers Directive (AIFMD) entered into effect. The AIFMD establishes a comprehensive regulatory and supervisory framework for alternative investment fund managers (AIFMs) managing and/or marketing alternative investment funds (AIFs) in the EU. The AIFMD imposes various substantive requirements to authorized AIFMs, including increased transparency towards investors and regulators, and allows authorized AIFMs to market AIFs to professional investors throughout the EU under an “EU passport”. The EU passport has been made available to authorized EU AIFMs since July 2013 and, subject to European Securities and Markets Authority (ESMA) and European Commission’s positive opinion, is expected to be made available to authorized non-EU AIFMs from late 2015. In the meantime (and until at least 2018), non-EU AIFMs may continue to market within the EU under the private placement regimes of the individual member states subject to complying with certain minimum requirements imposed by the AIFMD and any additional requirements that individual member states may impose. The AIFMD also imposes a new, strict depositary regime affecting the manner in which prime brokers may provide custody services to

fund managers. Although many member states have now implemented the AIFMD, a number of member states did not meet the transposition deadline of July 22, 2013. As clarified by ESMA, for EU AIFMs authorized under the AIFMD in a member state that has transposed the AIFMD, the passport system should be available even in a member state that has not transposed the AIFMD into national law. EU AIFMs established in EU member states that have not yet transposed the AIFMD cannot rely on the marketing and management passport in other member states.

On December 18, 2013, the UK Financial Services Act 2013 (Banking Reform Act) was enacted. Secondary legislation to fully implement the Banking Reform Act is expected to be completed by May 2015. The Banking Reform Act provides for the creation of a “retail ring-fence” that will prohibit large retail deposit banks from carrying out a broad range of investment and other banking activities in the same entity. Banks are expected to be required to comply with the ring-fencing requirements by 2019. However, it is expected that our Private Banking & Wealth Management business in the UK may benefit from the *de minimis* exemption from the retail ring-fence requirements which is anticipated to exclude certain banks that hold core deposits of below GBP 25 billion. The Banking Reform Act also introduces certain other reforms, including requirements for primary loss absorbing capacity in order to facilitate the use of the new bail-in tool, which is itself introduced by the Banking Reform Act. The Banking Reform Act will also establish a more stringent regulatory regime for certain senior personnel of the bank, as well as create a new criminal offense for reckless mismanagement in the banking industry. The governance rules and the bail-in tool will impact our UK entities, such as CSI and CSSEL.

On January 29, 2014, the EC published a draft Regulation on Structural Measures Improving the Resilience of EU Banks and Transparency of the Financial Sector which, if enacted, would introduce certain structural measures designed to reduce the risk and complexity of large banks in the EU. It is proposed that the measures would apply to EU banks which qualify as globally systemically important institutions, or which have for a period of three consecutive years (i) total assets of at least EUR 30 billion, and (ii) trading activities amounting to at least EUR 70 billion or 10% of their total assets. These banks would be prohibited from engaging in proprietary trading in financial instruments and commodities and would become subject to anti-avoidance rules prohibiting certain transactions with the shadow banking sector. In addition, they may be required by their regulator to separate certain trading activities involving increased risks from their deposit-taking, lending and other business activities.

On January 14, 2014, the EC, European Parliament and European Council reached a political agreement on the MiFID II primary legislation and related regulation (MiFIR), which are scheduled to be enacted in the second quarter of 2014. It is expected that the provisions thereof will have to be implemented in the member states and expected to come into effect towards the end of 2016. Although the final text has not yet been published in the Official Journal of the European Union, the EC formally announced that

an agreement has been reached to introduce an EU harmonized regime for the cross-border provision of investment services to professional and eligible counterparties in the EU. This new regime for granting access to EU markets for financial services providers based in third countries, including Switzerland, would be based on the positive equivalence determination of the prudential and business conduct requirements in place in the relevant third country jurisdiction by the EC and, subject to equivalence being found, allow for an EU wide passport when providing services to EU professional clients and eligible counterparties. Third country financial services providers would be able to continue to provide services and activities to such clients in member states in accordance with national regimes until three years after the adoption by the EC of a positive equivalence decision.

Derivative regulation

In March 2013, certain of the requirements of EMIR came into effect while others will be phased in. EMIR requires that certain standardized OTC derivatives contracts be centrally cleared and, where OTC transactions are not subject to central clearing, specified techniques are employed to monitor, measure and mitigate the operational and counterparty risks presented by those transactions. These risk mitigation techniques include trade confirmation, robust portfolio reconciliation and portfolio compression processes, exchange of margin, and the daily mark-to-market valuation of trades. Certain of these risk mitigation obligations came into effect on September 15, 2013. From February 12, 2014, EU counterparties subject to EMIR are required to report any derivative contract to a trade repository that is authorized or recognized under EMIR.

On September 3, 2013, the ESMA published its technical advice to the EC on the equivalence of a number of third-country derivative regimes with EMIR, recommending “conditional equivalence” for all third country regulatory regimes assessed, except for Switzerland and Australia’s rules for central counterparties. The EC is expected to use ESMA advice to make its own assessment and decide whether to adopt an implementing act declaring a third country equivalent with EMIR. EC positive equivalence determination of a third country regime would allow EU counterparties trading with entities established in such third country to meet their EMIR obligations through compliance with the equivalent third country rules. “Conditional” equivalence was proposed by ESMA in relation to certain parts of the CFTC and SEC regimes whereby, subject to the implementation of a number of additional stipulations, adherence to the relevant US regimes would be deemed equivalent to EMIR.

Resolution regime

On December 11, 2013, the European Parliament reached a political agreement with the European Council on a legislative proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms, known as the Bank Recovery and Resolution Directive. The framework will give national regulators wide-ranging powers (notably new bail-in

powers) to intervene where an entity is likely to fail in order to avoid adverse effects on wider financial stability. It is anticipated that the Bank Recovery and Resolution Directive will enter into force on January 1, 2015 and the bail-in powers will become effective on January 1, 2016 at the latest. Our EU subsidiaries will be affected to varying degrees. The Single Resolution Mechanism regulation, agreed by the European Parliament and the European Council in March 2014, will apply substantially identical recovery and resolution powers as those contained within the Bank Recovery and Resolution Directive to institutions located in the eurozone.

On December 19, 2013, the PRA in the UK published updated rules on recovery and resolution plans under the Financial Services Act 2010. Covered entities are required to have recovery plans similar to those proposed by the EC. In addition, they are required to submit certain organizational data in order to allow the PRA and the Bank of England to draw up resolution plans. Credit Suisse provided relevant information to UK regulatory authorities based on existing guidance in 2012.

Tax

In January 2013, a group of eleven EU member states (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia) proposed to adopt a financial transaction tax (FTT) applicable only for those countries, as a proposed EU-wide FTT was unsuccessful. If approved in the proposed form, the tax would apply to a wide range of financial transactions, including minimum rates of 0.01% for derivative products and 0.1% for other financial instruments. The tax would apply to certain financial transactions where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, "established" in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the relevant financial instrument is issued in a participating member state. To become effective, the proposed FTT directive will require unanimous agreement of at least nine participating member states. The FTT proposal remains subject to negotiation among the participating member states and is the subject of legal challenge. It may therefore be altered significantly prior to any implementation, the timing of which remains unclear. Where a participating member state already has a financial transaction tax in place, such as France and Italy, the FTT would be expected to replace those existing national FTT regimes.

REGULATORY FRAMEWORK

The principal regulatory structures that apply to our operations are discussed below.

Switzerland

Banking regulation and supervision

Although Credit Suisse Group is not a bank according to the Bank Law, and its Implementing Ordinance of May 17, 1972, as amended (Implementing Ordinance), the Group is required,

pursuant to the provisions on consolidated supervision of financial groups and conglomerates of the Bank Law, to comply with certain requirements for banks. Such requirements include capital adequacy, solvency and risk concentration on a consolidated basis, and certain reporting obligations. Our banks in Switzerland are regulated by FINMA on a legal entity basis and, if applicable, on a consolidated basis.

Our banks in Switzerland operate under banking licenses granted by FINMA pursuant to the Bank Law and the Implementing Ordinance. In addition, certain of these banks hold securities dealer licenses granted by FINMA pursuant to the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA).

FINMA is the sole bank supervisory authority in Switzerland and is independent from the SNB. Under the Bank Law, FINMA is responsible for the supervision of the Swiss banking system. The SNB is responsible for implementing the government's monetary policy relating to banks and securities dealers and for ensuring the stability of the financial system. Under the "Too Big to Fail" legislation, the SNB is also responsible for determining which banks in Switzerland are systemically relevant banks and which functions are systemically relevant in Switzerland. The SNB has identified the Group as a systemically relevant bank.

Our banks in Switzerland are subject to close and continuous prudential supervision and direct audits by FINMA. Under the Bank Law, our banks are subject to inspection and supervision by an independent auditing firm recognized by FINMA, which is appointed by the bank's shareholder meeting and required to perform annual audits of the bank's financial statements and to assess whether the bank is in compliance with laws and regulations, including the Bank Law, the Implementing Ordinance and FINMA regulations.

Swiss banks are subject to the Basel III framework and the Swiss "Too Big to Fail" legislation and regulations thereunder, which include capital, liquidity, leverage and large exposure requirements, and rule for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency.

Swiss banks are also required to maintain a specified liquidity standard pursuant to the Liquidity Ordinance (Liquidity Ordinance), which was adopted by the Swiss Federal Council in November 2012 and implements Basel III liquidity requirements into Swiss law subject, in part, to further rule-making. The Liquidity Ordinance entered into force on January 1, 2013. It requires appropriate management and monitoring of liquidity risks, and applies to all banks, but is tiered according to the type, complexity and degree of risk of a bank's activities. It also contains supplementary quantitative and qualitative requirements for systemically relevant banks, including us, which are generally consistent with existing FINMA liquidity requirements. In January 2014, the Swiss Federal Council and FINMA proposed revisions to the Liquidity Ordinance to reflect the final Basel III LCR rules. Under the proposal, systemically relevant banks like us will be subject to an initial minimum LCR requirement of 100% beginning in 2015.

Our regulatory capital is calculated on the basis of accounting principles generally accepted in the US, with certain adjustments required by, or agreed with, FINMA.

► Refer to "Liquidity and funding management" and "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

Under Swiss banking law, banks and securities dealers are required to manage risk concentration within specific limits. Aggregated credit exposure to any single counterparty or a group of related counterparties must bear an adequate relationship to the bank's core tier 1 capital, taking into account counterparty risks and ◊ risk mitigation instruments.

Under the Bank Law and SESTA, Swiss banks and securities dealers are obligated to keep confidential the existence and all aspects of their relationships with customers. These customer confidentiality laws do not, however, provide protection with respect to criminal offenses such as insider trading, money laundering, terrorist financing activities, tax fraud or evasion or prevent the disclosure of information to courts and administrative authorities.

Swiss rules and regulations to combat money laundering and terrorist financing are comprehensive and require banks and other financial intermediaries to thoroughly verify and document customer identity before commencing business. In addition, these rules and regulations include obligations to maintain appropriate policies for dealings with politically exposed persons and procedures and controls to detect and prevent money laundering and terrorist financing activities, including reporting suspicious activities to authorities.

Since January 1, 2010, compensation design and its implementation and disclosure must comply with standards promulgated by FINMA under its Circular on Remuneration Schemes.

Securities dealer and asset management regulation and supervision

Our securities dealer activities in Switzerland are conducted primarily through the Bank and are subject to regulation under SESTA, which regulates all aspects of the securities dealer business in Switzerland, including regulatory capital, risk concentration, sales and trading practices, record-keeping requirements and procedures and periodic reporting procedures. Securities dealers are supervised by FINMA.

Our asset management activities in Switzerland, which include the establishment and administration of mutual funds registered for public distribution, are conducted under the supervision of FINMA.

Resolution regime

The Banking Insolvency Ordinance-FINMA (the Banking Insolvency Ordinance) governs resolution (i.e., restructuring or liquidation) procedures of Swiss banks and securities dealers, such as Credit Suisse AG. Instead of prescribing a particular resolution concept, the Banking Insolvency Ordinance provides FINMA with a significant amount of authority and discretion in the case of

resolution, as well as various restructuring tools from which FINMA may choose.

FINMA may open resolution proceedings if there is justified concern that the relevant Swiss bank is over-indebted, has serious liquidity problems or no longer fulfills capital adequacy requirements. However, the proceedings may only take the form of restructuring (rather than liquidation) proceedings if (i) the recovery of, or the continued provision of individual banking services by, the relevant bank appears likely and (ii) the creditors of the relevant bank are likely better off in restructuring proceedings than in liquidation proceedings. All realizable assets in the relevant bank's possession will be subject to such proceedings, regardless of where they are located.

If FINMA were to open restructuring proceedings with respect to Credit Suisse AG, it would have discretion to take decisive actions, including (i) transferring the bank's assets or a portion thereof, together with its debt and other liabilities and contracts, to another entity, (ii) staying (for a maximum of 48 hours) the termination of, and the exercise of rights to terminate relating to, financial contracts to which the bank is a party, (iii) converting the bank's debt into equity (a "debt-to-equity swap"), and/or (iv) partially or fully writing off the bank's obligations (a "haircut").

Prior to any debt-to equity swap or haircut, outstanding equity capital and debt instruments issued by Credit Suisse AG that are part of its regulatory capital (including the bank's outstanding high trigger capital instruments and low trigger capital instruments) must be converted or written-off (as applicable) and cancelled. Any debt-to-equity swap, (but not any haircut) would have to follow the hierarchy of claims to the extent such debt is not excluded from such conversion by the Banking Insolvency Ordinance. Contingent liabilities of Credit Suisse AG such as guarantees could also be subjected to a debt-to-equity swap or a haircut to the extent amounts are due and payable thereunder at any time during restructuring proceedings. For systemically relevant banks such as Credit Suisse AG, creditors have no right to reject the restructuring plan approved by FINMA.

US

Banking regulation and supervision

Our banking operations are subject to extensive federal and state regulation and supervision in the US. Our direct US offices are composed of our New York Branch and representative offices in California. Each of these offices is licensed with, and subject to examination and regulation by, the state banking authority in the state in which it is located.

Our New York Branch is licensed by the New York Superintendent of Financial Services (Superintendent), examined by the New York State Department of Financial Services, and subject to laws and regulations applicable to a foreign bank operating a New York branch. Under the New York Banking Law, our New York Branch must maintain eligible assets with banks in the state of New York. The amount of eligible assets required, which is expressed as a percentage of third-party liabilities, would increase if our New York Branch is no longer designated well rated by the Superintendent.

The New York Banking Law authorizes the Superintendent to seize our New York Branch and all of our business and property in New York State (which includes property of our New York Branch, wherever it may be located, and all of our property situated in New York State) under circumstances generally including violations of law, unsafe or unsound practices or insolvency. In liquidating or dealing with our New York Branch's business after taking possession, the Superintendent would only accept for payment the claims of depositors and other creditors (unaffiliated with us) that arose out of transactions with our New York Branch. After the claims of those creditors were paid out of the business and property of the Bank in New York, the Superintendent would turn over the remaining assets, if any, to us or our liquidator or receiver.

Under New York Banking Law and US federal banking laws, our New York Branch is generally subject to single borrower lending limits expressed as a percentage of the worldwide capital of the Bank. Under the Dodd-Frank Act, lending limits take into account credit exposure arising from derivative transactions, securities borrowing and lending transactions and repurchase and reverse repurchase agreements with counterparties.

Our operations are also subject to reporting and examination requirements under US federal banking laws. Our US non-banking operations are subject to examination by the Fed in its capacity as our US umbrella supervisor. The New York Branch is also subject to examination by the Fed and is subject to Fed requirements and limitations on the acceptance and maintenance of deposits. Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the FDIC.

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity that is not permissible for a federally licensed branch or agency of a foreign bank unless the Fed has determined that such activity is consistent with sound banking practice. In addition, regulations which the FSOC and the Fed may adopt could affect the nature of the activities which the Bank (including the New York Branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

The Fed may terminate the activities of a US branch or agency of a foreign bank if it finds that the foreign bank: (i) is not subject to comprehensive supervision in its home country; (ii) has violated the law or engaged in an unsafe or unsound banking practice in the US; or (iii) for a foreign bank that presents a risk to the stability of the US financial system, the home country of the foreign bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk.

A major focus of US policy and regulation relating to financial institutions has been to combat money laundering and terrorist financing. These laws and regulations impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, verify the identity of customers and comply with economic sanctions. Any failure to maintain and implement adequate programs to combat

money laundering and terrorist financing, and violations of such economic sanctions, laws and regulations, could have serious legal and reputational consequences. We take our obligations to prevent money laundering and terrorist financing in the US and globally very seriously, while appropriately respecting and protecting the confidentiality of clients. We have policies, procedures and training intended to ensure that our employees comply with "know your customer" regulations and understand when a client relationship or business should be evaluated as higher risk for us.

Credit Suisse Group and the Bank became financial holding companies for purposes of US federal banking law in 2000 and, as a result, may engage in a broad range of non-banking activities in the US, including insurance, securities, private equity and other financial activities, in each case subject to regulatory requirements and limitations. Credit Suisse Group is still required to obtain the prior approval of the Fed (and potentially other US banking regulators) before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of (or otherwise controlling) any US bank, bank holding company or many other US depository institutions and their holding companies, and as a result of the Dodd-Frank Act, before making certain acquisitions involving large non-bank companies. The New York Branch is also restricted from engaging in certain tying arrangements involving products and services, and in certain transactions with certain of its affiliates. If Credit Suisse Group or the Bank ceases to be well-capitalized or well-managed under applicable Fed rules, or otherwise fails to meet any of the requirements for financial holding company status, it may be required to discontinue certain financial activities or terminate its New York Branch. Credit Suisse Group's ability to undertake acquisitions permitted by financial holding companies could also be adversely affected.

The Dodd-Frank Act requires issuers with listed securities to establish a claw-back policy to recoup erroneously awarded compensation in the event of an accounting restatement, although it is currently unclear if this requirement will apply to foreign private issuers, like the Group.

Broker-dealer and asset management regulation and supervision

Our US broker-dealers are subject to extensive regulation by US regulatory authorities. The SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies. In addition, the US Treasury has the authority to promulgate rules relating to US Treasury and government agency securities, the Municipal Securities Rulemaking Board (MSRB) has the authority to promulgate rules relating to municipal securities, and the MSRB also promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by securities industry self-regulatory organizations, including the Financial Industry Regulatory Authority (FINRA), and by state securities authorities.

Our US broker-dealers are registered with the SEC and our primary US broker-dealer is registered in all 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands. Our US

registered entities are subject to extensive regulatory requirements that apply to all aspects of their securities, including where applicable: capital requirements; the use and safekeeping of customer funds and securities; the suitability of customer investments; record-keeping and reporting requirements; employee-related matters; limitations on extensions of credit in securities transactions; prevention and detection of money laundering and terrorist financing; procedures relating to research analyst independence; procedures for the clearance and settlement of trades; and communications with the public.

Our US broker-dealers are also subject to the SEC's net capital rule, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form. Compliance with the net capital rule could limit operations that require intensive use of capital, such as underwriting and trading activities and the financing of customer account balances and also could restrict our ability to withdraw capital from our broker-dealers. Our US broker-dealers are also subject to the net capital requirements of FINRA and, in some cases, other self-regulatory organizations.

Our securities and asset management businesses include legal entities registered and regulated as a broker-dealer and investment adviser by the SEC. The SEC-registered mutual funds that we advise are subject to the Investment Company Act of 1940. For pension fund customers, we are subject to the Employee Retirement Income Security Act of 1974 and similar state statutes.

The Dodd-Frank Act grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers and expands the extraterritorial jurisdiction of US courts over actions brought by the SEC or the US with respect to violations of the antifraud provisions in the Securities Act of 1933, Securities Exchange Act of 1934 and Investment Advisers Act of 1940. It also requires broader regulation of hedge funds and private equity funds, as well as credit rating agencies.

Derivative regulation and supervision

The CFTC is the federal agency primarily responsible for the regulation of futures commission merchants, commodity pool operators and commodity trading advisors. With the effectiveness of the Dodd-Frank Act, these CFTC registration categories have been expanded to include persons engaging in a relevant activity with respect to swaps, and new registration categories have been added for swap dealers and major swap participants. For futures and swap activities, these CFTC registrants are subject to futures industry self-regulatory organizations such as the National Futures Association (NFA).

Each of CSI and CSSEL is registered with the CFTC as a swap dealer as a result of its swap activities with US persons and is therefore subject to requirements relating to reporting, record-keeping, swap confirmation, swap portfolio reconciliation and compression, mandatory clearing, mandatory exchange-trading, swap trading relationship documentation, external business conduct, risk management, chief compliance officer duties and reports and internal controls. It is anticipated that the CFTC will in 2014 finalize rules related to capital and margin requirements and position limits,

as well as potentially expand the scope of its mandatory clearing and exchange-trading requirements to cover certain types of foreign exchange transactions.

One of our US broker-dealers, Credit Suisse Securities USA LLC, is also registered as a futures commission merchant and subject to the capital, segregation and other requirements of the CFTC and the NFA.

Our asset management businesses include legal entities registered and regulated as commodity pool operators and commodity trading advisors by the CFTC and the NFA.

In addition, we expect the SEC to finalize its rules implementing the derivatives provisions of the Dodd-Frank Act during 2014. While the SEC's proposals have largely paralleled many of the CFTC's rules, significant differences between the final CFTC and SEC rules could materially increase the compliance costs associated with, and hinder the efficiency of, our equity and credit derivatives businesses with US persons. In particular, significant differences between the SEC rules regarding capital, margin and segregation requirements for OTC derivatives and related CFTC rules, as well as the cross-border application of SEC and CFTC rules, could have such effects.

Resolution regime

The Dodd-Frank Act also establishes an "Orderly Liquidation Authority", a new regime for the orderly liquidation of systemically significant non-bank financial companies, which could potentially apply to certain of our US entities. To finance a resolution under this new regime, the FDIC may borrow funds from the US Treasury, which must be repaid from the proceeds of the resolution. If such proceeds are insufficient to repay the US Treasury in full, the FDIC is required to assess other large financial institutions, including those that have USD 50 billion or more in total consolidated assets, such as us, in an amount sufficient to repay all of the funds borrowed from the US Treasury in connection with the liquidation under the Orderly Liquidation Authority. In addition, in 2011 the Fed and the FDIC approved final rules to implement the resolution plan requirement in the Dodd-Frank Act, which require bank holding companies with total consolidated assets of USD 50 billion or more, such as us, and certain designated non-bank financial firms to submit annually to the Fed and the FDIC resolution plans describing the strategy for rapid and orderly resolution under the US Bankruptcy Code or other applicable insolvency regimes, though such plans may not rely on the Orderly Liquidation Authority.

FATCA

FATCA became law in the US on March 18, 2010. The legislation requires Foreign Financial Institutions (FFIs) (such as Credit Suisse) to enter into an FFI agreement and agree to identify and provide the US Internal Revenue Service (IRS) with information on accounts held by US persons and certain US-owned foreign entities, or otherwise face 30% withholding tax on withholdable payments. In addition, FFIs that have entered into an FFI agreement will be required to withhold on such payments made to FFIs

that have not entered into an FFI agreement, account holders who fail to provide sufficient information to classify an account as a US or non-US account, and US account holders who do not agree to the FFI reporting their account to the IRS. Switzerland and the US entered into an intergovernmental agreement to implement the reporting and withholding tax provisions of FATCA in February 2013 and the Swiss Parliament ratified it in September 2013. FATCA requirements enter into force on July 1, 2014. The intergovernmental agreement will enable FFIs in Switzerland to comply with FATCA while remaining in compliance with Swiss law. Under the agreement, US authorities may ask Swiss authorities for administrative assistance in connection with group requests where consent to provide information regarding potential US accounts is not provided to the FFI. Complying with the required identification, withholding and reporting obligations requires significant investment in an FFI's compliance and reporting framework. We are continuing to follow developments regarding FATCA closely and are coordinating with all relevant authorities.

EU

Financial services regulation and supervision

Since it was announced in 1999, the EU's Financial Services Action Plan has given rise to numerous measures (both directives and regulations) aimed at increasing integration and harmonization in the European market for financial services. While regulations have immediate and direct effect in member states, directives must be implemented through national legislation. As a result, the terms of implementation of directives are not always consistent from country to country. In response to the financial crisis and in order to strengthen European supervisory arrangements, the EU established the European Systemic Risk Board, which has macro-prudential oversight of the financial system. The EU has also established three supervisory authorities responsible for promoting greater harmonization and consistent application of EU legislation by national regulators: the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority.

The CRD IV came into force on January 1, 2014. The CRD IV implemented in various EU countries, including the UK, the Basel III capital framework for banking groups operating in the EU. The CRD IV wholly replaced the current Capital Requirements Directive, which implemented the Basel II capital framework. The CRD IV creates a single harmonized prudential rule book for banks, introduces new corporate governance and certain new remuneration requirements, including a cap on variable remuneration, and enhances the powers of regulators.

The existing Markets in Financial Instruments Directive (MiFID I) establishes high-level organizational and business conduct standards that apply to all investment firms. These include standards for managing conflicts of interest, best execution, enhanced investor protection, including client classification, and the requirement to assess suitability and appropriateness in providing investment services to clients. MiFID I sets standards for regulated markets (i.e., exchanges) and multilateral trading facilities, and sets out pre-trade

and post-trade price transparency requirements for equity trading. MiFID I also sets standards for the disclosure of fees and other payments received from or paid to third parties in relation to investment advice and services and regulates investment services relating to commodity derivatives. In relation to these and other EU-based investment services and activities, MiFID I introduced a "passport" for investment firms, enabling them to conduct cross-border activities and establish branches throughout the EU on the basis of authorization from their home state regulator. It is anticipated that MiFID I will be significantly reformed by MiFID II, which is expected to be implemented in the member states and come into force during the second half of 2016.

The Single Supervisory Mechanism has entered into force and it empowers the European Central Bank (ECB) as a single supervisor for banks in the 17 eurozone countries and for certain non-eurozone countries which may choose to participate in the Single Supervisory Mechanism. The ECB is expected to assume its prudential supervisory duties on November 4, 2014.

UK

Banking regulation and supervision

The Financial Services Authority (FSA) was the principal statutory regulator of financial services activity in the UK, deriving its powers from the Financial Services and Markets Act 2000 (FSMA). In April 2013, the FSA was replaced by: the PRA, a subsidiary of the Bank of England, which is responsible for the micro-prudential regulation of banks and larger investment firms; and the Financial Conduct Authority (FCA), which regulates markets, the conduct of business of all financial firms, and the prudential regulation of firms not regulated by the PRA. In addition, the Financial Policy Committee of the Bank of England was established as responsible for macro-prudential regulation.

As a member state of the EU, the UK is required to implement EU directives into national law. The regulatory regime for banks operating in the UK conforms to required EU standards including compliance with capital adequacy standards, customer protection requirements, conduct of business rules and anti-money laundering rules. These standards, requirements and rules are similarly implemented, under the same directives, throughout the other member states of the EU in which we operate.

CSI, Credit Suisse (UK) Limited and Credit Suisse AG, London Branch are authorized to take deposits. We also have a number of entities authorized to conduct investment business and asset management activities. In deciding whether to grant authorization, the PRA must first determine whether a firm satisfies the threshold conditions for authorization, which includes suitability and the requirement for the firm to be fit and proper. In addition to regulation by the PRA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary code of conduct published by the Bank of England which PRA-regulated firms are expected to follow when conducting wholesale money market business.

Our London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a

response to the global financial crisis, the PRA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of “self-sufficiency”, such that CSI, CSSEL and Credit Suisse (UK) Limited are required to maintain adequate liquidity resources, under the day-to-day supervision of the entity’s senior management, held in a custodian account in the name of the entity, unencumbered and attributed to the entity balance sheet. In addition, the PRA requires CSI, CSSEL and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the CRD.

The PRA has implemented the requirements of CRD IV, which replaced the current CRD as a whole, and imposed a 1:1 cap on variable remuneration which can rise to 1:2 with explicit shareholder approval.

Broker-dealer and asset management regulation and supervision

Our London bank and broker-dealer subsidiaries are authorized under the FSMA and are subject to regulation by the PRA and FCA. In addition, our asset management companies are authorized under the FSMA and are subject to regulation by the FCA. In deciding whether to authorize an investment firm in the UK, the PRA and FCA will consider the threshold conditions, which includes suitability and the general requirement for a firm to be fit and proper. The PRA and FCA are responsible for regulating most aspects of an investment firm’s business, including its regulatory capital, sales and trading practices, use and safekeeping of customer funds and securities, record-keeping, margin practices and procedures, registration standards for individuals carrying on certain functions, anti-money laundering systems and periodic reporting and settlement procedures.

Tax

Since January 1, 2011, there has been a levy attributable to the UK operations of large banks on certain funding came into effect. During 2013, the levy was 13 basis points for short-term liabilities and 6.5 basis points for long-term equity and liabilities. The levy increased with effect from January 1, 2014 to 15.6 basis points and 7.8 basis points, respectively. The UK government has announced that it will introduce changes to the scope of the levy during 2014 which may have the effect of broadening the base upon which the levy is imposed.

Risk factors

Our businesses are exposed to a variety of risks that could adversely affect our results of operations and financial condition, including, among others, those described below.

LIQUIDITY RISK

Liquidity, or ready access to funds, is essential to our businesses, particularly our Investment Banking business. We maintain available liquidity to meet our obligations in a stressed liquidity environment.

► Refer to "Liquidity and funding management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our liquidity management.

Our liquidity could be impaired if we were unable to access the capital markets or sell our assets, and we expect our liquidity costs to increase

Our ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to us or the banking sector, including our perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on our liquidity. In challenging credit markets, our funding costs may increase or we may be unable to raise funds to support or expand our businesses, adversely affecting our results of operations. Following the financial crisis in 2008 and 2009, our costs of liquidity have been significant and we expect to incur additional costs as a result of regulatory requirements for increased liquidity and the challenging economic environment in Europe, the US and elsewhere.

If we are unable to raise needed funds in the capital markets, we may need to liquidate unencumbered assets to meet our liabilities. In a time of reduced liquidity, we may be unable to sell some of our assets, or we may need to sell assets at depressed prices, which in either case could adversely affect our results of operations and financial condition.

Our businesses rely significantly on our deposit base for funding

Our businesses benefit from short-term funding sources, including primarily demand deposits, inter-bank loans, time deposits and cash bonds. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, our liquidity position could be adversely affected and we might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans, investments and businesses.

Changes in our ratings may adversely affect our business

Ratings are assigned by rating agencies. They may lower, indicate their intention to lower or withdraw their ratings at any time. The

major rating agencies remain focused on the financial services industry, particularly on uncertainties as to whether firms that pose systemic risk would receive government or central bank support in a financial or credit crisis, and on such firms' potential vulnerability to market sentiment and confidence, particularly during periods of severe economic stress. For example, in July 2013, Standard & Poor's lowered its long-term counterparty credit ratings of several European banks, including us, by one notch. Further downgrades in our assigned ratings, including in particular our credit ratings, could increase our borrowing costs, limit our access to capital markets, increase our cost of capital and adversely affect the ability of our businesses to sell or market their products, engage in business transactions – particularly longer-term and derivatives transactions – and retain our clients.

MARKET RISK

We may incur significant losses on our trading and investment activities due to market fluctuations and volatility

Although we continued to reduce our balance sheet and accelerated the implementation of our client-focused, capital-efficient strategy in 2013, we continue to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that we own assets, or have net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of our net long positions. Conversely, to the extent that we have sold assets that we do not own or have net short positions in any of those markets, an upturn in those markets could expose us to potentially significant losses as we attempt to cover our net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the fair value of our positions and our results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in our net revenues and profitability.

Our businesses are subject to the risk of loss from adverse market conditions and unfavorable economic, monetary, political, legal and other developments in the countries we operate in around the world

As a global financial services company, our businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the US and elsewhere around the

world. The recovery from the economic crisis of 2008 and 2009 continues to be sluggish in several key developed markets. Additionally, the European sovereign debt crisis, as well as concerns over US debt levels and the federal budget process that led to the downgrade of US sovereign debt in 2011 and the temporary shut-down of many federal governmental operations in October 2013, have not been permanently resolved. Our financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which we operate or invest have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions. In 2013, concerns about weaknesses in the economic and fiscal condition of certain European countries, including Croatia, Cyprus, Greece, Ireland, Italy, Portugal and Spain, continued, especially with regard to how such weaknesses might affect other economies as well as financial institutions (including us) which lent funds to or did business with or in those countries. Continued concern about the European sovereign debt crisis could cause disruptions in market conditions in Europe and around the world. Economic disruption in other countries, even in countries in which we do not currently conduct business or have operations, could adversely affect our businesses and results.

Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices, the European sovereign debt crisis and the US federal debt crisis have affected financial markets and the economy. In recent years, the low interest rate environment has adversely affected our net interest income and the value of our trading and non-trading fixed income portfolios. In addition, movements in equity markets have affected the value of our trading and non-trading equity portfolios, while the strength of the Swiss franc has adversely affected our revenues and net income.

Such adverse market or economic conditions may reduce the number and size of investment banking transactions in which we provide underwriting, mergers and acquisitions advice or other services and, therefore, may adversely affect our financial advisory and underwriting fees. Such conditions may adversely affect the types and volumes of securities trades that we execute for customers and may adversely affect the net revenues we receive from commissions and spreads. In addition, several of our businesses engage in transactions with, or trade in obligations of, governmental entities, including super-national, national, state, provincial, municipal and local authorities. These activities can expose us to enhanced sovereign, credit-related, operational and reputational risks, including the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those

officials, which could adversely affect our financial condition and results of operations.

Unfavorable market or economic conditions have affected our businesses over the last few years, including the low interest rate environment, continued cautious investor behavior and subdued mergers and acquisitions activity. These negative factors have been reflected in lower commissions and fees from our client-flow sales and trading and asset management activities, including commissions and fees that are based on the value of our clients' portfolios. Investment performance that is below that of competitors or asset management benchmarks could result in a decline in assets under management and related fees and make it harder to attract new clients. There has been a fundamental shift in client demand away from more complex products and significant client deleveraging, and our Private Banking & Wealth Management division's results of operations have been and could continue to be adversely affected as long as this continues.

Adverse market or economic conditions have also negatively affected our private equity investments since, if a private equity investment substantially declines in value, we may not receive any increased share of the income and gains from such investment (to which we are entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously received excess carried interest payments and may lose our pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit.

In addition to the macroeconomic factors discussed above, other events beyond our control, including terrorist attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on our businesses and results.

We may incur significant losses in the real estate sector

We finance and acquire principal positions in a number of real estate and real estate-related products, primarily for clients, and originate loans secured by commercial and residential properties. As of December 31, 2013, our real estate loans (as reported to the SNB) totaled approximately CHF 137 billion. We also securitize and trade in commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including ◉ commercial and ◉ residential mortgage-backed securities. Our real estate-related businesses and risk exposures could continue to be adversely affected by any downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on our real estate-related businesses.

Holding large and concentrated positions may expose us to large losses

Concentrations of risk could increase losses, given that we have sizeable loans to, and securities holdings in, certain customers, industries or countries. Decreasing economic growth in any sector in which we make significant commitments, for example, through underwriting, lending or advisory services, could also negatively affect our net revenues.

We have significant risk concentration in the financial services industry as a result of the large volume of transactions we routinely conduct with broker-dealers, banks, funds and other financial institutions, and in the ordinary conduct of our business we may be subject to risk concentration with a particular counterparty. We, like other financial institutions, continue to adapt our practices and operations in consultation with our regulators to better address an evolving understanding of our exposure to, and management of, systemic risk and risk concentration to financial institutions. Regulators continue to focus on these risks, and there are numerous new regulations and government proposals, and significant ongoing regulatory uncertainty, about how best to address them. There can be no assurance that the changes in our industry, operations, practices and regulation will be effective in managing this risk.

▶ Refer to "Regulation and supervision" for further information.

Risk concentration may cause us to suffer losses even when economic and market conditions are generally favorable for others in our industry.

Our hedging strategies may not prevent losses

If any of the variety of instruments and strategies we use to hedge our exposure to various types of risk in our businesses is not effective, we may incur losses. We may be unable to purchase hedges or be only partially hedged, or our hedging strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

Market risk may increase the other risks that we face

In addition to the potentially adverse effects on our businesses described above, market risk could exacerbate the other risks that we face. For example, if we were to incur substantial trading losses, our need for liquidity could rise sharply while our access to liquidity could be impaired. In conjunction with another market downturn, our customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing our credit and counterparty risk exposure to them.

CREDIT RISK

We may suffer significant losses from our credit exposures

Our businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. Our credit exposures exist across a wide range of transactions that we engage in with a large number of clients and counterparties, including lending relationships, commitments and

letters of credit, as well as derivative, currency exchange and other transactions. Our exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. In addition, disruptions in the liquidity or transparency of the financial markets may result in our inability to sell, syndicate or realize the value of our positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-weighted assets on our balance sheet, thereby increasing our capital requirements, all of which could adversely affect our businesses.

▶ Refer to "Credit risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for information on management of credit risk.

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

Management's determination of the provision for loan losses is subject to significant judgment. Our banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously determined provisions if our original estimates of loss prove inadequate, which could have a material adverse effect on our results of operations.

▶ Refer to "Credit risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management and "Note 1 – Summary of significant accounting policies", "Note 10 – Provision for credit losses" and "Note 18 – Loans, allowance for loan losses and credit quality" in V – Consolidated financial statements – Credit Suisse Group for information on provisions for loan losses and related risk mitigation.

We have experienced in the past, and may in the future experience, competitive pressure to assume longer-term credit risk, extend credit against less liquid collateral and price derivative instruments more aggressively based on the credit risks that we take. We expect our capital and liquidity requirements, and those of the financial services industry, to increase as a result of these risks.

Defaults by a large financial institution could adversely affect financial markets generally and us specifically

Concerns or even rumors about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about defaults by and failures of many financial institutions, particularly those with significant exposure to the eurozone, continued in 2013 and could continue to lead to losses or defaults by financial institutions and financial intermediaries with which we interact on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. Our credit risk exposure will also increase if the

collateral we hold cannot be realized upon or can only be liquidated at prices insufficient to cover the full amount of exposure.

The information that we use to manage our credit risk may be inaccurate or incomplete

Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. We may also fail to receive full information with respect to the credit or trading risks of a counterparty.

RISKS FROM ESTIMATES AND VALUATIONS

We make estimates and valuations that affect our reported results, including measuring the fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating our ability to realize deferred tax assets, valuing equity-based compensation awards, modeling our risk exposure and calculating expenses and liabilities associated with our pension plans. These estimates are based upon judgment and available information, and our actual results may differ materially from these estimates.

▶ Refer to “Critical accounting estimates” in II – Operating and financial review and “Note 1 – Summary of significant accounting policies” in V – Consolidated financial statements – Credit Suisse Group for information on these estimates and valuations.

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

RISKS RELATING TO OFF-BALANCE SHEET ENTITIES

We enter into transactions with special purpose entities (SPEs) in our normal course of business, and certain SPEs with which we transact business are not consolidated and their assets and liabilities are off-balance sheet. We may have to exercise significant management judgment in applying relevant accounting consolidation standards, either initially or after the occurrence of certain events that may require us to reassess whether consolidation is required. Accounting standards relating to consolidation, and their interpretation, have changed and may continue to change. If we are required to consolidate an SPE, its assets and liabilities would be recorded on our consolidated balance sheets and we would recognize related gains and losses in our consolidated statements of operations, and this could have an adverse impact on our results of operations and capital and leverage ratios.

▶ Refer to “Off-balance sheet” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and contractual obligations for information on our transactions with and commitments to SPEs.

CROSS-BORDER AND CURRENCY EXCHANGE RISK

Cross-border risks may increase market and credit risks we face

Country, regional and political risks are components of market and credit risk. Financial markets and economic conditions generally have been and may in the future be materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to us, which in turn may have an adverse impact on our results of operations.

We may face significant losses in emerging markets

As a global financial services company doing business in emerging markets, we are exposed to economic instability in emerging market countries. We monitor these risks, seek diversity in the sectors in which we invest and emphasize client-driven business. Our efforts at limiting emerging market risk, however, may not always succeed.

Currency fluctuations may adversely affect our results of operations

We are exposed to risk from fluctuations in exchange rates for currencies, particularly the US dollar. In particular, a substantial portion of our assets and liabilities are denominated in currencies other than the Swiss franc, which is the primary currency of our financial reporting. Our capital is also stated in Swiss francs and we do not fully hedge our capital position against changes in currency exchange rates. The Swiss franc remained strong against the US dollar and euro in 2013. The appreciation of the Swiss franc in particular and exchange rate volatility in general have had an adverse impact on our results of operations and capital position in recent years and may have such an effect in the future.

OPERATIONAL RISK

We are exposed to a wide variety of operational risks, including information technology risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In general, although we have business continuity plans, our businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure. As a global financial services company, we rely heavily on our financial, accounting and other data processing systems, which are varied and complex. Our business depends on our ability to process a large volume of diverse and complex transactions, including derivatives transactions, which have increased in volume and complexity. We are exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted

for. Regulatory requirements in this area have increased and are expected to increase further.

Information security, data confidentiality and integrity are of critical importance to our businesses. Despite our wide array of security measures to protect the confidentiality, integrity and availability of our systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to our systems and information. We could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

If any of our systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, we could be subject to litigation or suffer financial loss not covered by insurance, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. Any such event could also require us to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures.

We may suffer losses due to employee misconduct

Our businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of "rogue traders" or other employees. It is not always possible to deter employee misconduct and the precautions we take to prevent and detect this activity may not always be effective.

RISK MANAGEMENT

We have risk management procedures and policies designed to manage our risk. These techniques and policies, however, may not always be effective, particularly in highly volatile markets. We continue to adapt our risk management techniques, in particular value-at-risk and economic capital, which rely on historical data, to reflect changes in the financial and credit markets. No risk management procedures can anticipate every market development or event, and our risk management procedures and hedging strategies, and the judgments behind them, may not fully mitigate our risk exposure in all markets or against all types of risk.

▶ Refer to "Risk management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our risk management.

LEGAL AND REGULATORY RISKS

Our exposure to legal liability is significant

We face significant legal risks in our businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are increasing.

We and our subsidiaries are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a

material adverse effect on our operating results for any particular period, depending, in part, upon our results for such period.

▶ Refer to "Note 38 – Litigation" in V – Consolidated financial statements – Credit Suisse Group for information relating to these and other legal and regulatory proceedings involving our Investment Banking and other businesses.

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

▶ Refer to "Critical accounting estimates" in II – Operating and financial review and "Note 1 – Summary of significant accounting policies" in V – Consolidated financial statements – Credit Suisse Group for more information.

Regulatory changes may adversely affect our business and ability to execute our strategic plans

As a participant in the financial services industry, we are subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organizations in Switzerland, the EU, the UK, the US and other jurisdictions in which we operate around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to our compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit our activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which we may operate or invest. Such limitations can have a negative effect on our business and our ability to implement strategic initiatives. To the extent we are required to divest certain businesses, we could incur losses, as we may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

Since 2008, regulators and governments have focused on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk, including potentially ring-fencing certain activities and operations within specific legal entities. We are already subject to extensive regulation in many areas of our business and expect to face increased regulation and regulatory scrutiny and enforcement. We expect such increased regulation to continue to increase our costs, including, but not limited to, costs related to compliance, systems and operations, as well as affecting our ability to conduct certain businesses, which could adversely affect our profitability and competitive position. Variations in the details and

implementation of such regulations may further negatively affect us, as certain requirements currently are not expected to apply equally to all of our competitors or to be implemented uniformly across jurisdictions.

For example, the additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by ◊ Basel III, together with more stringent requirements imposed by the Swiss ◊ “Too Big To Fail” legislation and its implementing ordinances and related actions by our regulators, have contributed to our decision to reduce ◊ risk-weighted assets and the size of our balance sheet, and could potentially impact our access to capital markets and increase our funding costs. In addition, the ongoing implementation in the US of the provisions of the Dodd-Frank Act, including the “Volcker Rule”, derivatives regulation, and other regulatory developments described in “Regulation and supervision”, have imposed, and will continue to impose, new regulatory burdens on certain of our operations. These requirements have contributed to our decision to exit certain businesses (including a number of our private equity businesses) and may lead us to exit other businesses. New CFTC and SEC rules could materially increase the operating costs, including compliance, information technology and related costs, associated with our derivatives businesses with US persons, while at the same time making it more difficult for us to transact derivatives business outside the US. Further, in February 2014, the Fed enacted a final rule under the Dodd-Frank Act that created a new framework for regulation of the US operations of foreign banking organizations such as ours. Although the final impact of the new rule cannot be fully predicted at this time, it is expected to result in our incurring additional costs and to affect the way we conduct our business in the US, including by requiring us to create a single US intermediate holding company. Similarly, recently enacted and possible future cross-border tax regulation with extraterritorial effect, such as the US Foreign Account Tax Compliance Act, and bilateral tax treaties, such as Switzerland’s treaties with the UK and Austria, impose detailed reporting obligations and increased compliance and systems-related costs on our businesses. Finally, implementation of EMIR, CRD IV and the proposed revisions to MiFID II may negatively affect our business activities. If Switzerland does not pass legislation that is deemed equivalent to EMIR and MiFID II in a timely manner, Swiss banks, including us, may be limited from participating in businesses regulated by such laws.

We expect the financial services industry, including us, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2014 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect our results of operations.

Despite our best efforts to comply with applicable regulations, a number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against us,

which could result in, among other things, suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect our results of operations and seriously harm our reputation.

► Refer to “Regulation and supervision” for a description of our regulatory regime and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry as well as to “Liquidity and funding management” and “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

Swiss resolution proceedings may affect our shareholders and creditors

Pursuant to Swiss banking laws, ◊ FINMA has broad powers and discretion in the case of resolution proceedings with respect to a Swiss bank, such as Credit Suisse AG. These broad powers include the power to cancel Credit Suisse AG’s outstanding equity (which currently is Credit Suisse Group AG’s primary asset), convert debt instruments and other liabilities of Credit Suisse AG into equity and cancel such liabilities in whole or in part. As of the date hereof, FINMA’s broad resolution powers apply only to duly licensed banks in Switzerland such as Credit Suisse AG, and not to a parent company of a financial group such as Credit Suisse Group AG. However, a consultation process was recently launched regarding a proposed amendment to the Bank Law that would extend the scope of the Swiss bank resolution regime thereunder to Swiss parent companies of financial groups and certain other unregulated Swiss-domiciled companies belonging to a financial group. It is not possible to predict whether or when any such amendment will be enacted, what final form it would take and what effect it could have on shareholders or creditors of Credit Suisse Group AG or Credit Suisse Group AG generally. However, if the Bank Law were amended so that the same resolution regime that currently applies to Credit Suisse AG were to apply to Credit Suisse Group AG, FINMA would be able to exercise its resolution powers thereunder to, among other things, cancel Credit Suisse Group AG’s outstanding equity, convert debt instruments and other liabilities of Credit Suisse Group AG into equity and cancel such liabilities in whole or in part in restructuring proceedings.

► Refer to “Recent regulatory developments and proposals – Switzerland” and “Regulatory framework – Switzerland – Resolution regime” in Regulation and supervision for a description of the current resolution regime under Swiss banking laws as it applies to Credit Suisse AG.

Changes in monetary policy are beyond our control and difficult to predict

We are affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the US and other countries. The actions of the SNB and other central banking authorities directly impact our cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments we hold and the competitive and operating environment for the financial services industry. Many central banks

have implemented significant changes to their monetary policy. We cannot predict whether these changes will have a material adverse effect on us or our operations. In addition, changes in monetary policy may affect the credit quality of our customers. Any changes in monetary policy are beyond our control and difficult to predict.

Legal restrictions on our clients may reduce the demand for our services

We may be materially affected not only by regulations applicable to us as a financial services company, but also by regulations and changes in enforcement practices applicable to our clients. Our business could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies, and changes in the interpretation or enforcement of existing laws and rules that affect business and the financial markets. For example, focus on tax compliance and changes in enforcement practices could lead to asset outflows (primarily from customers in mature Western European markets) from our Wealth Management Clients business in Switzerland.

Any conversion of our convertible capital instruments will dilute the ownership interests of existing shareholders

Under Swiss regulatory capital rules, we are required to issue a significant amount of contingent capital instruments, certain of which will convert into common equity upon the occurrence of specified triggering events, including our Basel III CET1 ratio falling below prescribed thresholds, or a determination by FINMA that conversion is necessary, or that we require public sector capital support, to prevent us from becoming insolvent. We have already issued in the aggregate an equivalent of CHF 8.1 billion in principal amount of such convertible contingent capital, and we may issue more such convertible contingent capital in the future. The conversion of some or all of our convertible contingent capital due to the occurrence of a triggering event will result in the dilution of the ownership interests of our then existing shareholders, which dilution could be substantial. Additionally, any conversion, or the anticipation of the possibility of a conversion, could depress the market price of our ordinary shares.

► Refer to “Banking relationships and related party transactions” in IV – Corporate Governance and Compensation – Corporate Governance for more information on the triggering events related to our convertible contingent capital instruments.

COMPETITION

We face intense competition

We face intense competition in all financial services markets and for the products and services we offer. Consolidation through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created

a number of firms that, like us, have the ability to offer a wide range of products, from loans and deposit-taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than we do, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in our industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. Although we expect the increasing consolidation and changes in our industry to offer opportunities, we can give no assurance that our results of operations will not be adversely affected.

Our competitive position could be harmed if our reputation is damaged

In the highly competitive environment arising from globalization and convergence in the financial services industry, a reputation for financial strength and integrity is critical to our performance, including our ability to attract and maintain clients and employees. Our reputation could be harmed if our comprehensive procedures and controls fail, or appear to fail, to address conflicts of interest, prevent employee misconduct, produce materially accurate and complete financial and other information or prevent adverse legal or regulatory actions.

► Refer to “Reputational risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for more information.

We must recruit and retain highly skilled employees

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is intense. We have devoted considerable resources to recruiting, training and compensating employees. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on our ability to attract and retain highly skilled employees. In particular, new limits on the amount and form of executive compensation imposed by recent regulatory initiatives, including the Ordinance Against Excessive Compensation in Switzerland and the implementation of CRD IV in the UK, could potentially have an adverse impact on our ability to retain certain of our most highly skilled employees and hire new qualified employees in certain businesses.

We face competition from new trading technologies

Our businesses face competitive challenges from new trading technologies, which may adversely affect our commission and trading revenues, exclude our businesses from certain transaction flows, reduce our participation in the trading markets and the associated access to market information and lead to the creation

of new and stronger competitors. We have made, and may continue to be required to make, significant additional expenditures to develop and support new trading systems or otherwise invest in technology to maintain our competitive position.

RISKS RELATING TO OUR STRATEGY

We may not achieve all of the expected benefits of our strategic initiatives

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, to optimize our use of capital and improve our cost structure we have continued to adapt our client-focused, capital-efficient strategy and have implemented new cost-savings measures while decreasing the size of our balance sheet and reducing our risk-weighted assets. In the fourth quarter of 2013, we created non-strategic units within our Investment Banking and Private Banking & Wealth Management divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on our strategic businesses and growth initiatives. Factors beyond our control, including but not limited to the market and economic conditions, changes in laws, rules or regulations and other challenges discussed in this report, could limit our ability to achieve some or all of the expected benefits of these initiatives.

In addition, acquisitions and other similar transactions we undertake as part of our strategy subject us to certain risks. Even though we review the records of companies we plan to acquire, it is generally not feasible for us to review all such records in detail. Even an in-depth review of records may not reveal existing or potential problems or permit us to become familiar enough with a business to assess fully its capabilities and deficiencies. As a result, we may assume unanticipated liabilities (including legal and

compliance issues), or an acquired business may not perform as well as expected. We also face the risk that we will not be able to integrate acquisitions into our existing operations effectively as a result of, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into our organizational structure. We face the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses or the capital expenditures needed to develop such businesses.

We may also seek to engage in new joint ventures and strategic alliances. Although we endeavor to identify appropriate partners, our joint venture efforts may prove unsuccessful or may not justify our investment and other commitments.

We have announced a program to evolve our legal entity structure and cannot predict its final form or potential effects

In November 2013, we announced key components of our program to evolve our legal entity structure. The program is designed to meet developing and future regulatory requirements. Subject to further analysis and approval by FINMA, implementation of the program is underway, with a number of key components expected to be implemented from mid-2015. This program remains subject to a number of uncertainties that may affect its feasibility, scope and timing. In addition, significant legal and regulatory changes affecting us and our operations may require us to make further changes in our legal structure. The implementation of these changes will require significant time and resources and may potentially increase operational, capital, funding and tax costs as well as our counterparties' credit risk.

► Refer to "Evolution of legal entity structure" in II – Operating and financial review – Credit Suisse – Information and developments for further information on our legal entity structure.



Operating and financial review

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Operating environment

Economic conditions improved in 2013, first in the US and then in Europe. Growth in emerging markets slowed, with China showing signs of stabilization. Equity markets ended the year higher. Interest rates remained low despite government bond yields rising over the course of the year. The performance of the US dollar against most major currencies was mixed.

ECONOMIC ENVIRONMENT

Global gross domestic product growth improved in 2013 as economic indicators showed solid improvement and the risks of a renewed eurozone crisis waned. In the US, the unemployment rate fell to 6.7% by the end of the year, a five year low, and the housing market continued to improve. The eurozone economy began its recovery in the second half of the year and economic indicators remained consistent with ongoing expansion. The overall growth trend in emerging markets decelerated, and China showed signs of stabilization. Inflation fell in most developed countries; however, there was continued inflationary pressure in emerging markets.

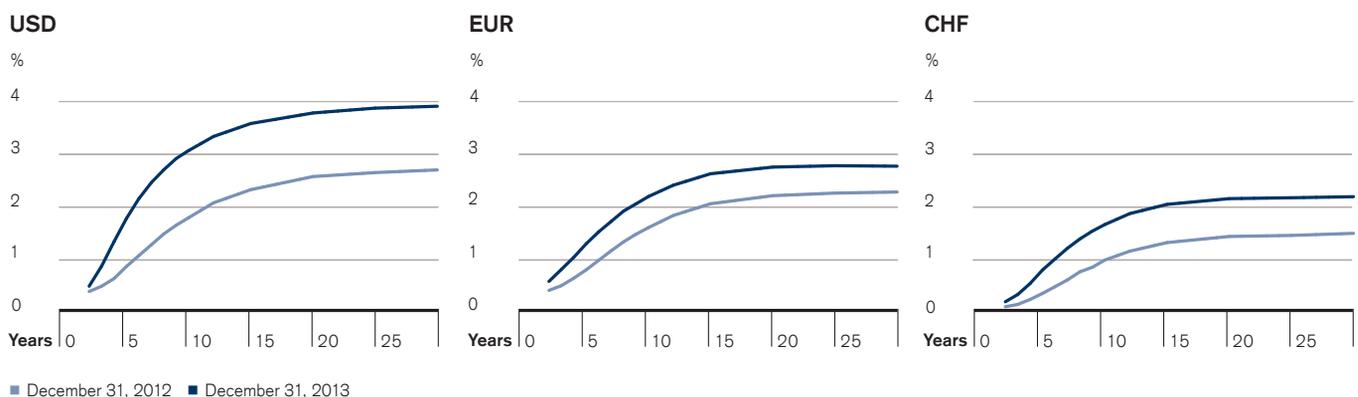
The US Federal Reserve (Fed) announced after its June 2013 meeting that it might reduce the pace of its monthly financial asset purchases associated with its quantitative easing program later in the year, but it continued to signal its intent to keep rates low for the foreseeable future. Meanwhile, both the European Central Bank (ECB) and the Bank of England committed to keep interest rates low for a prolonged period. The ECB cut its main refinancing rate in two steps by 0.5%. Central banks in Brazil and Indonesia, on the other hand, increased interest rates in reaction to declining exchange rates and increasing inflationary pressure. The Bank of

Japan announced a massive monetary stimulus program in April in order to achieve a 2% inflation target within two years. As part of the program the monetary base is targeted to almost double by year-end 2014.

Early in the year, equity markets benefited from easy monetary conditions and generally improved corporate earnings as well as moderately increased mergers and acquisitions (M&A) activity. However, renewed uncertainties over the election outcome in Italy combined with the Cyprus bail-out slowed momentum. By mid-year, fears of slowing economic growth, less monetary easing by the Fed and rising interest rates had contributed to underperformance in cyclical stocks, such as materials and energy company shares, and emerging markets. US markets and most European markets were resilient overall. Through the rest of the year, global equity markets had a strong performance, with most regions and all sectors posting solid gains. Equity market volatility, as indicated by the Chicago Board Options Exchange Market Volatility Index (VIX), started to increase in June, but then decreased through year-end despite a temporary spike at the end of August (refer to the charts "Equity markets"). The Credit Suisse Hedge Fund Index increased 9.7% in 2013.

Yield curves

Yield curves increased across all maturities in 2013.



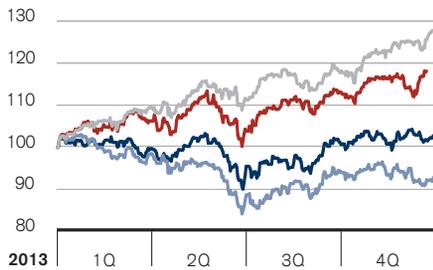
Source: Datastream, Credit Suisse

Equity markets

Equity markets closed 2013 higher. European banks underperformed in the first half of the year. Equity market volatility was low.

Performance by region

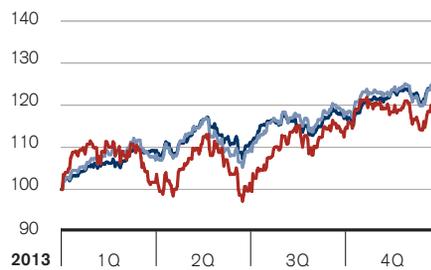
Index (December 31, 2012 = 100)



■ Emerging markets Asia ■ Europe
■ Emerging markets Latin America ■ North America

Performance world banks

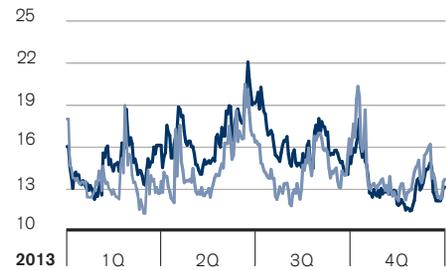
Index (December 31, 2012 = 100)



■ MSCI World banks ■ MSCI European banks
■ MSCI World

Volatility

%



■ VDAX
■ VIX Index

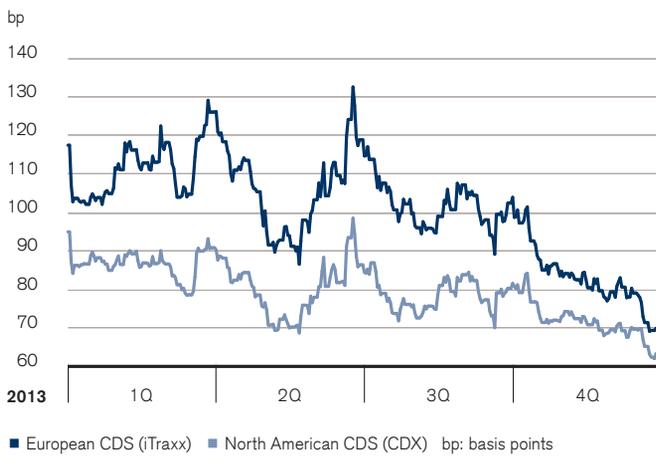
Source: Bloomberg, MSCI Barra, Credit Suisse

Source: Datastream, MSCI Barra, Credit Suisse

Source: Datastream, Credit Suisse

Credit spreads

Credit spreads tightened in 2013 due to improved economic conditions.



■ European CDS (iTraxx) ■ North American CDS (CDX) bp: basis points

Source: Bloomberg, Credit Suisse

In fixed income, major benchmark government bond yields were volatile, increasing significantly until the beginning of September. Following the Fed's mid-September announcement to maintain its pace of monthly asset purchases at USD 85 billion, yields declined and started to increase again through the end of the year when the Fed announced in mid-December its decision to reduce the pace of its monthly asset purchases to USD 75 billion. The fixed income

market also reflected forward guidance from other central banks for low interest rates (refer to the charts "Yield curves"). High yield spreads tightened from their highs reached in June and posted a positive performance in 2013 (refer to the chart "Credit spreads"). Emerging market sovereign spreads were volatile, especially as exchange rate volatility affected those in local currency. Overall, emerging market hard currency and local currency bonds posted modest losses in 2013.

The US dollar had a mixed performance against most major currencies in 2013. The euro, Swiss franc and British pound appreciated versus the US dollar. The Swiss National Bank (SNB) maintained its minimum exchange rate for the euro against the Swiss franc at 1.20. Commodity currencies, such as the Australian and Canadian dollars, weakened versus the US dollar on lower growth and accommodative central bank policy. Emerging market economies, such as Brazil, India, South Africa and Turkey, experienced pressure on their foreign exchange rates as US yields increased. The Japanese yen continued to weaken against the US dollar in 2013.

With US yields rising and Chinese growth stabilizing, the environment for commodities has been challenging. Commodity markets generally benefited from stronger growth and suffered from rising bond yields. In 2013, the overall commodity index as measured by the Credit Suisse Commodity Benchmark finished the year 1.8% lower. Energy prices ended the year higher with the US benchmark West Texas Intermediate oil price gaining 5.6%. Gold was among the worst performing commodities during the year, with prices falling more than 28% to almost USD 1,200.

Market volumes (growth in % year on year)

2013	Global	Europe
Equity trading volume ¹	(3)	–
Announced mergers and acquisitions ²	8	3
Completed mergers and acquisitions ²	2	23
Equity underwriting ²	32	41
Debt underwriting ²	1	10
Syndicated lending – investment-grade ²	14	–

¹ London Stock Exchange, Borsa Italiana, Deutsche Börse, BME and Euronext. Global also includes New York Stock Exchange and NASDAQ.

² Dealogic.

SECTOR ENVIRONMENT

The banking sector benefited from central bank measures while it continued to transition to new regulatory requirements. Global banks took significant steps to restructure businesses and decrease costs while also taking measures to increase capital and liquidity ratios. North American bank stocks performed in-line with global equity indices and ended the year 25% higher. European bank stocks finished the year 21% higher (refer to the charts “Equity markets”).

Private banking clients maintained a cautious investment stance amid prevailing market uncertainty, with cash deposits remaining high despite low interest rates. Equity funds witnessed strong net inflows in 2013. In contrast, fixed income funds saw large withdrawals especially in the second half of the year. In Switzerland, concerns about the real estate market overheating in certain areas remained pronounced, with the SNB reiterating concerns about the buildup of imbalances in mortgage and real estate markets. The wealth management sector continued to adapt to further industry-specific regulatory changes.

In investment banking, equity trading volume was comparable to 2012. Trading volumes in Europe were generally higher, while volumes in the US decreased. US fixed income volumes were slightly lower compared to 2012, with weaker federal agency and mortgage backed volumes being partially offset by higher treasuries and corporate volumes. Compared to 2012, activity from global completed M&A volumes increased slightly and global announced M&A volumes rose 8%. Global equity underwriting volumes increased significantly and global debt underwriting volumes remained stable, both compared to 2012.

Credit Suisse

In 2013, we recorded net income attributable to shareholders of CHF 2,326 million. Diluted earnings per share from continuing operations were CHF 1.14 and return on equity attributable to shareholders was 5.7%.

As of the end of 2013, our CET1 ratio under Basel III was 15.7% and 10.0% on a look-through basis. Our risk-weighted assets decreased 6% compared to 2012 to CHF 273.8 billion.

Results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net interest income	8,115	7,143	6,426	14	11
Commissions and fees	13,226	12,724	12,638	4	1
Trading revenues	2,739	1,196	5,021	129	(76)
Other revenues	1,776	2,548	1,806	(30)	41
Net revenues	25,856	23,611	25,891	10	(9)
Provision for credit losses	167	170	187	(2)	(9)
Compensation and benefits	11,256	12,303	13,001	(9)	(5)
General and administrative expenses	8,599	7,246	7,293	19	(1)
Commission expenses	1,738	1,702	1,939	2	(12)
Total other operating expenses	10,337	8,948	9,232	16	(3)
Total operating expenses	21,593	21,251	22,233	2	(4)
Income from continuing operations before taxes	4,096	2,190	3,471	87	(37)
Income tax expense	1,276	465	656	174	(29)
Income from continuing operations	2,820	1,725	2,815	63	(39)
Income/(loss) from discontinued operations	145	(40)	(25)	–	60
Net income	2,965	1,685	2,790	76	(40)
Net income attributable to noncontrolling interests	639	336	837	90	(60)
Net income/(loss) attributable to shareholders	2,326	1,349	1,953	72	(31)
of which from continuing operations	2,181	1,389	1,978	57	(30)
of which from discontinued operations	145	(40)	(25)	–	60
Earnings per share (CHF)					
Basic earnings per share from continuing operations	1.14	0.82	1.34	39	(39)
Basic earnings per share	1.22	0.79	1.32	54	(40)
Diluted earnings per share from continuing operations	1.14	0.82	1.34	39	(39)
Diluted earnings per share	1.22	0.79	1.32	54	(40)
Return on equity (%)					
Return on equity attributable to shareholders	5.7	3.9	6.0	–	–
Return on tangible equity attributable to shareholders ¹	7.2	5.2	8.1	–	–
Number of employees (full-time equivalents)					
Number of employees	46,000	47,400	49,700	(3)	(5)

¹ Based on tangible shareholders' equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Credit Suisse and Core Results

in	Core Results			Noncontrolling interests without SEI			Credit Suisse		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Statements of operations (CHF million)									
Net revenues	25,217	23,251	25,095	639	360	796	25,856	23,611	25,891
Provision for credit losses	167	170	187	0	0	0	167	170	187
Compensation and benefits	11,221	12,267	12,939	35	36	62	11,256	12,303	13,001
General and administrative expenses	8,587	7,224	7,271	12	22	22	8,599	7,246	7,293
Commission expenses	1,738	1,702	1,939	0	0	0	1,738	1,702	1,939
Total other operating expenses	10,325	8,926	9,210	12	22	22	10,337	8,948	9,232
Total operating expenses	21,546	21,193	22,149	47	58	84	21,593	21,251	22,233
Income from continuing operations before taxes	3,504	1,888	2,759	592	302	712	4,096	2,190	3,471
Income tax expense	1,276	465	656	0	0	0	1,276	465	656
Income from continuing operations	2,228	1,423	2,103	592	302	712	2,820	1,725	2,815
Income/(loss) from discontinued operations	145	(40)	(25)	0	0	0	145	(40)	(25)
Net income	2,373	1,383	2,078	592	302	712	2,965	1,685	2,790
Net income attributable to noncontrolling interests	47	34	125	592	302	712	639	336	837
Net income attributable to shareholders	2,326	1,349	1,953	0	0	0	2,326	1,349	1,953
Statement of operations metrics (%)									
Cost/income ratio	85.4	91.1	88.3	–	–	–	83.5	90.0	85.9
Pre-tax income margin	13.9	8.1	11.0	–	–	–	15.8	9.3	13.4
Effective tax rate	36.4	24.6	23.8	–	–	–	31.2	21.2	18.9
Net income margin ¹	9.2	5.8	7.8	–	–	–	9.0	5.7	7.5

¹ Based on amounts attributable to shareholders.

DIFFERENCES BETWEEN GROUP AND BANK

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking & Wealth Management and Investment Banking segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the two segments. However, since they are legally owned by the Group, they are not included in the Bank's consolidated financial statements. These relate principally to the activities

of Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking & Wealth Management, and hedging activities relating to share-based compensation awards. Core Results also includes certain Corporate Center activities of the Group that are not applicable to the Bank.

These operations and activities vary from period to period and give rise to differences between the Bank's assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group.

► Refer to "Note 40 – Subsidiary guarantee information" in V – Consolidated financial statements – Credit Suisse Group for further information on the Bank.

Differences between Group and Bank businesses

Entity	Principal business activity
Neue Aargauer Bank	Banking (in the Swiss canton of Aargau)
BANK-now	Private credit and car leasing (in Switzerland)
Financing vehicles of the Group	Special purpose vehicles for various funding activities of the Group, including for purposes of raising capital

Comparison of consolidated statements of operations

in	Group			Bank		
	2013	2012	2011	2013	2012	2011
Statements of operations (CHF million)						
Net revenues	25,856	23,611	25,891	25,330	23,178	24,853
Total operating expenses	21,593	21,251	22,233	21,567	21,108	22,219
Income from continuing operations before taxes	4,096	2,190	3,471	3,670	1,982	2,511
Income tax expense	1,276	465	656	1,177	447	444
Income from continuing operations	2,820	1,725	2,815	2,493	1,535	2,067
Income/(loss) from discontinued operations	145	(40)	(25)	145	(40)	(25)
Net income	2,965	1,685	2,790	2,638	1,495	2,042
Net income/(loss) attributable to noncontrolling interests	639	336	837	860	(600)	901
Net income attributable to shareholders	2,326	1,349	1,953	1,778	2,095	1,141

Comparison of consolidated balance sheets

end of	Group		Bank	
	2013	2012	2013	2012
Balance sheet statistics (CHF million)				
Total assets	872,806	924,280	854,412	908,160
Total liabilities	825,640	881,996	810,849	865,999

Capitalization and indebtedness

end of	Group		Bank	
	2013	2012	2013	2012
Capitalization and indebtedness (CHF million)				
Due to banks	23,108	31,014	23,147	30,574
Customer deposits	333,089	308,312	321,851	297,690
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	94,032	132,721	94,032	132,721
Long-term debt	130,042	148,134	126,641	146,997
Other liabilities	245,369	261,815	245,178	258,017
Total liabilities	825,640	881,996	810,849	865,999
Total equity	47,166	42,284	43,563	42,161
Total capitalization and indebtedness	872,806	924,280	854,412	908,160

Capital adequacy – Basel III

end of	Group		Bank	
	2013	2012	2013	2012
Eligible capital (CHF million)				
Common equity tier 1 (CET1) capital	42,989	41,500	38,028	36,717
Total tier 1 capital	46,061	44,357	41,105	40,477
Total eligible capital	56,288	51,519	52,066	49,306
Capital ratios (%)				
CET1 ratio	15.7	14.2	14.4	13.0
Tier 1 ratio	16.8	15.2	15.6	14.3
Total capital ratio	20.6	17.6	19.7	17.5

Dividends of the Bank to the Group

end of	2013	2012
Per share issued (CHF)		
Dividend ^{1,2}	0.00 ³	0.23

The Bank's total share capital is fully paid and consisted of 4,399,665,200 and 43,996,652 registered shares as of December 31, 2013 and 2012, respectively. The increase in number of shares reflects the split of the par value per share from CHF 100 to CHF 1 effective November 19, 2013.

¹ Dividends are determined in accordance with Swiss law and the Bank's articles of incorporation.

² In 2011, 2010 and 2009, dividends per share issued were CHF 0.23, CHF 0.23 and CHF 68.19, respectively.

³ Proposal of the Board of Directors to the annual general meeting of the Bank for a dividend of CHF 10 million.

INFORMATION AND DEVELOPMENTS

Format of presentation and changes in reporting

In managing the business, revenues are evaluated in the aggregate, including an assessment of trading gains and losses and the related interest income and expense from financing and hedging positions. For this reason, individual revenue categories may not be indicative of performance.

As of January 1, 2013, the ► Basel Committee on Banking Supervision ► Basel III framework was implemented in Switzerland along with the Swiss ► "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Our calculations of year-end 2012 capital and ratio amounts, which are presented in order to show meaningful comparative information, use estimates as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

References to Swiss leverage exposure refer to the aggregate of balance sheet assets, off-balance sheet exposures, consisting of guarantees and commitments, and regulatory adjustments, including cash collateral netting reversals and derivative add-ons.

► Refer to "Swiss leverage ratios" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Capital metrics under Swiss requirements for further information.

Beginning in the first quarter of 2013, assets within the Private Banking & Wealth Management and Investment Banking segments exclude intra-Group balances between the segments. Prior periods have been reclassified to conform to the current presentation.

Introduction of non-strategic units

In the fourth quarter of 2013, we created non-strategic units within our Private Banking & Wealth Management and Investment Banking divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on our strategic businesses and growth initiatives. The results are disclosed separately within the divisional results and we have implemented a governance structure to

accelerate position and expense reductions. We believe this new reporting structure, which clearly delineates between strategic and non-strategic results, enhances the transparency of our financial disclosures while providing increased focus on our strategic businesses within the business divisions and on the Group level. Prior periods have been restated to conform to the current presentation.

We decided to retain these non-strategic units within the divisions, rather than establishing a single non-strategic unit, so as to benefit from senior management's expertise and focus. The non-strategic units have separate management within each division and a clear governance structure through the establishment of a Non-Strategic Oversight Board. As a result, we expect that the establishment of these non-strategic units will drive further reductions in Swiss leverage exposure and ► risk-weighted assets. It is also expected to free up capital for future growth in Private Banking & Wealth Management, accelerating a move towards a more balanced capital allocation between Investment Banking and Private Banking & Wealth Management, and to allow us to return capital to our shareholders.

Non-strategic activities and positions are defined as:

- activities with significant capital absorption under new regulations and returns below expectations;
- activities with significant leverage exposures identified for de-risking;
- activities no longer feasible or economically attractive under emerging regulatory frameworks;
- assets and liabilities of business activities we are winding down;
- infrastructure associated with activities deemed non-strategic or redundant; and
- other items reported in the Corporate Center, which we do not consider representative of our core performance.

In Private Banking & Wealth Management, we established a non-strategic unit which includes positions relating to the restructuring of the former Asset Management division, run-off operations relating to our small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the US tax matter, the impact of restructuring our German onshore operations, other smaller non-strategic positions formerly in our Corporate & Institutional Clients business and the run-off and active reduction of selected products.

Credit Suisse reporting structure

Credit Suisse					
Core Results				Non-controlling interest without significant economic interest	
Private Banking & Wealth Management			Investment Banking		Corporate Center
Strategic results	Wealth Management Clients	Corporate & Institutional Clients	Asset Management		
	Non-strategic unit Private Banking & Wealth Management				Non-strategic unit Investment Banking
Non-strategic results					

In Investment Banking, we transferred into the divisional non-strategic unit our fixed income wind-down portfolio, legacy rates business, primarily non-exchange-cleared instruments and capital-intensive structured positions, legacy funding costs associated with non-Basel III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions.

In the Corporate Center, we separately present non-strategic items, which we do not consider representative of our core performance. Such items include the valuation impacts from movements in credit spreads on our own liabilities carried at fair value, certain business realignment costs and IT architecture simplification expenses, certain litigation provisions, business wind-down costs and impairments not included in the divisional non-strategic units and legacy funding costs associated with non-Basel III compliant debt instruments not included in the results of the Investment Banking non-strategic unit. Corporate Center items previously disclosed as adjustments from our reported to underlying results are now presented as non-strategic items, with the exception of business divisions' non-strategic realignment costs, which beginning in the fourth quarter of 2013 are reported directly in the relevant divisional non-strategic unit. Strategic business division realignment costs will continue to be reported in the Corporate Center.

Discontinued operations

In the third quarter of 2013, the Private Banking & Wealth Management division completed the sales of its exchange-traded funds (ETF) business and Strategic Partners, and announced the sale of Customized Fund Investment Group (CFG), which was completed in January 2014. In the fourth quarter of 2013, the division

announced the sale of its domestic private banking business booked in Germany to ABN AMRO, which is expected to close in 2014. These transactions qualify for discontinued operations treatment under accounting principles generally accepted in the US (US GAAP), and revenues and expenses of these businesses and the relevant gains on disposal are classified as discontinued operations in the Group's consolidated statements of operations. In the Private Banking & Wealth Management segment, the gains and expenses related to the business disposals are included in the segment's non-strategic results. The reclassification of the revenues and expenses from the segment results to discontinued operations for reporting at the Group level is effected through the Corporate Center. Prior periods for the Group's results have been restated to conform to the current presentation.

Significant litigation matters in 2013

On March 21, 2014, we entered into an agreement with the Federal Housing Finance Agency (FHFA) to settle litigation claims related to the sale of approximately USD 16.6 billion of residential mortgage-backed securities between 2005 and 2007. Under the terms of the agreement, we will pay USD 885 million to resolve all claims in two pending securities lawsuits filed by the FHFA against us.

For 2013, we recorded litigation provisions of CHF 600 million in our Private Banking & Wealth Management division in connection with the US tax matter, where we continue to work towards a resolution, including CHF 175 million in connection with the settlement with the SEC in February 2014.

► Refer to "Note 38 – Litigation" in V – Consolidated financial statements – Credit Suisse Group for further information on litigation.

Board of Directors and management changes

At our Annual General Meeting (AGM) in April 2013, shareholders elected Kai S. Nargolwala as a new member to the Board of Directors, and re-elected Noreen Doyle and Jassim Bin Hamad J.J. Al Thani, each for a term of three years. Robert H. Benmosche, Aziz R.D. Syriani and David W. Syz retired from the Board of Directors at the 2013 AGM.

As of December 31, 2013, Tobias Guldemann stepped down from the Executive Board and his position as Chief Risk Officer. Effective January 1, 2014, Joachim Oechslein assumed the role of Chief Risk Officer and joined the Executive Board.

Capital distribution proposal

At the AGM on May 9, 2014, the Board of Directors will propose a cash distribution of CHF 0.70 per share to be paid out of reserves from capital contributions for the financial year 2013. The distribution out of reserves from capital contributions will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment.

Share issuances

In the second quarter of 2013, we issued 200.0 million Group shares out of conditional, conversion and authorized capital in connection with the conversion of mandatory and contingent convertible securities (MACCS). The shares were delivered on April 8, 2013.

At the 2013 AGM, shareholders approved a distribution in the form of CHF 0.10 per registered share in cash and in the form of new shares with an equivalent value of approximately CHF 0.65 per registered share for the 2012 financial year. As a result, we issued 37.6 million new Group shares out of authorized capital in May 2013.

We also issued 37.8 million new Group shares in connection with share-based compensation awards in 2013.

► Refer to "Additional share information" in V – Consolidated financial statements – Credit Suisse Group – Note 25 – Accumulated other comprehensive income and additional share information for further information on share issuances.

Evolution of legal entity structure

Since 2012, we have been developing a program to evolve the Group's legal entity structure to meet developing and future regulatory requirements. This has been prepared in discussion with our primary regulator ◉ Swiss Financial Market Supervisory Authority FINMA (FINMA) and will address regulations in Switzerland, the US and the UK with respect to future requirements for global recovery and resolution planning by systemically important banks such as Credit Suisse that will facilitate resolution of an institution in the event of a failure. We expect these changes will result in a substantially less complex and more efficient operating infrastructure for the Group. Furthermore, Swiss banking law provides for the possibility of a limited reduction in capital requirements in the event of an improvement in resolvability which this program intends to deliver.

The key components of the program are:

- in Switzerland we plan to create a subsidiary for our Swiss-booked business (primarily wealth management, retail and corporate and institutional clients as well as the product and sales hub in Switzerland);
- our UK operations will remain the hub of our European investment banking business and we are planning that our two principal UK operating subsidiaries will be consolidated into a single subsidiary. The program will look to align non-European business to the appropriate entities in the Americas and in Asia Pacific;
- in the US, our existing broker-dealer subsidiary is planned to remain a subsidiary of our existing US holding company. The holding company will hold its US-based operating businesses and be subject to the Fed final rules for supervision of foreign banking operations in the US. Additionally, subject to US regulatory approvals, our US derivatives business, currently booked in one of the above noted UK operating subsidiaries, is anticipated to be transferred to the existing US broker-dealer;
- we intend to create a separately capitalized global infrastructure legal entity in Switzerland and a US subsidiary of the above noted US holding company. In principle, these will include all Shared Services functions; and
- once the legal framework is finalized, we plan to issue bail-in eligible debt out of the existing Group holding company to enable a single point of entry bail-in resolution strategy.

The program has been approved by the Board of Directors of the Group, but is subject to final approval by FINMA. Implementation of the program is underway, with a number of key components expected to be implemented from mid-2015.

Risk trends

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank and continued to be a key focus area in 2013. During the year, we took additional steps to adapt our businesses and our risk management approaches and methodologies to the new regulatory requirements. In 2013, overall ◉ position risk increased 7%, utilized economic capital increased 4%, average risk management ◉ value-at-risk in US dollars for our trading books decreased 27% and our impaired loans decreased 14% to CHF 1.5 billion.

► Refer to "Risk management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on risk trends.

Allocations and funding

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis.

The aim of revenue-sharing and service level agreements is to reflect the pricing structure of unrelated third-party transactions.

Corporate services and business support in finance, operations, including human resources, legal and compliance, risk management and IT are provided by the Shared Services area. Shared Services costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

Funding

We centrally manage our funding activities. New securities for funding and capital purposes are issued primarily by the Bank.

► Refer to "Funding" in V – Consolidated financial statements – Credit Suisse Group – Note 5 – Segment information for further information.

Fair valuations

◉ Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs.

► Refer to "Note 1 – Summary of significant accounting policies" and "Note 34 – Financial instruments" in V – Consolidated financial statements – Credit Suisse Group for further information.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets (level 1) or observable inputs (level 2). These instruments include government and agency securities, certain ◉ commercial paper, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain ◉ over-the-counter (OTC) derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs (level 3). For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and ◉ collateralized debt obligation securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance instruments.

Models were used to value these products. Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market

conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products. Consideration of these indices is more significant in periods of lower market activity.

As of the end of 2013, 47% and 33% of our total assets and total liabilities, respectively, were measured at fair value.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Private Banking & Wealth Management's Asset Management business, specifically certain private equity investments. Total assets recorded as level 3 declined by CHF 0.6 billion during 2013, primarily reflecting decreases in trading assets and other investments, partially offset by increases in loans and loans held-for-sale. The decrease in trading assets primarily reflected net transfers out of level 3 due to improved observability of pricing data and net settlements, partially offset by realized and unrealized gains. The decrease in other investments primarily reflected net sales, partially offset by realized and unrealized gains. The increase in loans primarily reflected net issuances, partially offset by net transfers out of level 3 due to improved observability of pricing data and net sales. The increase in loans held-for-sale primarily reflected net transfers into level 3 due to limited observability of pricing data and net purchases.

Our level 3 assets, excluding noncontrolling interests and assets of consolidated variable interest entities (VIEs) that are not risk-weighted assets under the Basel framework, were CHF 29.8 billion, compared to CHF 29.7 billion as of the end of 2012. As of the end of 2013, these assets comprised 4% of total assets and 8% of total assets measured at fair value, both adjusted on the same basis, compared to 3% and 7% as of the end of 2012, respectively.

We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition, however, it may be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

Regulatory developments and proposals

Government leaders and regulators continued to focus on reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices and measures designed to reduce systemic risk.

► Refer to "Regulation and supervision" in I – Information on the company for further information.

Core Results

For 2013, net income attributable to shareholders was CHF 2,326 million. Net revenues were CHF 25,217 million and total operating expenses were CHF 21,546 million.

In our strategic businesses, we reported income from continuing operations before taxes of CHF 7,132 million

and in our non-strategic businesses we reported a loss from continuing operations before taxes of CHF 3,628 million in 2013.

Results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net interest income	8,100	7,126	6,398	14	11
Commissions and fees	13,249	12,751	12,670	4	1
Trading revenues	2,750	1,162	4,922	137	(76)
Other revenues	1,118	2,212	1,105	(49)	100
Net revenues	25,217	23,251	25,095	8	(7)
of which strategic results	25,543	25,493	23,454	–	9
of which non-strategic results	(326)	(2,242)	1,641	(85)	–
Provision for credit losses	167	170	187	(2)	(9)
Compensation and benefits	11,221	12,267	12,939	(9)	(5)
General and administrative expenses	8,587	7,224	7,271	19	(1)
Commission expenses	1,738	1,702	1,939	2	(12)
Total other operating expenses	10,325	8,926	9,210	16	(3)
Total operating expenses	21,546	21,193	22,149	2	(4)
of which strategic results	18,316	19,099	19,961	(4)	(4)
of which non-strategic results	3,230	2,094	2,188	54	(4)
Income/(loss) from continuing operations before taxes	3,504	1,888	2,759	86	(32)
of which strategic results	7,132	6,267	3,388	14	85
of which non-strategic results	(3,628)	(4,379)	(629)	(17)	–
Income tax expense	1,276	465	656	174	(29)
Income from continuing operations	2,228	1,423	2,103	57	(32)
Income/(loss) from discontinued operations	145	(40)	(25)	–	60
Net income	2,373	1,383	2,078	72	(33)
Net income attributable to noncontrolling interests	47	34	125	38	(73)
Net income/(loss) attributable to shareholders	2,326	1,349	1,953	72	(31)
of which strategic results	5,065	4,796	2,676	6	79
of which non-strategic results	(2,739)	(3,447)	(723)	(21)	377
Statement of operations metrics (%)					
Return on Basel III capital ¹	9.2	4.6	–	–	–
Cost/income ratio	85.4	91.1	88.3	–	–
Pre-tax income margin	13.9	8.1	11.0	–	–
Effective tax rate	36.4	24.6	23.8	–	–
Net income margin ²	9.2	5.8	7.8	–	–
Number of employees (full-time equivalents)					
Number of employees	46,000	47,400	49,700	(3)	(5)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 27% in 2013, 25% in 2012 and capital allocated at 10% of average risk-weighted assets.

² Based on amounts attributable to shareholders.

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Core Results		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Statements of operations (CHF million)									
Net revenues	25,543	25,493	23,454	(326)	(2,242)	1,641	25,217	23,251	25,095
Provision for credit losses	95	127	105	72	43	82	167	170	187
Compensation and benefits	10,506	11,215	11,744	715	1,052	1,195	11,221	12,267	12,939
Total other operating expenses	7,810	7,884	8,217	2,515	1,042	993	10,325	8,926	9,210
Total operating expenses	18,316	19,099	19,961	3,230	2,094	2,188	21,546	21,193	22,149
Income/(loss) from continuing operations before taxes	7,132	6,267	3,388	(3,628)	(4,379)	(629)	3,504	1,888	2,759
Income tax expense/(benefit)	2,020	1,437	587	(744)	(972)	69	1,276	465	656
Income/(loss) from continuing operations	5,112	4,830	2,801	(2,884)	(3,407)	(698)	2,228	1,423	2,103
Income/(loss) from discontinued operations	0	0	0	145	(40)	(25)	145	(40)	(25)
Net income/(loss)	5,112	4,830	2,801	(2,739)	(3,447)	(723)	2,373	1,383	2,078
Net income attributable to noncontrolling interests	47	34	125	0	0	0	47	34	125
Net income/(loss) attributable to shareholders	5,065	4,796	2,676	(2,739)	(3,447)	(723)	2,326	1,349	1,953
Balance sheet statistics (CHF billion)									
Risk-weighted assets – Basel III ¹	242,475	255,130	–	23,628	28,980	–	266,103	284,110	–
Total assets	821,207	862,101	978,142	47,975	58,073	66,274	869,182	920,174	1,044,416
Swiss leverage exposure	1,031,316	–	–	99,289	–	–	1,130,605	–	–

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

RESULTS OVERVIEW

Core Results include the results of our two segments, the Corporate Center and discontinued operations. Core Results exclude revenues and expenses in respect of noncontrolling interests in which we do not have significant economic interest (SEI).

Certain reclassifications have been made to prior periods to conform to the current presentation.

► Refer to "Format of presentation and changes in reporting" in Credit Suisse – Information and developments for further information.

2013 versus 2012

In 2013, Core Results net income attributable to shareholders was CHF 2,326 million, up 72% compared to 2012, and net revenues of CHF 25,217 million increased 8% compared to 2012.

Strategic net revenues were stable at CHF 25,543 million compared to 2012, with stable net revenues for Private Banking & Wealth Management, reflecting higher transaction- and performance-based revenues and higher recurring commissions and fees offset by lower net interest income and other revenues. Strategic net revenues for Investment Banking were slightly lower, reflecting decreased revenues in fixed income sales and trading and advisory revenues, partially offset by increased revenues in equity sales and trading and debt and equity underwriting.

In our non-strategic businesses, net revenue losses of CHF 326 million in 2013 improved from net revenue losses of CHF 2,242 million in 2012. An improvement in Corporate Center mainly reflected fair value losses of CHF 315 million from movements in own credit spreads in 2013 compared to fair value losses from movements in own credit spreads of CHF 2,939 million in 2012. Improved results in Investment Banking were driven by

portfolio valuation gains and lower funding costs, while a decrease in Private Banking & Wealth Management reflected lower gains on sales of businesses and lower fee-based revenues resulting from those sales.

Provision for credit losses of CHF 167 million reflected net provisions of CHF 152 million in Private Banking & Wealth Management and CHF 13 million in Investment Banking.

Total operating expenses of CHF 21,546 million increased 2% compared to 2012, primarily reflecting 19% higher general and administrative expenses, partially offset by 9% lower compensation and benefits. In strategic businesses, total operating expenses of CHF 18,316 million decreased 4% from 2012, mainly reflecting lower compensation and benefits, driven by lower deferred compensation expense from prior-year awards and lower salary expenses, reflecting lower headcount. In non-strategic businesses, total operating expenses of CHF 3,230 million increased 54% from 2012, primarily reflecting higher general and administrative expenses, partially offset by a decrease in compensation and benefits. The increase in general and administrative expenses was primarily due to substantially higher litigation provisions in Investment Banking and Private Banking & Wealth Management. In 2013, we recorded provisions of CHF 1,117 million in connection with mortgage-related matters, including in connection with the agreement with the Federal Housing Finance Agency (FHFA) on March 21, 2014 to settle certain litigation relating to mortgage-backed securities, and CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014.

► Refer to "Note 38 – Litigation" in V – Consolidated financial statements – Credit Suisse Group for further information on litigation.

The **Core Results effective tax rate** was 36.4% in 2013, compared to 24.6% in 2012. The effective tax rate for full-year 2013 was mainly impacted by the geographical mix of results, an increase and a re-assessment in deferred tax balances in Switzerland and also reflected changes in valuation allowances against deferred tax assets mainly in the UK. In addition, the tax charge was negatively affected by the impact of the change in UK corporation tax from 23% to 20%. Overall, net deferred tax assets decreased CHF 1,181 million to CHF 5,791 million during 2013.

► Refer to "Note 27 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information.

2012 versus 2011

In 2012, Core Results net income attributable to shareholders was CHF 1,349 million, down 31% compared to 2011, and net revenues of CHF 23,251 million in 2012 decreased 7% compared to 2011.

Strategic net revenues increased 9% to CHF 25,493 million compared to 2011. An increase in Investment Banking was primarily driven by substantially improved performance in our fixed income sales and trading business and higher revenues in our underwriting and advisory franchises. Strategic net revenues for Private Banking & Wealth Management were stable, reflecting lower recurring commissions and fees offset by slightly higher transaction- and performance-based revenues and higher other revenues.

In our non-strategic businesses, net revenues decreased from CHF 1,641 million in 2011 to net revenue losses of CHF 2,242 million in 2012. A decrease in Corporate Center mainly reflected fair value losses of CHF 2,939 million from movements in own credit spreads in 2012 compared to fair value gains from movements in own credit spreads of CHF 1,616 million in 2011. A decrease in

Investment Banking was driven by increased losses from the fixed income wind-down portfolio and higher funding costs. An increase in Private Banking & Wealth Management was primarily due to the gain of CHF 384 million in 2012 on the sale of our ownership interest in Aberdeen Asset Management (Aberdeen).

Provision for credit losses of CHF 170 million reflected net provisions of CHF 182 million in Private Banking & Wealth Management and releases of CHF 12 million in Investment Banking in 2012.

Total operating expenses of CHF 21,193 million were down 4% compared to 2011, primarily reflecting 5% lower compensation and benefits and 12% lower commission expenses. In strategic businesses, total operating expenses of CHF 19,099 million decreased 4% from 2011, mainly reflecting lower compensation and benefits, driven by lower deferred compensation expense from prior-year awards, lower salary expenses, reflecting lower headcount, and lower discretionary performance-related compensation expense. In non-strategic businesses, total operating expenses of CHF 2,094 million decreased 4% from 2011, primarily due to lower compensation and benefits.

The **Core Results effective tax rate** was 24.6% in 2012, compared to 23.8% in 2011. The effective tax rate for full-year 2012 was mainly impacted by the geographical mix of results, an increase and a re-assessment in deferred tax balances in Switzerland and the release of tax contingency accruals. The effective tax rate also reflected changes in valuation allowances against deferred tax assets in the US, the UK and Asia. In addition, the tax charge was negatively influenced by the impact of the change in UK corporation tax from 25% to 23%. Overall, net deferred tax assets decreased CHF 1,538 million to CHF 6,972 million during 2012.

► Refer to "Note 27 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information.

Core Results reporting by region

	in			% change	
	2013	2012	2011	13 / 12	12 / 11
Net revenues (CHF million)					
Switzerland	7,224	7,400	7,539	(2)	(2)
EMEA	6,180	6,737	6,520	(8)	3
Americas	9,567	9,507	7,272	1	31
Asia Pacific	3,036	2,388	2,526	27	(5)
Corporate Center	(790)	(2,781)	1,238	(72)	–
Net revenues	25,217	23,251	25,095	8	(7)
Income/(loss) from continuing operations before taxes (CHF million)					
Switzerland	2,463	2,544	2,407	(3)	6
EMEA	641	872	44	(26)	–
Americas	1,085	2,512	6	(57)	–
Asia Pacific	770	(151)	(89)	–	70
Corporate Center	(1,455)	(3,889)	391	(63)	–
Income from continuing operations before taxes	3,504	1,888	2,759	86	(32)

A significant portion of our business requires inter-regional coordination in order to facilitate the needs of our clients. The methodology for allocating our results by region is dependent on management judgment. For Wealth Management Clients and Corporate & Institutional Clients, results are allocated based on the management reporting structure of our relationship managers and the region where the transaction is recorded. For Asset Management, results are allocated based on the location of the investment advisors and sales teams. For Investment Banking, trading results are allocated based on where the risk is primarily managed and fee-based results are allocated where the client is domiciled.

INFORMATION AND DEVELOPMENTS

Key performance indicators

Our historical key performance indicators (KPIs) are provided in the table below. We assess our KPIs as part of our normal planning process and, beginning in the first quarter of 2013, we adjusted our KPIs for the Group and for our Private Banking & Wealth Management and Investment Banking divisions to reflect our strategic plan, the regulatory environment and the market cycle.

For the Group, we replaced the previous Core Results pre-tax income margin KPI with a Core Results cost/income ratio target of below 70%, and maintained a return on equity attributable to shareholders target of above 15%. Our capital measures continue to be based on compliance with Swiss "Too Big to Fail" and Basel III capital standards, and we target a Look-through Swiss Core Capital ratio above 10%. Our KPIs for collaboration revenues and total shareholder return are unchanged.

In our Private Banking & Wealth Management division, the KPI for net new asset growth of 6% is now measured at both the Wealth Management Clients and the Asset Management business levels instead of solely at the division level. For the division we replaced the pre-tax income margin KPI with a cost/income ratio of 65%.

In our Investment Banking division, we replaced the pre-tax income margin KPI with a cost/income ratio target of 70%.

From the first quarter of 2013 to the third quarter of 2013, income statement-based KPIs were measured in the related quarterly reports on underlying results, which are non-GAAP financial measures that excluded valuation impacts from movements in own

credit spreads and certain other significant items. With the revised presentation of strategic and non-strategic results for the Group introduced in the fourth quarter of 2013, our stated KPIs are measured on the basis of reported results as they were in 2012. We believe the execution of our strategic initiatives, including the run-off of non-strategic operations, will enable us to achieve our targets over a three to five year period across market cycles. Prior periods have been restated to conform to the current presentation.

Collaboration revenues

Beginning in the second quarter of 2013, collaboration revenues are calculated as the percentage of the Group's net revenues represented by the aggregate collaboration revenues arising when more than one of the Group's divisions participate in a transaction.

Additionally, within the Private Banking & Wealth Management division, collaboration revenues include revenues arising from cross-selling and client referral activities between the Wealth Management Clients and Corporate & Institutional Clients businesses on the one hand and the Asset Management and the securities trading and sales businesses on the other hand. Prior period measures of collaboration revenues were not materially impacted by this change and have not been restated. Collaboration revenues are measured by a dedicated governance structure and implemented through an internal revenue sharing structure. Only the net revenues generated by a transaction are considered. Position risk related to trading revenues, private equity and other investment-related gains, valuation adjustments and centrally managed treasury revenues are not included in collaboration revenues.

Key performance indicators

Our KPIs are targets to be achieved over a three to five year period across market cycles. Our KPIs are assessed annually as part of our normal planning process and may be revised to reflect our strategic plan, the regulatory environment and market and industry trends.

in / end of	Target	2013	2012	2011
Growth (%)				
Collaboration revenues	18–20% of net revenues	17.7	18.6	16.8
Efficiency and performance (%)				
Total shareholder return (Credit Suisse) ¹	Superior return vs peer group	26.0	4.8	(39.4)
Total shareholder return of peer group ^{1,2}	–	26.7	49.2	(35.0)
Return on equity attributable to shareholders	Above 15%	5.7	3.9	6.0
Core Results cost/income ratio	Below 70%	85.4	91.1	88.3
Capital (%)				
Look-through Swiss Core Capital ratio	Above 10%	10.6	9.0	–

¹ Source: Bloomberg. Total shareholder return is calculated as equal to the appreciation or depreciation of a particular share, plus any dividends, over a given period, expressed as a percentage of the share's value as of the beginning of the period.

² The peer group for this comparison comprises Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Société Générale and UBS. The total shareholder return of this peer group is calculated as a simple, unweighted average of the return reported by Bloomberg for each of the members of the peer group.

Overview of Core Results

in / end of	Private Banking & Wealth Management			Investment Banking		
	2013	2012	2011	2013	2012	2011
Statements of operations (CHF million)						
Net revenues	13,442	13,474	13,397	12,565	12,558	10,460
Provision for credit losses	152	182	111	13	(12)	76
Compensation and benefits	5,331	5,561	5,729	5,435	6,070	6,471
General and administrative expenses	3,914	3,209	3,806	4,477	3,551	3,388
Commission expenses	805	747	790	921	947	1,118
Total other operating expenses	4,719	3,956	4,596	5,398	4,498	4,506
Total operating expenses	10,050	9,517	10,325	10,833	10,568	10,977
Income/(loss) from continuing operations before taxes	3,240	3,775	2,961	1,719	2,002	(593)
Income tax expense	-	-	-	-	-	-
Income from continuing operations	-	-	-	-	-	-
Income/(loss) from discontinued operations	-	-	-	-	-	-
Net income	-	-	-	-	-	-
Net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to shareholders	-	-	-	-	-	-
Statement of operations metrics (%)						
Return on Basel III capital	24.2	29.0	-	7.5	7.8	-
Cost/income ratio	74.8	70.6	77.1	86.2	84.2	104.9
Pre-tax income margin	24.1	28.0	22.1	13.7	15.9	(5.7)
Effective tax rate	-	-	-	-	-	-
Net income margin	-	-	-	-	-	-
Balance sheet statistics (CHF million)						
Basel III risk-weighted assets ³	94,395	96,009	-	156,402	171,511	-
Total assets	279,139	275,683	283,582	502,799	563,758	641,266
Swiss leverage exposure	324,483	-	-	722,500	-	-
Net loans	215,713	207,702	196,268	31,319	34,501	37,134
Goodwill	2,164	2,409	2,471	5,835	5,980	6,120

¹ Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontrolling interests without SEI.

² Calculated using income after tax denominated in CHF; assumes tax rate of 27% (28% for strategic results) in 2013, 25% in 2012 and capital allocated at 10% of average risk-weighted assets.

³ Represents risk-weighted assets on a fully phased-in "look-through" basis.

Cost savings and strategy implementation

We continued to adapt our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure. We target cost savings of CHF 3.8 billion by the end of 2014 and more than CHF 4.5 billion by the end of 2015. These targets are measured against our annualized six month 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

The majority of the expected future savings is expected to be realized from shared infrastructure and support services across the Group, mainly through the consolidation of fragmented and

duplicate functions globally and the continued consolidation of IT applications and functions.

We have also targeted further savings within our two operating divisions. Within Private Banking & Wealth Management, we expect to deliver cost benefits from the creation of the integrated Private Banking & Wealth Management division, exiting a number of small non-strategic markets, repositioning select non-profitable onshore operations, rationalization of front office and support functions, including simplification of our operating platform, streamlining of the offshore affluent and Swiss client coverage model and from announced divestitures.

2013	Corporate Center		Core Results ¹			of which strategic results			of which non-strategic results		
	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
(790)	(2,781)	1,238	25,217	23,251	25,095	25,543	25,493	23,454	(326)	(2,242)	1,641
2	0	0	167	170	187	95	127	105	72	43	82
455	636	739	11,221	12,267	12,939	10,506	11,215	11,744	715	1,052	1,195
196	464	77	8,587	7,224	7,271	6,128	6,239	6,296	2,459	985	975
12	8	31	1,738	1,702	1,939	1,682	1,645	1,921	56	57	18
208	472	108	10,325	8,926	9,210	7,810	7,884	8,217	2,515	1,042	993
663	1,108	847	21,546	21,193	22,149	18,316	19,099	19,961	3,230	2,094	2,188
(1,455)	(3,889)	391	3,504	1,888	2,759	7,132	6,267	3,388	(3,628)	(4,379)	(629)
-	-	-	1,276	465	656	2,020	1,437	587	(744)	(972)	69
-	-	-	2,228	1,423	2,103	5,112	4,830	2,801	(2,884)	(3,407)	(698)
-	-	-	145	(40)	(25)	0	0	0	145	(40)	(25)
-	-	-	2,373	1,383	2,078	5,112	4,830	2,801	(2,739)	(3,447)	(723)
-	-	-	47	34	125	47	34	125	0	0	0
-	-	-	2,326	1,349	1,953	5,065	4,796	2,676	(2,739)	(3,447)	(723)
-	-	-	9.2 ²	4.6 ²	-	20.4 ²	17.4 ²	-	-	-	-
-	-	-	85.4	91.1	88.3	71.7	74.9	85.1	-	-	-
-	-	-	13.9	8.1	11.0	27.9	24.6	14.4	-	-	-
-	-	-	36.4	24.6	23.8	28.3	22.9	17.3	-	-	-
-	-	-	9.2	5.8	7.8	19.8	18.8	11.4	-	-	-
15,306	16,590	-	266,103	284,110	-	242,475	255,130	-	23,628	28,980	-
87,244	80,733	119,568	869,182	920,174	1,044,416	821,207	862,101	978,142	47,975	58,073	66,274
83,622	-	-	1,130,605	-	-	1,031,316	-	-	99,289	-	-
22	20	11	247,054	242,223	233,413	-	-	-	-	-	-
-	-	-	7,999	8,389	8,591	-	-	-	-	-	-

Within Investment Banking, we expect to deliver cost benefits from the restructuring of our rates business, the initiatives already completed in 2012, from continuing to review and realize efficiencies across business lines and geographic regions and from continuing to refine our business mix and align resources with highest returning opportunities.

We expect to incur approximately CHF 1.4 billion of business realignment costs associated with these measures during the course of 2014 to 2015.

We incurred CHF 394 million of business realignment costs associated with these measures in 2013.

As of the end of 2013, total assets for the Group were CHF 872.8 billion, down CHF 51.5 billion, or 6%, from 2012, reflecting measures taken in connection with our announced balance sheet reduction initiative and the foreign exchange translation impact.

► Refer to "Strategy" in I – Information on the company for further information.

Compensation and benefits

Compensation and benefits for a given year reflect the strength and breadth of the business results and staffing levels and include fixed components, such as salaries, benefits and the amortization of share-based and other deferred compensation from prior-year awards, and a discretionary variable component. The variable component reflects the performance-based variable compensation for the current year. The portion of the performance-based compensation for the current year deferred through share-based and other awards is expensed in future periods and is subject to vesting and other conditions.

Our shareholders' equity reflects the effect of share-based compensation. Share-based compensation expense (which is generally based on ◊ fair value at the time of grant) reduces equity; however, the recognition of the obligation to deliver the shares increases equity by a corresponding amount. Equity is generally unaffected by the granting and vesting of share-based awards and from the settlement of these awards through the issuance of shares from approved conditional capital. The Group issues shares from conditional capital to meet its obligations to deliver share-based compensation awards. If Credit Suisse purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price. Shareholders' equity also includes, as additional paid-in capital, the excess tax benefits/charges that arise at settlement of share-based awards.

Variable compensation for 2013

Part of deferred compensation for 2013 was awarded in the form of Contingent Capital Awards (CCA). The CCA plan is a new deferred compensation plan for Executive Board members, managing directors and directors. These awards convey similar rights and risks to those of certain of the contingent capital instruments that have been issued by us in the market. As CCA qualify as additional tier 1 capital of the Group, their vesting and the form of distribution to employees upon settlement is subject to approval by ◊ FINMA. Prior to settlement, CCA are subject to being cancelled in full upon specified triggering events, including the Group's Basel III common equity tier 1 (CET1) ratio falling below specified levels, or a determination by FINMA that cancellation of the CCA and other similar capital instruments is necessary, or that we require public sector capital support, to prevent us from becoming insolvent.

► Refer to "Compensation" in IV – Corporate Governance and Compensation for further information.

► Refer to "Consolidated statements of changes in equity" and "Note 28 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for further information.

► Refer to "Tax benefits associated with share-based compensation" in Note 27 – Tax in V – Consolidated financial statements – Credit Suisse Group for further information.

Personnel

Headcount at the end of 2013 was 46,000, down 1,400 from the end of 2012. This reflected reductions in headcount of 2,000 employees in connection with our cost efficiency initiatives in Investment Banking and Private Banking & Wealth Management, partially offset by graduate hiring and contractor employee conversion. Compared to year-end 2011, headcount decreased 3,700.

► Refer to "Overview" in IV – Corporate Governance and Compensation – Corporate Governance for additional information on personnel.

Private Banking & Wealth Management

For 2013, we reported income before taxes of CHF 3,240 million and net revenues of CHF 13,442 million.

In our strategic businesses, we reported income before taxes of CHF 3,627 million and net revenues of CHF 12,434 million. Compared to 2012, income before taxes increased 7%, with higher transaction- and performance-based revenues, higher recurring commissions and fees, lower net interest income and stable operating expenses.

In our non-strategic businesses, we reported a loss before taxes of CHF 387 million in 2013, including litigation provisions in connection with the US tax matter, partially offset by gains from the sale of former Asset Management businesses. In 2012, we reported income before taxes of CHF 401 million, which included gains from the sale of former Asset Management businesses.

Divisional results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net revenues	13,442	13,474	13,397	0	1
of which strategic results	12,434	12,343	12,431	1	(1)
of which non-strategic results	1,008	1,131	966	(11)	17
Provision for credit losses	152	182	111	(16)	64
Compensation and benefits	5,331	5,561	5,729	(4)	(3)
General and administrative expenses	3,914	3,209	3,806	22	(16)
Commission expenses	805	747	790	8	(5)
Total other operating expenses	4,719	3,956	4,596	19	(14)
Total operating expenses	10,050	9,517	10,325	6	(8)
of which strategic results	8,725	8,830	9,366	(1)	(6)
of which non-strategic results	1,325	687	959	93	(28)
Income/(loss) before taxes	3,240	3,775	2,961	(14)	27
of which strategic results	3,627	3,374	2,992	7	13
of which non-strategic results	(387)	401	(31)	-	-
Statement of operations metrics (%)					
Return on Basel III capital ¹	24.2	29.0	-	-	-
Cost/income ratio	74.8	70.6	77.1	-	-
Pre-tax income margin	24.1	28.0	22.1	-	-
Utilized economic capital and return					
Average utilized economic capital (CHF million)	9,554	9,965	10,054	(4)	(1)
Pre-tax return on average utilized economic capital (%) ²	34.5	38.5	30.1	-	-
Assets under management (CHF billion)					
Assets under management	1,282.4	1,250.8	1,185.2	2.5	5.5
Net new assets	32.1	10.8	46.6	197.2	(76.8)
Number of employees and relationship managers					
Number of employees (full-time equivalents)	26,000	27,300	28,100	(5)	(3)
Number of relationship managers	4,330	4,550	4,560	(5)	0

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 29% in 2013, 25% in 2012 and capital allocated at 10% of average risk-weighted assets.

² Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Net revenue detail (CHF million)					
Net interest income	4,252	4,551	4,512	(7)	1
Recurring commissions and fees	4,956	4,797	5,018	3	(4)
Transaction- and performance-based revenues	3,967	3,678	3,607	8	2
Other revenues ¹	267	448	260	(40)	72
Net revenues	13,442	13,474	13,397	0	1
Provision for credit losses (CHF million)					
New provisions	281	316	277	(11)	14
Releases of provisions	(129)	(134)	(166)	(4)	(19)
Provision for credit losses	152	182	111	(16)	64
Balance sheet statistics (CHF million)					
Net loans	215,713	207,702	196,268	4	6
of which Wealth Management Clients	149,728	144,856	137,389	3	5
of which Corporate & Institutional Clients	62,446	58,877	54,807	6	7
Deposits	288,770	276,571	262,985	4	5
of which Wealth Management Clients	208,210	203,376	195,542	2	4
of which Corporate & Institutional Clients	74,459	65,849	59,604	13	10

¹ Includes investment-related gains/(losses), equity participations and other gains/(losses) and fair value gains/(losses) on the Clock Finance transaction.

KEY PERFORMANCE INDICATORS

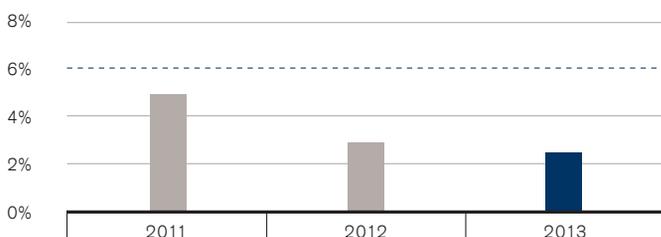
We target a divisional cost/income ratio of 65% for the Private Banking & Wealth Management division. In 2013, the cost/income ratio was 74.8%, up four percentage points compared to 2012 and down two percentage points compared to 2011. The cost/income ratio for our strategic results was 70.2% in 2013, down one percentage point compared to 2012 and down five percentage points compared to 2011.

We also target net new asset growth of 6% for both the Wealth Management Clients and Asset Management businesses. In 2013, the growth rates in Wealth Management Clients and Asset Management were 2.5% and 4.6%, respectively.

► Refer to “Key performance indicators” in Core Results – Information and developments for further information.

Net new asset growth rate (KPI)

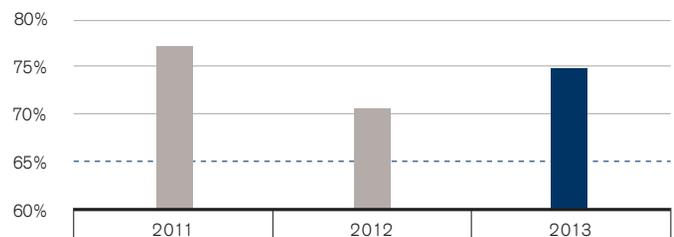
Wealth Management Clients



--- Target is a growth rate of 6%.

Cost/income ratio (KPI)

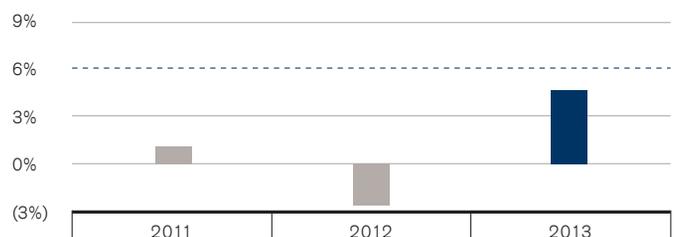
Private Banking & Wealth Management



--- Target is a cost/income ratio of 65%.

Net new asset growth rate (KPI)

Asset Management



--- Target is a growth rate of 6%.

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Private Banking & Wealth Management		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Statements of operations (CHF million)									
Net revenues	12,434	12,343	12,431	1,008	1,131	966	13,442	13,474	13,397
Provision for credit losses	82	139	73	70	43	38	152	182	111
Compensation and benefits	5,027	5,186	5,350	304	375	379	5,331	5,561	5,729
Total other operating expenses	3,698	3,644	4,016	1,021	312	580	4,719	3,956	4,596
Total operating expenses	8,725	8,830	9,366	1,325	687	959	10,050	9,517	10,325
Income/(loss) before taxes	3,627	3,374	2,992	(387)	401	(31)	3,240	3,775	2,961
Balance sheet statistics (CHF billion)									
Risk-weighted assets – Basel III	88,316	88,281	–	6,079	7,728	–	94,395	96,009	–
Total assets	258,447	251,716	257,894	20,692	23,967	25,688	279,139	275,683	283,582
Swiss leverage exposure	302,894	–	–	21,589	–	–	324,483	–	–

Strategic results

OVERVIEW

Our strategic results comprise businesses from Wealth Management Clients, Corporate & Institutional Clients and Asset Management.

Full-year 2013 results

In 2013, our strategic businesses reported income before taxes of CHF 3,627 million and net revenues of CHF 12,434 million.

Net revenues were stable compared to 2012, with higher transaction- and performance-based revenues and higher recurring commissions and fees offset by lower net interest income and lower other revenues. Higher transaction- and performance-based revenues reflected higher revenues across all major revenue categories. Higher recurring commissions and fees mainly reflected higher investment account and service fees as well as higher asset management fees. Lower net interest income mainly reflected lower deposit margins, partially offset by higher average deposit and loan volumes. Other revenues were lower compared to 2012, mainly reflecting lower investment-related gains and lower equity participation gains, reflecting the gain of CHF 45 million on the sale of Wincasa in 2012.

Provision for credit losses was CHF 82 million in 2013, compared to CHF 139 million in 2012, on a net loan portfolio of CHF 212 billion.

Total operating expenses were stable compared to 2012, reflecting slightly lower compensation and benefits offset by higher commission expenses.

Full-year 2012 results

In 2012, our strategic businesses reported income before taxes of CHF 3,374 million and net revenues of CHF 12,343 million.

Net revenues were stable compared to 2011, with 5% lower recurring commissions and fees offset by slightly higher transaction- and performance-based revenues and higher other revenues.

Provision for credit losses was CHF 139 million in 2012, compared to CHF 73 million in 2011, on a net loan portfolio of CHF 204 billion.

Total operating expenses were 6% lower compared to 2012, reflecting lower general and administrative expenses and lower compensation and benefits from our efficiency measures and lower headcount.

Strategic results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net interest income	4,155	4,438	4,397	(6)	1
Recurring commissions and fees	4,554	4,329	4,558	5	(5)
Transaction- and performance-based revenues	3,818	3,482	3,400	10	2
Other revenues	(93)	94	76	–	24
Net revenues	12,434	12,343	12,431	1	(1)
New provisions	210	274	239	(23)	15
Releases of provisions	(128)	(135)	(166)	(5)	(19)
Provision for credit losses	82	139	73	(41)	90
Compensation and benefits	5,027	5,186	5,350	(3)	(3)
General and administrative expenses	2,938	2,963	3,261	(1)	(9)
Commission expenses	760	681	755	12	(10)
Total other operating expenses	3,698	3,644	4,016	1	(9)
Total operating expenses	8,725	8,830	9,366	(1)	(6)
Income before taxes	3,627	3,374	2,992	7	13
of which Wealth Management Clients	2,050	1,971	1,676	4	18
of which Corporate & Institutional Clients	965	941	923	3	2
of which Asset Management	612	462	393	32	18
Statement of operations metrics (%)					
Return on Basel III capital ¹	29.1	28.2	–	–	–
Cost/income ratio	70.2	71.5	75.3	–	–
Pre-tax income margin	29.2	27.3	24.1	–	–
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	88,316 ²	88,281	–	0	–
Total assets	258,447	251,716	257,894	3	(2)
Swiss leverage exposure	302,894	–	–	–	–

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 29% in 2013, 25% in 2012 and capital allocated at 10% of average risk-weighted assets.

² Includes the impact of an operational risk add-on of CHF 1.6 billion in 2013.

RESULTS DETAIL

The following provides a comparison of our 2013 strategic results versus 2012 and 2012 results versus 2011.

Net revenues

Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Recurring commissions and fees includes investment product management, discretionary mandate and other asset management-related fees and fees for general banking products and services. Transaction- and performance-based revenues arise primarily from brokerage and product issuing fees, foreign exchange fees from client transactions, performance-based fees related to assets under management and custody assets, trading and sales income, placement fees, equity participations income and other transaction-based income. Other revenues include investment-related gains and losses and equity participations and other gains and losses.

2013 vs 2012: Stable at CHF 12,434 million

Net revenues were stable, with higher transaction- and performance-based revenues and higher recurring commissions and

fees offset by lower net interest income and lower other revenues. Higher transaction- and performance-based revenues reflected higher revenues across all major revenue categories, primarily higher performance fees and carried interest as well as higher brokerage and product issuing fees. Higher recurring commissions and fees mainly reflected higher investment account and service fees as well as higher asset management fees. Lower net interest income reflected significantly lower deposit margins and stable loan margins on higher average deposit and loan volumes. Other revenues decreased mainly due to a decrease in investment-related gains as well as equity participations gains, mainly due to a gain of CHF 45 million in 2012 from the sale of Wincasa.

2012 vs 2011: Stable at CHF 12,343 million

Net revenues were stable, with lower recurring commissions and fees offset by slightly higher transaction- and performance-based revenues and higher other revenues. Net interest income was stable. Lower recurring commissions and fees mainly reflected lower investment product management fees, driven by lower fund management fees, and lower discretionary mandate management fees. Transaction- and performance-based revenues were slightly

higher with higher performance fees from our Hedging-Griffo subsidiary, single manager hedge funds and credit strategies, higher revenues from integrated solutions, partially offset by lower brokerage and product issuing fees. Other revenues of CHF 94 million mainly reflected a gain of CHF 45 million from the sale of Wincasa and a CHF 41 million gain related to the sale of a business, with higher investment-related gains offset by impairment charges of CHF 61 million related to Asset Management Finance LLC (AMF). Net interest income was stable, as the impact of lower deposit margins, reflecting the continued low interest rate environment, and lower loan margins were offset by higher average deposit and loan volumes.

Provision for credit losses

The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities. Our Corporate & Institutional Clients loan portfolio has relatively low concentrations and is mainly secured by mortgages, securities and other financial collateral.

2013 vs 2012: Down 41% from CHF 139 million to CHF 82 million

Provision for credit losses of CHF 82 million was down CHF 57 million compared to 2012. Provision for credit losses reflected net provisions of CHF 78 million in Wealth Management Clients and CHF 4 million in Corporate & Institutional Clients.

2012 vs 2011: Up 90% from CHF 73 million to CHF 139 million

Provision for credit losses of CHF 139 million was up CHF 66 million compared to 2011. Provision for credit losses reflected net provisions of CHF 110 million in Wealth Management Clients and CHF 29 million in Corporate & Institutional Clients.

Operating expenses

Compensation and benefits

2013 vs 2012: Down 3% from CHF 5,186 million to CHF 5,027 million

Compensation and benefits decreased slightly, driven by lower salary expenses, reflecting lower headcount.

2012 vs 2011: Down 3% from CHF 5,350 million to CHF 5,186 million

Compensation and benefits decreased slightly, driven by lower salary expenses, reflecting lower headcount, and lower discretionary performance-related compensation.

General and administrative expenses

2013 vs 2012: Stable at CHF 2,938 million

General and administrative expenses were stable and included higher expense provisions, higher professional services and lower travel and entertainment expenses.

2012 vs 2011: Down 9% from CHF 3,261 million to CHF 2,963 million

Lower general and administrative expenses reflected our cost efficiency measures.

WEALTH MANAGEMENT CLIENTS

Net revenues

Net interest income

2013 vs 2012: Down 7% from CHF 3,268 million to CHF 3,050 million

The decrease in net interest income reflected significantly lower deposit margins on slightly higher average deposit volumes and slightly lower loan margins on higher average loan volumes.

2012 vs 2011: Stable at CHF 3,268 million

Stable net interest income reflected lower deposit and loan margins on higher average deposit and loan volumes.

Recurring commissions and fees

2013 vs 2012: Up 5% from CHF 2,811 million to CHF 2,956 million

The increase reflected higher revenues across all major revenue categories, primarily higher investment account and services fees, driven by higher investment advisory fees as well as higher security account fees.

2012 vs 2011: Down 7% from CHF 3,030 million to CHF 2,811 million

The decrease reflected lower revenues across all major revenue categories, primarily lower investment product management fees, driven by lower fund management fees, and lower discretionary mandate management fees.

Transaction- and performance-based revenues

2013 vs 2012: Up 4% from CHF 2,355 million to CHF 2,438 million

Higher transaction- and performance-based revenues reflected higher brokerage and product issuing fees, primarily in equities and funds, higher equity participations income as well as higher foreign exchange client business.

2012 vs 2011: Stable at CHF 2,355 million

Stable transaction- and performance-based revenues reflected lower brokerage and product issuing fees, primarily in equities and mutual funds, and lower foreign exchange client business, offset by gains of CHF 16 million in 2012 related to a change in life insurance accounting, higher performance fees from Hedging-Griffo and higher revenues from integrated solutions.

Results – Wealth Management Clients

	in			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net revenues	8,444	8,475	8,641	0	(2)
Provision for credit losses	78	110	76	(29)	45
Total operating expenses	6,316	6,394	6,889	(1)	(7)
Income before taxes	2,050	1,971	1,676	4	18
Statement of operations metrics (%)					
Cost/income ratio	74.8	75.4	79.7	–	–
Pre-tax income margin	24.3	23.3	19.4	–	–
Net revenue detail (CHF million)					
Net interest income	3,050	3,268	3,245	(7)	1
Recurring commissions and fees	2,956	2,811	3,030	5	(7)
Transaction- and performance-based revenues	2,438	2,355	2,366	4	0
Other revenues	0	41 ¹	0	(100)	–
Net revenues	8,444	8,475	8,641	0	(2)
Gross margin on assets under management (bp)²					
Net interest income	38	44	46	–	–
Recurring commissions and fees	38	38	43	–	–
Transaction- and performance-based revenues	31	32	33	–	–
Other revenues	0	0	0	–	–
Gross margin	107	114	122	–	–

¹ Reflects gains related to the sale of a business from the integration of Clariden Leu in 2012.

² Net revenues divided by average assets under management.

Gross margin

Our gross margin was 107 basis points in 2013, seven basis points lower compared to 2012 and 15 basis points lower than 2011. Compared to 2012, the net interest income margin decreased six basis points due to the low interest rate environment. The recurring commissions and fees margin was stable. The transaction- and performance-based margin decreased one basis point, reflecting the increase in average assets under management more than offsetting higher transaction- and performance-based revenues.

Relationship managers by region

end of	2013	2012	2011
Number of relationship managers			
Switzerland	1,590	1,630	1,730
EMEA	1,180	1,300	1,320
Americas	560	620	590
Asia Pacific	440	440	400
Number of relationship managers	3,770	3,990	4,040

Assets under management – Wealth Management Clients

	2013	2012	in / end of 2011	13 / 12	% change 12 / 11
Assets under management by region (CHF billion)					
Switzerland	270.9	243.5	248.7	11.3	(2.1)
EMEA	231.3	243.2	230.2	(4.9)	5.6
Americas	172.9	164.5	142.9	5.1	15.1
Asia Pacific	115.6	106.8	87.8	8.2	21.6
Assets under management	790.7	758.0	709.6	4.3	6.8
Average assets under management (CHF billion)					
Average assets under management	788.2	741.2	706.4	6.3	4.9
Assets under management by currency (CHF billion)					
USD	306.1	286.4	259.3	6.9	10.5
EUR	152.6	149.0	157.5	2.4	(5.4)
CHF	187.1	184.6	173.5	1.4	6.4
Other	144.9	138.0	119.3	5.0	15.7
Assets under management	790.7	758.0	709.6	4.3	6.8
Net new assets by region (CHF billion)					
Switzerland	0.9	2.3	4.7	(60.9)	(51.1)
EMEA	1.8	(2.0)	11.6	–	–
Americas	4.7	10.2	8.4	(53.9)	21.4
Asia Pacific	11.5	10.1	10.4	13.9	(2.9)
Net new assets	18.9	20.6	35.1	(8.3)	(41.3)
Growth in assets under management (CHF billion)					
Net new assets	18.9	20.6	35.1	–	–
Other effects	13.8	27.9	(48.8)	–	–
of which market movements	40.2	47.4	(34.7)	–	–
of which currency	(17.6)	(12.4)	(7.3)	–	–
of which other	(8.8)	(7.1)	(6.8)	–	–
Growth in assets under management	32.7	48.5	(13.7)	–	–
Growth in assets under management (%)					
Net new assets	2.5	2.9	4.9	–	–
Other effects	1.8	3.9	(6.8)	–	–
Growth in assets under management	4.3	6.8	(1.9)	–	–

CORPORATE & INSTITUTIONAL CLIENTS

Net revenues

Net interest income

2013 vs 2012: Down 6% from CHF 1,170 million to CHF 1,105 million

The decrease reflected significantly lower deposit margins and higher loan margins on higher average deposit and loan volumes.

2012 vs 2011: Up 2% from CHF 1,152 million to CHF 1,170 million

The slight increase reflected lower deposit and loan margins on higher average deposit and loan volumes.

Recurring commissions and fees

2013 vs 2012: Stable at CHF 451 million

Recurring commissions and fees were stable. Higher investment account and services fees, primarily from custody services, were offset by lower investment product management fees, mainly from lower funds management fees.

2012 vs 2011: Up 6% from CHF 422 million to CHF 448 million

The increase was driven by higher banking services fees and higher investment account and services fees, primarily from custody services, partially offset by lower investment product management fees, mainly from lower fund management fees.

Transaction- and performance-based revenues

2013 vs 2012: Stable at CHF 455 million

Stable transaction- and performance-based revenues reflected higher foreign exchange client business, offset by lower revenues from integrated solutions and lower trading and sales income.

2012 vs 2011: Stable at CHF 457 million

Stable transaction- and performance-based revenues reflected higher revenues from integrated solutions, higher trading and sales income and higher foreign exchange client business, offset by lower brokerage and product issuing fees.

Results – Corporate & Institutional Clients

	2013	2012	2011	in 13 / 12	% change 12 / 11
Statements of operations (CHF million)					
Net revenues	1,996	2,064	2,017	(3)	2
Provision for credit losses	4	29	(3)	(86)	–
Total operating expenses	1,027	1,094	1,097	(6)	0
Income before taxes	965	941	923	3	2
Statement of operations metrics (%)					
Cost/income ratio	51.5	53.0	54.4	–	–
Pre-tax income margin	48.3	45.6	45.8	–	–
Net revenue detail (CHF million)					
Net interest income	1,105	1,170	1,152	(6)	2
Recurring commissions and fees	451	448	422	1	6
Transaction- and performance-based revenues	455	457	460	0	(1)
Other revenues ¹	(15)	(11)	(17)	36	(35)
Net revenues	1,996	2,064	2,017	(3)	2
Number of relationship managers					
Number of relationship managers (Switzerland)	560	560	520	0	8

¹ Includes fair value losses of CHF 35 million on the Clock Finance transaction and gains of CHF 25 million related to a recovery case in 2012. Prior periods relate to fair value losses on the Clock Finance transaction.

ASSET MANAGEMENT

Net revenues

Fee-based revenues

2013 vs 2012: Up 20% from CHF 1,675 million to CHF 2,017 million

The increase primarily reflected higher performance fees, asset management fees and private equity placement fees. Higher performance fees were recognized primarily from single manager hedge funds and Hedging-Griffo. The higher asset management fees, primarily in our alternatives business, reflected higher average assets under management driven in part by net new assets of CHF 15.0 billion for the year.

2012 vs 2011: Up 4% from CHF 1,618 million to CHF 1,675 million

The increase primarily reflected higher performance fees, partially offset by lower carried interest from realized private equity gains,

lower placement fees, lower transaction fees and lower asset management fees. Higher performance fees were recognized from Hedging-Griffo, credit strategies, single manager hedge funds and from the management of the 2008 Partner Asset Facility. Carried interest from realized private equity gains in 2012 was lower than a strong 2011, which included the sale of a portfolio company in the healthcare sector. The decrease in placement, transaction and other fees mainly reflected lower private equity placement fees and lower real estate transaction fees. Asset management fees decreased as a result of lower average assets under management in traditional products.

Results – Asset Management

	2013	2012	in 2011	% change 13 / 12	% change 12 / 11
Statements of operations (CHF million)					
Net revenues	1,994	1,804	1,773	11	2
Provision for credit losses	0	0	0	–	–
Total operating expenses	1,382	1,342	1,380	3	(3)
Income before taxes	612	462	393	32	18
Statement of operations metrics (%)					
Cost/income ratio	69.3	74.4	77.8	–	–
Pre-tax income margin	30.7	25.6	22.2	–	–
Net revenue detail (CHF million)					
Recurring commissions and fees	1,147	1,070	1,106	7	(3)
Transaction- and performance-based revenues	925	670	574	38	17
Other revenues	(78)	64	93	–	(31)
Net revenues	1,994	1,804	1,773	11	2
Net revenue detail by type (CHF million)					
Asset management fees	1,147	1,070	1,106	7	(3)
Placement, transaction and other fees	284	223	265	27	(16)
Performance fees and carried interest	542	346	196	57	77
Equity participations income	44	36	51	22	(29)
Fee-based revenues	2,017	1,675	1,618	20	4
Investment-related gains/(losses)	52	139	87	(63)	60
Equity participations and other gains/(losses)	(86)	(7)	(4)	–	–
Other revenues ¹	11	(3)	72	–	–
Net revenues	1,994	1,804	1,773	11	2
Fee-based margin on assets under management (bp)					
Fee-based margin ²	58	52	49	–	–

¹ Includes allocated funding costs.

² Fee-based revenues divided by average assets under management.

Investment-related gains/(losses)

2013 vs 2012: Down 63% from CHF 139 million to CHF 52 million

The gains of CHF 52 million in 2013 and CHF 139 million in 2012 primarily reflected gains in hedge fund investments and the real estate sector.

2012 vs 2011: Up 60% from CHF 87 million to CHF 139 million

The gains of CHF 139 million in 2012 and CHF 87 million in 2011 primarily reflected gains in hedge fund investments and the real estate sector.

Equity participations and other gains/(losses)

2013 vs 2012: Down from CHF (7) million to CHF (86) million

In 2013 we recognized impairments of CHF 86 million related to AMF. The loss of CHF 7 million in 2012 primarily reflected impairment charges of CHF 61 million related to AMF, partially offset by a gain of CHF 45 million from the sale of Wincasa.

2012 vs 2011: Down from CHF (4) million to CHF (7) million

The loss of CHF 7 million in 2012 primarily reflected impairment charges of CHF 61 million related to AMF, partially offset by the gain of CHF 45 million from the sale of Wincasa. The loss in 2011 reflected an impairment related to AMF.

Assets under management – Asset Management

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Assets under management (CHF billion)					
Hedge funds	29.8	24.8	24.0	20.2	3.3
Private equity	0.6	0.4	0.2	50.0	100.0
Real estate & commodities	50.5	48.6	47.1	3.9	3.2
Credit	30.0	23.8	19.0	26.1	25.3
Index strategies	75.1	64.0	51.5	17.3	24.3
Multi-asset class solutions	104.0	103.1	113.5	0.9	(9.2)
Fixed income & equities	54.4	55.2	57.4	(1.4)	(3.8)
Other	7.9	5.4	6.3	46.3	(14.3)
Assets under management¹	352.3	325.3	319.0	8.3	2.0
Average assets under management (CHF billion)					
Average assets under management	346.3	320.1	329.5	8.2	(2.9)
Assets under management by currency (CHF billion)					
USD	74.9	63.0	59.8	18.9	5.4
EUR	50.5	42.2	54.1	19.7	(22.0)
CHF	196.4	192.9	184.3	1.8	4.7
Other	30.5	27.2	20.8	12.1	30.8
Assets under management	352.3	325.3	319.0	8.3	2.0
Growth in assets under management (CHF billion)					
Net new assets ²	15.0	(8.3)	3.8	–	–
Other effects	12.0	14.6	(18.2)	–	–
of which market movements	17.7	24.2	(11.0)	–	–
of which currency	(5.5)	(4.6)	(3.1)	–	–
of which other	(0.2)	(5.0)	(4.1)	–	–
Growth in assets under management	27.0	6.3	(14.4)	–	–
Growth in assets under management (%)					
Net new assets	4.6	(2.6)	1.1	–	–
Other effects	3.7	4.6	(5.4)	–	–
Growth in assets under management	8.3	2.0	(4.3)	–	–
Principal investments (CHF billion)					
Principal investments	0.9	1.1	1.3	(18.2)	(15.4)

¹ Excludes our portion of assets under management from our equity participation in Aberdeen.

² Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

Non-strategic results

OVERVIEW

Our non-strategic businesses for Private Banking & Wealth Management include positions relating to the restructuring of the former Asset Management division, run-off operations relating to our small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the US tax matter, the impact of restructuring our German onshore operations, other smaller non-strategic positions formerly in our Corporate & Institutional Clients business and the run-off and active reduction of selected products.

Full-year 2013 results

For 2013, our non-strategic businesses reported a loss before taxes of CHF 387 million compared to income before taxes of CHF 401 million in 2012.

Net revenues of CHF 1,008 million were 11% lower than the CHF 1,131 million reported in 2012, reflecting lower gains on sale of businesses and lower fee-based revenues resulting from those sales.

Provision for credit losses was CHF 70 million in 2013, compared to CHF 43 million in 2012, on a net loan portfolio of CHF 4 billion.

Total operating expenses in 2013 were higher than in 2012, mainly reflecting substantially higher litigation provisions of CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014.

Full-year 2012 results

For 2012, our non-strategic businesses reported income before taxes of CHF 401 million compared to a loss before taxes of CHF 31 million in 2011. Net revenues of CHF 1,131 million were significantly higher compared to 2011 due to the gain of CHF 384 million in 2012 on the sale of our ownership interest in Aberdeen.

Provision for credit losses was CHF 43 million in 2012, compared to CHF 38 million in 2011, on a net loan portfolio of CHF 4 billion.

Total operating expenses in 2012 were lower than in 2011, which included significant litigation provisions.

Non-strategic results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net revenues	1,008	1,131	966	(11)	17
Provision for credit losses	70	43	38	63	13
Compensation and benefits	304	375	379	(19)	(1)
Total other operating expenses	1,021	312	580	227	(46)
Total operating expenses	1,325	687	959	93	(28)
Income/(loss) before taxes	(387)	401	(31)	-	-
Revenue details (CHF million)					
Restructuring of select onshore businesses	164	148	160	11	(8)
Legacy cross-border business and small markets	203	209	205	(3)	2
Restructuring of former Asset Management division	534	659	523	(19)	26
Other	107	115	78	(7)	47
Net revenues	1,008	1,131	966	(11)	17
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	6,079	7,728	-	(21)	-
Total assets	20,692	23,967	25,688	(14)	(7)
Swiss leverage exposure	21,589	-	-	-	-

RESULTS DETAIL

The following provides a comparison of our 2013 non-strategic results versus 2012 and 2012 results versus 2011.

Net revenues

2013 vs 2012: Down 11% from CHF 1,131 million to CHF 1,008 million

The decrease primarily reflected lower recurring commissions and fees and lower transaction- and performance-based revenues, reflecting the impact of sales of non-strategic businesses during 2013 and lower gains from sales of businesses, partially offset by significantly higher investment-related gains. We recognized gains of CHF 146 million on the sale of our ETF business, CHF 91 million on the sale of Strategic Partners, our secondary private equity business, and CHF 28 million from the sale of JO Hambro during the year, compared with a gain of CHF 384 million in 2012 from the sale of our remaining ownership interest in Aberdeen. Investment-related gains of CHF 128 million were significantly higher than the CHF 16 million recorded in 2012, which included losses of CHF 82 million in connection with the planned sale of certain private equity investments.

2012 vs 2011: Up 17% from CHF 966 million to CHF 1,131 million

The increase primarily reflected the gain from the sales of our ownership interest in Aberdeen, partially offset by significantly lower investment-related gains and lower equity participations income. Investment-related gains of CHF 16 million, including the losses in connection with the planned sale of the private equity investments, were significantly lower than the CHF 218 million recorded in 2011. Equity participations income was lower due to the sale of our ownership interest in Aberdeen.

Operating expenses

2013 vs 2012: Up 93% from CHF 687 million to CHF 1,325 million

Higher operating expenses reflected substantially higher litigation provisions of CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014. We also had higher professional services fees resulting from the sale of former Asset Management businesses, partially offset by lower commission and compensation expenses relating to the sales. We also recognized a goodwill impairment of CHF 12 million resulting from the creation of the non-strategic reporting unit in the fourth quarter of 2013.

2012 vs 2011: Down 28% from CHF 959 million to CHF 687 million

The decrease primarily reflected 2011 litigation provisions of CHF 478 million in connection with the German and US tax matters.

Assets under management

2013

In 2013, assets under management of CHF 1,282.4 billion increased 2.5% compared to the end of 2012, reflecting net new assets of CHF 32.1 billion and positive market movements, partially offset by adverse foreign exchange-related movements and structural effects, primarily from the sales of businesses.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 18.9 billion, particularly from inflows from emerging markets and our ultra-high-net-worth individual (UHNWI) client segment, partially offset by Western European cross-border outflows. Corporate & Institutional Clients in Switzerland reported strong net new assets of CHF 8.8 billion. Asset Management reported significant net new assets of CHF 15.0 billion, mainly from credit, index strategies and hedge fund products, partially offset by outflows from fixed income. Assets under management continued to reflect a risk-averse asset mix, with investments in less complex, lower-margin products and a significant portion of assets in cash and money market products.

In our non-strategic portfolio, assets under management declined 47.6% to CHF 44.4 billion mainly reflecting the sale of our ETF and secondary private equity businesses.

2012

Assets under management as of the end of 2012 were CHF 1,250.8 billion, CHF 65.6 billion higher compared to the end of 2011, driven primarily by positive market movements and by net new assets of CHF 10.8 billion, partially offset by adverse foreign exchange-related movements.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 20.6 billion with inflows particularly from emerging markets and from our UHNWI client segment, partially offset by Western European cross-border outflows. Corporate & Institutional Clients reported net new assets of CHF 1.5 billion. Asset Management reported net asset outflows of CHF 8.3 billion primarily from multi-asset class solutions which included redemptions of CHF 14.7 billion from a single fixed income mandate, partially offset by inflows in index strategies and credit products.

In our non-strategic portfolio, assets under management were stable at CHF 84.7 billion.

Assets under management – Private Banking & Wealth Management

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Assets under management by business (CHF billion)					
Wealth Management Clients	790.7	758.0	709.6	4.3	6.8
Corporate & Institutional Clients	250.0	223.8	203.0	11.7	10.2
Asset Management	352.3	325.3	319.0	8.3	2.0
Non-strategic	44.4	84.7	84.6	(47.6)	0.0
Assets managed across businesses ¹	(155.0)	(141.0)	(131.0)	9.9	7.6
Assets under management	1,282.4	1,250.8	1,185.2	2.5	5.5
Average assets under management (CHF billion)					
Average assets under management	1,291.2	1,224.7	1,187.1	5.4	3.2
Net new assets by business (CHF billion)					
Wealth Management Clients	18.9	20.6	35.1	(8.3)	(41.3)
Corporate & Institutional Clients	8.8	1.5	5.3	486.7	(71.7)
Asset Management	15.0	(8.3)	3.8	–	–
Non-strategic	(5.9)	(2.1)	3.5	181.0	–
Assets managed across businesses ¹	(4.7)	(0.9)	(1.1)	422.2	(18.2)
Net new assets	32.1	10.8	46.6	197.2	(76.8)

¹ Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and non-strategic businesses.

Investment Banking

For 2013, total Investment Banking income before taxes was CHF 1,719 million, with net revenues of CHF 12,565 million. Our strategic businesses reported income before taxes of CHF 3,853 million and net revenues of CHF 13,164 million. Our non-strategic businesses reported a loss before taxes of CHF 2,134 million, including litigation provisions in connection with the agreement with the Federal Housing Finance Agency (FHFA) on March 21, 2014 to settle certain litigation relating to mortgage-backed securities.

We made continued progress in improving capital efficiency in 2013. We reported total assets of USD 565 billion

exceeding our Investment Banking balance sheet target of less than USD 600 billion of assets by year-end 2013. Additionally, we reported Swiss leverage exposure of USD 812 billion, exceeding our Investment Banking target of less than USD 840 billion by year-end 2013.

In 2013, we reduced risk-weighted assets under Basel III by USD 11 billion to USD 176 billion as of the end of 2013, compared to our year-end target of less than USD 175 billion. Business reductions of USD 27 billion were partially offset by increases of USD 10 billion from methodology changes and parameter updates, and an operational risk add-on of USD 6 billion.

Divisional results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net revenues	12,565	12,558	10,460	–	20
of which strategic results	13,164	13,385	11,129	(2)	20
of which non-strategic results	(599)	(827)	(669)	(28)	24
Provision for credit losses	13	(12)	76	–	–
Compensation and benefits	5,435	6,070	6,471	(10)	(6)
General and administrative expenses	4,477	3,551	3,388	26	5
Commission expenses	921	947	1,118	(3)	(15)
Total other operating expenses	5,398	4,498	4,506	20	–
Total operating expenses	10,833	10,568	10,977	3	(4)
of which strategic results	9,300	9,970	10,308	(7)	(3)
of which non-strategic results	1,533	598	669	156	(11)
Income/(loss) before taxes	1,719	2,002	(593)	(14)	–
of which strategic results	3,853	3,427	789	12	334
of which non-strategic results	(2,134)	(1,425)	(1,382)	50	3
Statement of operations metrics (%)					
Return on Basel III capital ¹	7.5	7.8	–	–	–
Cost/income ratio	86.2	84.2	104.9	–	–
Pre-tax income margin	13.7	15.9	(5.7)	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	19,910	20,241	20,525	(2)	(1)
Pre-tax return on average utilized economic capital (%) ²	9.1	10.6	(2.4)	–	–
Number of employees (full-time equivalents)					
Number of employees	19,700	19,800	20,700	(1)	(4)

¹ Calculated using income after tax denominated in USD; assumes tax rate of 26% in 2013, 25% in 2012, 25% in 2011 and capital allocated at 10% of average risk-weighted assets.

² Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

	2013	2012	in 2011	13 / 12	% change 12 / 11
Net revenue detail (CHF million)					
Debt underwriting	1,902	1,617	1,404	18	15
Equity underwriting	766	552	713	39	(23)
Total underwriting	2,668	2,169	2,117	23	2
Advisory and other fees	658	1,042	856	(37)	22
Total underwriting and advisory	3,326	3,211	2,973	4	8
Fixed income sales and trading	4,823	5,349	3,341	(10)	60
Equity sales and trading	4,750	4,330	4,279	10	1
Total sales and trading	9,573	9,679	7,620	(1)	27
Other	(334)	(332)	(133)	1	150
Net revenues	12,565	12,558	10,460	–	20
Average one-day, 98% risk management Value-at-Risk (CHF million)					
Interest rate	18	27	31	(33)	(13)
Credit spread	35	46	62	(24)	(26)
Foreign exchange	9	15	13	(40)	15
Commodity	2	3	9	(33)	(67)
Equity	16	23	23	(30)	0
Diversification benefit	(39)	(59)	(58)	(34)	2
Average one-day, 98% risk management Value-at-Risk	41	55	80	(25)	(31)

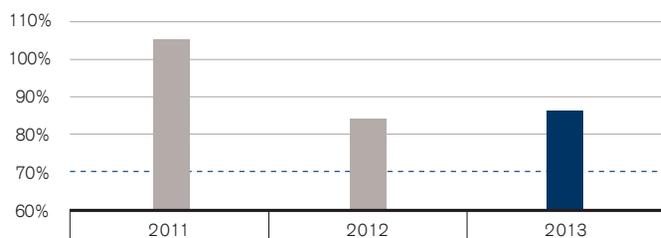
KEY PERFORMANCE INDICATORS

We target a divisional cost/income ratio of 70% for the Investment Banking division. The cost/income ratio was 86.2% in 2013, compared to 84.2% in 2012 and 104.9% in 2011. The cost/income ratio for our strategic results was 70.6% in 2013, compared to 74.5% in 2012 and 92.6% in 2011.

► Refer to "Key performance indicators" in Core Results for further information.

Cost/income ratio (KPI)

Investment Banking



--- Target is a cost/income ratio of 70%.

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Investment Banking		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Statements of operations (CHF million)									
Net revenues	13,164	13,385	11,129	(599)	(827)	(669)	12,565	12,558	10,460
Provision for credit losses	11	(12)	32	2	-	44	13	(12)	76
Compensation and benefits	5,326	5,881	6,166	109	189	305	5,435	6,070	6,471
Total other operating expenses	3,974	4,089	4,142	1,424	409	364	5,398	4,498	4,506
Total operating expenses	9,300	9,970	10,308	1,533	598	669	10,833	10,568	10,977
Income/(loss) before taxes	3,853	3,427	789	(2,134)	(1,425)	(1,382)	1,719	2,002	(593)
Balance sheet statistics (CHF million, except where indicated)									
Risk-weighted assets – Basel III	138,853	150,259	-	17,549	21,252	-	156,402	171,511	-
Risk-weighted assets – Basel III (USD)	156,041	164,199	-	19,721	23,224	-	175,762	187,423	-
Total assets	475,516	529,652	600,680	27,283	34,106	40,586	502,799	563,758	641,266
Swiss leverage exposure	644,800	-	-	77,700	-	-	722,500	-	-

Strategic results

OVERVIEW

The transformed Investment Banking division delivered strong profitability in 2013 on slightly lower revenues, a reduced cost base and lower leverage and capital usage. For 2013, our strategic businesses reported income before taxes of CHF 3,853 million compared to income before taxes of CHF 3,427 million in 2012. Net revenues were CHF 13,164 million compared to CHF 13,385 million in 2012.

Revenues in our strategic businesses were slightly lower as strong performance in our equities, credit and underwriting franchises were offset by lower rates and advisory results. Fixed income sales and trading revenues declined 15% compared to 2012, reflecting difficult trading conditions across most fixed income businesses. Equity sales and trading revenues increased 13%, reflecting continued market leadership and increased client activity notwithstanding reduced balance sheet usage. Underwriting and advisory results increased, reflecting significantly higher debt and equity underwriting results. These increases were partially offset by significantly lower advisory revenues, reflecting a decline in the total industry M&A fee pool.

Total operating expenses were CHF 9,300 million, down 7% from 2012. Compensation and benefits of CHF 5,326 million decreased by CHF 555 million, or 9%, from 2012, primarily reflecting lower deferred compensation expense from prior-year awards as 2012 included 2011 Partner Asset Facility (PAF2) expenses of CHF 411 million. Total other operating expenses of CHF 3,974 million were down 3% compared to 2012.

For 2012, our strategic business reported income before taxes of CHF 3,427 million compared to CHF 789 million in 2011. Net revenues were CHF 13,385 million compared to CHF 11,129 million in 2011. Results were stronger compared to 2011 driven by

substantially improved performance in our fixed income sales and trading business and higher revenues in our underwriting and advisory franchises.

Fixed income sales and trading revenues increased 53%, compared to a weak 2011, reflecting significantly higher revenues from securitized products and global credit products due to improved market conditions in 2012. Equity sales and trading revenues were stable compared to 2011 as substantially improved derivatives results and higher prime services revenues were offset by weaker cash equities performance due to muted client activity and lower trading volumes compared to 2011. Underwriting and advisory results were higher compared to 2011 reflecting strong debt underwriting results, partially offset by lower equity underwriting revenues. Additionally, advisory revenues were significantly higher as market share gains more than offset lower industry-wide completed M&A activity.

Total operating expenses were CHF 9,970 million, down 3% from 2011. Compensation and benefits of CHF 5,881 million decreased by CHF 285 million, or 5%, from 2011. Total other operating expenses of CHF 4,089 million were down 1% compared to 2011.

As of the end of 2013, our strategic businesses reported risk-weighted assets under Basel III of USD 156 billion reflecting further progress in reducing our risk-weighted assets. We reduced risk-weighted assets under Basel III by USD 8 billion from 2012, as USD 22 billion of position reductions offset increases of USD 8 billion due to methodology changes and parameter updates and an operational risk add-on of USD 6 billion in the fourth quarter of 2013. Additionally, we made significant progress reducing Swiss leverage exposure, reporting year-end leverage exposure of USD 725 billion.

Strategic results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Debt underwriting	1,902	1,617	1,404	18	15
Equity underwriting	766	552	713	39	(23)
Total underwriting	2,668	2,169	2,117	23	2
Advisory and other fees	658	1,042	856	(37)	22
Total underwriting and advisory	3,326	3,211	2,973	4	8
Fixed income sales and trading	5,300	6,221	4,057	(15)	53
Equity sales and trading	4,849	4,285	4,290	13	0
Total sales and trading	10,149	10,506	8,347	(3)	26
Other	(311)	(332)	(191)	(6)	74
Net revenues	13,164	13,385	11,129	(2)	20
Provision for credit losses	11	(12)	32	–	–
Compensation and benefits	5,326	5,881	6,166	(9)	(5)
General and administrative expenses	3,078	3,149	3,022	(2)	4
Commission expenses	896	940	1,120	(5)	(16)
Total other operating expenses	3,974	4,089	4,142	(3)	(1)
Total operating expenses	9,300	9,970	10,308	(7)	(3)
Income before taxes	3,853	3,427	789	12	334
Statement of operations metrics (%)					
Return on Basel III capital ¹	19.0	15.6	–	–	–
Cost/income ratio	70.6	74.5	92.6	–	–
Pre-tax income margin	29.3	25.6	7.1	–	–
Balance sheet statistics (CHF million, except where indicated)					
Risk-weighted assets – Basel III	138,853	150,259	–	(8)	–
Risk-weighted assets – Basel III (USD)	156,041	164,199	–	(5)	–
Total assets	475,516	529,652	600,680	(10)	(12)
Swiss leverage exposure	644,800	–	–	–	–

¹ Calculated using income after tax denominated in USD; assumes tax rate of 28% in 2013, 25% in 2012, 25% in 2011 and capital allocated at 10% of average risk-weighted assets.

The following provides a comparison of our strategic 2013 results versus 2012 and 2012 results versus 2011.

Net revenues

Debt underwriting

2013 vs 2012: Up 18% from CHF 1,617 million to CHF 1,902 million

The increase was driven by higher revenues in emerging markets, particularly in structured lending. We also had higher revenues from investment grade driven by market share gains and strong leveraged finance results, as robust high yield industry-wide issuance volumes offset lower market share.

2012 vs 2011: Up 15% from CHF 1,404 million to CHF 1,617 million

The increase was primarily due to higher results in leveraged finance, reflecting significantly higher industry-wide high yield issuance volumes. We also had higher investment grade revenues, driven by higher industry-wide issuance volumes that more than offset a modest decline in market share.

Equity underwriting

2013 vs 2012: Up 39% from CHF 552 million to CHF 766 million

The improvement was driven by strong performance across most major equity markets. We had significantly higher revenues from initial public offerings (IPOs) and follow-on offerings, as higher industry-wide issuance activity more than offset lower market share for both products.

2012 vs 2011: Down 23% from CHF 713 million to CHF 552 million

The decrease was due to lower revenues from follow-on offerings as lower market share more than offset higher industry-wide issuance volumes. We also had lower revenues from IPOs, reflecting lower industry-wide issuance volumes compared to 2011.

Advisory and other fees

2013 vs 2012: Down 37% from CHF 1,042 million to CHF 658 million

The decrease was primarily due to significantly lower M&A fees reflecting a decline in the total industry fee pool, which more than offset higher completed M&A market share and higher completed M&A volumes.

2012 vs 2011: Up 22% from CHF 856 million to CHF 1,042 million

The increase reflected substantially higher M&A fees and other advisory fees, driven by higher completed M&A market share, more than offsetting an industry-wide decline in completed M&A activity. We also had higher private placement fees, reflecting a large Private Investment in Public Equity transaction in the energy sector in 3Q12.

Fixed income sales and trading**2013 vs 2012: Down 15% from CHF 6,221 million to CHF 5,300 million**

Fixed income sales and trading revenues declined significantly, reflecting difficult trading conditions across many businesses. Global macro products revenues declined substantially, primarily driven by significantly weaker results from our rates franchise, reflecting reduced client activity and low trading volumes. Emerging markets revenues decreased, driven by lower trading and financing activity, reflecting less favorable market conditions. Securitized products revenues decreased as higher asset finance origination was more than offset by lower agency security trading activities. Corporate lending revenues also declined. These declines were partially offset by increased global credit products revenues, reflecting strong leveraged finance revenues. At the end of 2013, fixed income risk-weighted assets under Basel III totaled USD 91 billion, a reduction of USD 10 billion, or 10%, from the prior year.

2012 vs 2011: Up 53% from CHF 4,057 million to CHF 6,221 million

The increase was primarily due to significantly improved results in securitized products compared to a weak performance in 2011. The weak 2011 results reflected valuation reductions on client inventory, including ◻ commercial mortgage-backed securities and ◻ residential mortgage-backed securities, losses on sales of client inventory as we reduced risk-weighted assets, and subdued client flow. In 2012, we had higher revenues in global credit products due to improved market conditions and increased client appetite for high-yielding products. Substantial inventory reductions in securitized products and global credit products in late 2011 and early 2012 resulted in lower revenue volatility in 2012. In addition, we had higher results in emerging markets, reflecting strong performance in Latin America. Revenues from corporate lending also increased. These increases were partially offset by weaker results in global macro products, reflecting strong foreign exchange performance but lower rates revenues due to subdued client activity.

Equity sales and trading**2013 vs 2012: Up 13% from CHF 4,285 million to CHF 4,849 million**

The increased result reflected continued market leadership, higher equity values and increased client activity during the year. The increases were driven by substantially higher derivatives revenues due to robust client activity and strong performance in Asia. We also had higher results from systematic market making driven by improved global coverage and significant market events including quantitative easing in Japan and strong US equity markets that resulted in higher global equity volumes. Cash equities revenues increased, driven by market share gains in the US and Europe and more favorable trading conditions. Prime services revenues were resilient, albeit lower, reflecting sustained market leadership and increased client balances.

2012 vs 2011: Stable at CHF 4,285 million

We delivered significantly improved derivatives results compared to weak performance in 2011. We had higher results in prime services with increased market share ranking and higher client balances that more than offset lower hedge fund activity and leverage levels. These revenue increases were offset by lower results in cash equities due to muted client activity and lower trading volumes compared to 2011.

Operating expenses**Compensation and benefits****2013 vs 2012: Down 9% from CHF 5,881 million to CHF 5,326 million**

The decrease was primarily driven by lower deferred compensation expense from prior-year awards, as 2012 included PAF2 expenses of CHF 411 million, and lower salaries and other employee benefits, reflecting lower headcount.

2012 vs 2011: Down 5% from CHF 6,166 million to CHF 5,881 million

The decrease was primarily due to lower deferred compensation expense from prior-year awards. We also had lower salaries, reflecting lower headcount and lower discretionary performance-related compensation expense.

General and administrative expenses**2013 vs 2012: Down 2% from CHF 3,149 million to CHF 3,078 million**

The decrease was primarily driven by lower litigation provisions and lower technology costs.

2012 vs 2011: Up 4% from CHF 3,022 million to CHF 3,149 million

The increase reflected the foreign exchange translation impact. In US dollars, expenses decreased 2%, reflecting lower technology costs.

Non-strategic results

OVERVIEW

Non-strategic results for Investment Banking include the fixed income wind-down portfolio, legacy rates business, primarily non-exchange-cleared instruments and capital-intensive structured positions, legacy funding costs associated with non-Basel III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions.

Results reflected net revenue losses of CHF 599 million in 2013 compared to net revenue losses of CHF 827 million in 2012, driven by portfolio valuation gains and lower funding costs. Total operating expenses increased, primarily driven by significantly higher litigation provisions related to mortgage-related matters.

In 2013, we reduced risk-weighted assets under Basel III by USD 3 billion to USD 20 billion from the end of 2012. This compares to our target of USD 6 billion by year-end 2015. Additionally, we reported Swiss leverage exposure of USD 87 billion. This compares to our target of USD 24 billion in Swiss leverage exposure by year-end 2015.

In 2012, results reflected net revenue losses of CHF 827 million compared to net revenue losses of CHF 669 million in 2011, driven by increased losses from our fixed income wind-down portfolio and higher funding costs. Total operating expenses decreased, primarily driven by significantly lower compensation and benefits expense.

Non-strategic results

	in / end of			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net revenues	(599)	(827)	(669)	(28)	24
Provision for credit losses	2	0	44	–	(100)
Compensation and benefits	109	189	305	(42)	(38)
Total other operating expenses	1,424	409	364	248	12
of which litigation	1,220	192	102	–	88
Total operating expenses	1,533	598	669	156	(11)
Income/(loss) before taxes	(2,134)	(1,425)	(1,382)	50	3
Revenue details (CHF million)					
Fixed income wind-down	(32)	(597)	(388)	(95)	54
Legacy rates business	12	40	30	(70)	33
Legacy funding costs	(382)	(417)	(394)	(8)	6
Other	(197)	147	83	–	77
Net revenues	(599)	(827)	(669)	(28)	24
Balance sheet statistics (CHF million, except where indicated)					
Risk-weighted assets – Basel III	17,549	21,252	–	(17)	–
Risk-weighted assets – Basel III (USD)	19,721	23,224	–	(15)	–
Total assets	27,283	34,106	40,586	(20)	(16)
Swiss leverage exposure	77,700	–	–	–	–

The following provides a comparison of our non-strategic 2013 results versus 2012 and 2012 results versus 2011.

Net revenues

2013 vs 2012: Up 28% from CHF (827) million to CHF (599) million

We had reduced net revenue losses reflecting significant valuation gains in our fixed income wind-down portfolio driven by various portfolio management measures and lower funding costs. At the end of 2013, risk-weighted assets under Basel III totaled USD 20 billion, a reduction of USD 3 billion from 2012.

2012 vs 2011: Down 24% from CHF (669) million to CHF (827) million

Results reflected increased losses from our fixed income wind-down portfolio and higher funding costs, partially offset by

improved revenues from our legacy rates business and lower losses in other non-strategic positions.

Total operating expenses

2013 vs 2012: Up 156% from CHF 598 million to CHF 1,533 million

The increase was driven by significantly higher litigation provisions, primarily CHF 1,117 million in connection with mortgage-related matters in 2013, including in connection with the March 2014 FHFA settlement.

2012 vs 2011: Down 11% from CHF 669 million to CHF 598 million

The decrease was driven by significantly lower compensation and benefits partially offset by higher general and administrative expenses, driven by the higher litigation provisions.

Corporate Center

In 2013, we recorded a loss before taxes of CHF 1,455 million, primarily reflecting business realignment costs, fair value losses from movements in own credit spreads, reclassifications to discontinued operations and IT architecture simplification expenses.

Corporate Center results

	2013	2012	in 2011	13 / 12	% change 12 / 11
Statements of operations (CHF million)					
Net revenues	(790)	(2,781)	1,238	(72)	–
Provision for credit losses	2	0	0	–	–
Compensation and benefits	455	636	739	(28)	(14)
General and administrative expenses	196	464	77	(58)	–
Commission expenses	12	8	31	50	(74)
Total other operating expenses	208	472	108	(56)	337
Total operating expenses	663	1,108	847	(40)	31
Income/(loss) before taxes	(1,455)	(3,889)	391	(63)	–
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III ¹	15,306	16,590	–	(8)	–
Total assets	87,244	80,733	119,568	8	(32)
Swiss leverage exposure	83,622	–	–	–	–

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

Strategic and non-strategic results

in	Strategic results			Non-strategic results			Corporate Center		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Statements of operations (CHF million)									
Net revenues	(55)	(235)	(106)	(735)	(2,546)	1,344	(790)	(2,781)	1,238
Provision for credit losses	2	0	0	0	0	0	2	0	0
Compensation and benefits	153	148	228	302	488	511	455	636	739
Total other operating expenses	138	151	59	70	321	49	208	472	108
Total operating expenses	291	299	287	372	809	560	663	1,108	847
Income/(loss) before taxes	(348)	(534)	(393)	(1,107)	(3,355)	784	(1,455)	(3,889)	391

RESULTS OVERVIEW

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate inter-company revenues and expenses.

Corporate Center separately presents non-strategic items, which management does not consider representative of our core performance.

► Refer to "Introduction of non-strategic units" in Credit Suisse – Information and developments – Format of presentation and changes in reporting for further information on non-strategic items.

The following provides a comparison of our 2013 results versus 2012 and 2012 results versus 2011.

Income/(loss) before taxes

2013 vs 2012: From CHF (3,889) million to CHF (1,455) million

Improved results mainly reflected lower fair value losses on own credit spreads of CHF 315 million, compared to CHF 2,939 million in 2012. The fair value losses on own long-term vanilla debt reflected the narrowing of credit spreads on senior and subordinated debt across most currencies. 2013 results also included lower business realignment costs of CHF 394 million, compared to CHF 680 million in 2012. Business realignment costs in 2013 primarily consisted of severance and other compensation expenses relating to Group-wide cost efficiency initiatives. 2012 results

included litigation provisions related to National Century Financial Enterprises, Inc. (NCFE), with no litigation provisions in Corporate Center in 2013. These positive impacts on 2013 results were partly offset by lower gains on sale of real estate of CHF 68 million in 2013, compared to CHF 533 million in 2012, and IT architecture simplification costs of CHF 128 million in 2013. Additionally, Corporate Center's 2013 results included losses of CHF 220 million comprising reclassifications to discontinued operations of revenues and expenses relating to the 2013 sales of our ETF business and Strategic Partners, and the announced sales of CFG, which was completed in January 2014, and our domestic private banking business booked in Germany.

2012 vs 2011: From CHF 391 million to CHF (3,889) million

The decrease from a gain to a loss primarily reflected fair value losses on own credit spreads of CHF 2,939 million in 2012, compared to fair value gains of CHF 1,616 million in 2011. The fair value losses on own long-term vanilla debt reflected the narrowing of credit spreads on senior and subordinated debt across most currencies. The 2012 losses also included litigation provisions of CHF 227 million from the settlement of NCFE-related litigation. The losses in 2012 were partially offset by higher gains from the sale of real estate of CHF 533 million in 2012, compared to CHF 72 million in 2011 and lower business realignment costs of CHF 680 million in 2012, compared to CHF 847 million in 2011. The business realignment costs primarily consisted of severance and other compensation expenses relating to the Group-wide cost efficiency initiatives.

Non-strategic results

	in			% change	
	2013	2012	2011	13 / 12	12 / 11
Statements of operations (CHF million)					
Net revenues	(735)	(2,546)	1,344	(71)	–
Provision for credit losses	0	0	0	–	–
Total operating expenses	372	809	560	(54)	44
Income/(loss) before taxes	(1,107)	(3,355)	784	(67)	–
of which fair value impact from movements in own credit spreads	(315)	(2,939)	1,616	(89)	–
of which realignment costs ¹	(394)	(680)	(847)	(42)	(20)
of which IT architecture simplification expenses	(128)	0	0	–	–
of which real estate sales	68	533	72	(87)	–
of which litigation provisions	0	(227) ²	0	100	–
of which legacy funding costs ³	(57)	(85)	(80)	(33)	6
of which reclassifications to discontinued operations ⁴	(220)	9	11	–	(18)
of which other non-strategic items	(61)	34	12	–	183

¹ Business realignment costs relating to divisional realignment costs are prospectively presented in the relevant divisional non-strategic results beginning in the fourth quarter of 2013.

² Represents litigation provisions related to NCFE.

³ Represents legacy funding costs associated with non-Basel III compliant debt instruments.

⁴ Includes reclassifications to discontinued operations of revenues and expenses arising from the sale of our ETF business, Strategic Partners and CFGI and the announced sale of our domestic private banking business booked in Germany.

Impact from movements in own credit spreads

Our Core Results revenues are impacted by changes in credit spreads on fair-valued Credit Suisse long-term vanilla debt and ◉ debit valuation adjustments (DVA) relating to certain structured notes liabilities carried at ◉ fair value. Our Core Results are also impacted by fair value gains/(losses) on stand-alone derivatives

relating to certain of our funding liabilities and reflect the volatility of cross-currency swaps and yield curve volatility and, over the life of the ◉ derivatives, will result in no net gains/(losses). These fair value gains/(losses) are recorded in the Corporate Center.

	in		
	2013	2012	2011
Impact from movements in own credit spreads (CHF million)			
Fair value gains/(losses) from movements in own credit spreads	(315)	(2,939)	1,616
of which fair value gains/(losses) on own long-term vanilla debt	(268)	(1,663)	1,210
of which fair value gains/(losses) from DVA on structured notes	(130)	(958)	697
of which fair value gains/(losses) on stand-alone derivatives	83	(318)	(291)

Assets under management

As of December 31, 2013, assets under management from continuing operations were CHF 1,253.4 billion, up 4.6% compared to December 31, 2012, primarily reflecting positive market movements and net new assets of CHF 36.1 billion.

ASSETS UNDER MANAGEMENT

Assets under management reflect the changes in reporting as discussed in "Credit Suisse – Information and developments – Format of presentation and changes in reporting".

Assets under management comprise assets that are placed with us for investment purposes and include discretionary and advisory counterparty assets.

Discretionary assets are assets for which the client fully transfers the discretionary power to a Credit Suisse entity with a management mandate. Discretionary assets are reported in the business in which the advice is provided as well as in the business in which the investment decisions take place. Assets managed by

Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic business are reported in each applicable business and eliminated at the divisional level.

Advisory assets include assets placed with us where the client is provided access to investment advice but retains discretion over investment decisions.

Assets under management and net new assets include assets managed by consolidated entities, joint ventures and strategic participations. Assets from joint ventures and participations are counted in proportion to our share in the respective entity.

► Refer to "Private Banking & Wealth Management" and "Note 37 – Assets under management" in V – Consolidated financial statements – Credit Suisse Group for further information on assets under management.

Assets under management and client assets

	2013	2012	end of 2011	13 / 12	% change 12 / 11
Assets under management (CHF billion)					
Wealth Management Clients	790.7	758.0	709.6	4.3	6.8
Corporate & Institutional Clients	250.0	223.8	203.0	11.7	10.2
Asset Management ¹	352.3	325.3	319.0	8.3	2.0
Non-strategic	44.4	84.7	84.6	(47.6)	0.1
Assets managed across businesses ²	(155.0)	(141.0)	(131.0)	9.9	7.6
Assets under management	1,282.4	1,250.8	1,185.2	2.5	5.5
of which continuing operations	1,253.4	1,197.8	1,133.5	4.6	5.7
of which discontinued operations	29.0	53.0	51.7	(45.3)	2.5
Assets under management from continuing operations	1,253.4	1,197.8	1,133.5	4.6	5.7
of which discretionary assets	397.6	365.5	338.5	8.8	8.0
of which advisory assets	855.8	832.3	795.0	2.8	4.7
Client assets (CHF billion)					
Wealth Management Clients	904.5	870.1	810.8	4.0	7.3
Corporate & Institutional Clients	353.3	323.0	305.2	9.4	5.8
Asset Management ¹	352.3	325.3	319.0	8.3	2.0
Non-strategic	51.8	88.0	87.4	(41.1)	0.7
Assets managed across businesses ²	(155.0)	(141.0)	(131.0)	9.9	7.6
Client assets	1,506.9	1,465.4	1,391.4	2.8	5.3
of which continuing operations	1,477.5	1,411.8	1,339.2	4.7	5.4
of which discontinued operations	29.4	53.6	52.2	(45.1)	2.7

¹ Excludes our portion of assets under management from our former investment in Aberdeen.

² Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and non-strategic businesses.

Growth in assets under management

in	2013	2012	2011
Growth in assets under management (CHF billion)			
Net new assets from continuing operations	36.1	11.4	43.7
Net new assets from discontinued operations	(4.0)	(0.6)	2.9
Net new assets	32.1	10.8	46.6
of which Wealth Management Clients	18.9	20.6	35.1
of which Corporate & Institutional Clients	8.8	1.5	5.3
of which Asset Management ¹	15.0	(8.3)	3.8
of which non-strategic	(5.9)	(2.1)	3.5
of which assets managed across businesses ²	(4.7)	(0.9)	(1.1)
Other effects from continuing operations	19.5	52.9	(63.5)
Other effects from discontinued operations	(20.0)	1.9	(3.1)
Other effects	(0.5)	54.8	(66.6)
of which Wealth Management Clients	13.8	27.8	(48.8)
of which Corporate & Institutional Clients	17.4	19.3	1.8
of which Asset Management	12.0	14.6	(18.2)
of which non-strategic	(34.4)	2.2	(5.2)
of which assets managed across businesses ²	(9.3)	(9.1)	3.8
Growth in assets under management from continuing operations	55.6	64.3	(19.8)
Growth in assets under management from discontinued operations	(24.0)	1.3	(0.2)
Growth in assets under management	31.6	65.6	(20.0)
of which Wealth Management Clients	32.7	48.4	(13.7)
of which Corporate & Institutional Clients	26.2	20.8	7.1
of which Asset Management ¹	27.0	6.3	(14.4)
of which non-strategic	(40.3)	0.1	(1.7)
of which assets managed across businesses ²	(14.0)	(10.0)	2.7
Growth in assets under management (%)			
Net new assets from continuing operations	3.0	1.0	3.8
Net new assets from discontinued operations	(7.5)	(1.2)	5.6
Net new assets	2.5	0.9	3.9
of which Wealth Management Clients	2.5	2.9	4.9
of which Corporate & Institutional Clients	3.9	0.7	2.7
of which Asset Management ¹	4.6	(2.6)	1.1
of which non-strategic	(7.0)	(2.5)	4.1
of which assets managed across businesses ²	3.3	0.7	0.8
Other effects from continuing operations	1.6	4.7	(5.5)
Other effects from discontinued operations	(37.8)	3.6	(6.0)
Other effects	0.0	4.6	(5.6)
of which Wealth Management Clients	1.8	3.9	(6.8)
of which Corporate & Institutional Clients	7.8	9.5	0.9
of which Asset Management	3.7	4.6	(5.4)
of which non-strategic	(40.6)	2.6	(6.1)
of which assets managed across businesses ²	6.6	6.9	(2.8)
Growth in assets under management from continuing operations	4.6	5.7	(1.7)
Growth in assets under management from discontinued operations	(45.3)	2.4	(0.4)
Growth in assets under management	2.5	5.5	(1.7)
of which Wealth Management Clients	4.3	6.8	(1.9)
of which Corporate & Institutional Clients	11.7	10.2	3.6
of which Asset Management ¹	8.3	2.0	(4.3)
of which non-strategic	(47.6)	0.1	(2.0)
of which assets managed across businesses ²	9.9	7.6	(2.0)

¹ Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

² Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and non-strategic businesses.

In 2013, assets under management from continuing operations of CHF 1,253.4 billion increased by CHF 55.6 billion, or 4.6%, compared to the end of 2012, reflecting positive market movements and net new assets, partly offset by adverse foreign exchange-related movements and structural effects, primarily from the sales of businesses.

In our strategic portfolio, Wealth Management Clients contributed assets under management of CHF 790.7 billion, which increased 4.3% compared to the end of 2012, as positive market movements and net new assets of CHF 18.9 billion were partially offset by adverse foreign exchange-related movements. In Corporate & Institutional Clients in Switzerland, assets under management of CHF 250.0 billion increased CHF 26.2 billion, or 11.7%, compared to the end of 2012, mainly driven by positive market movements and CHF 8.8 billion of net new assets. In Asset Management, assets under management were CHF 352.3 billion, an increase of CHF 27.0 billion, or 8.3%, compared to the end of 2012, reflecting positive market performance and net asset inflows of CHF 15.0 billion, partially offset by negative foreign exchange-related movements.

In our non-strategic portfolio, assets under management declined 47.6% to CHF 44.4 billion mainly reflecting the sale of our ETF and secondary private equity businesses, of which CHF 29.0 billion were classified as discontinued operations.

CLIENT ASSETS

Client assets is a broader measure than assets under management as it includes transactional and custody accounts (assets held solely for transaction-related or safekeeping/custody purposes) and assets of corporate clients and public institutions used primarily for cash management or transaction-related purposes.

Net new assets

in	2013	2012	2011
Net new assets (CHF billion)			
Wealth Management Clients	18.9	20.6	35.1
Corporate & Institutional Clients	8.8	1.5	5.3
Asset Management	15.0	(8.3)	3.8
Non-strategic	(5.9)	(2.1)	3.5
Assets managed across businesses ¹	(4.7)	(0.9)	(1.1)
Net new assets	32.1	10.8	46.6
of which continuing operations	36.1	11.4	43.7
of which discontinued operations	(4.0)	(0.6)	2.9

¹ Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.

NET NEW ASSETS

Net new assets include individual cash payments, delivery of securities and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not included as they do not reflect success in acquiring assets under management.

Furthermore, changes due to foreign exchange-related and market movements as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

In 2013, we recorded net new assets from continuing operations of CHF 36.1 billion.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 18.9 billion, particularly with inflows from emerging markets and our UHNWI client segment, partially offset by Western European cross-border outflows. Corporate & Institutional Clients in Switzerland reported strong net new assets of CHF 8.8 billion. Asset Management recorded significant net new assets of CHF 15.0 billion, mainly from credit and index strategies and hedge fund products, partially offset by outflows from fixed income.

In our non-strategic portfolio, net asset outflows of CHF 5.9 billion reflected the exit of certain businesses, of which CHF 4.0 billion were classified as discontinued operations.

In February 2014, we advised the Permanent Subcommittee on Investigations of the US Senate, among other authorities, that we would undertake a review of our internal processes relating to net new assets.

Critical accounting estimates

In order to prepare the consolidated financial statements in accordance with US GAAP, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgment 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 the consolidated financial statements are prudent, reasonable and consistently applied.

We believe that the critical accounting estimates discussed below involve the most complex judgments and assessments.

► Refer to “Note 1 – Summary of significant accounting policies” and “Note 2 – Recently issued accounting standards” in V – Consolidated financial statements – Credit Suisse Group for further information on significant accounting policies and new accounting pronouncements. For financial information relating to the Bank, refer to the corresponding notes in the consolidated financial statements of the Bank.

FAIR VALUE

A significant portion of our assets and liabilities are carried at ◊ fair value. The fair value of the majority of these financial instruments is based on quoted prices in active markets or observable inputs.

In addition, we hold financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain ◊ OTC derivatives including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and ◊ CDO securities, private equity investments, certain loans and credit products (including leveraged finance, certain syndicated loans and certain high yield bonds) and life finance instruments.

We have availed ourselves of the simplification in accounting offered under the fair value option guidance in Accounting Standards Codification (ASC) Topic 825 – Financial Instruments, primarily in Investment Banking and in Private Banking & Wealth Management’s Asset Management business. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. For instruments for which hedge accounting could not be achieved and for which we are economically hedged, we have elected the fair value option. Where we manage an activity on a fair value basis but previously have been unable to achieve fair value accounting, we have utilized the fair value option to align our financial accounting to our risk management reporting.

Control processes are applied to ensure that the fair values of the financial instruments reported in the consolidated financial

statements, including those derived from pricing models, are appropriate and determined on a reasonable basis.

► Refer to “Note 34 – Financial instruments” in V – Consolidated financial statements – Credit Suisse Group for further information on fair value and related control processes of the Group.

VARIABLE INTEREST ENTITIES

As a normal part of our business, we engage in various transactions that include entities which are considered VIEs. VIEs are special purpose entities that typically lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under US GAAP, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that has the power to direct the activities that most significantly affect the economics of the VIE and potentially has significant benefits or losses in the VIE. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, including ongoing reassessment of VIEs for possible consolidation, may require the exercise of significant management judgment.

► Refer to “Note 1 – Summary of significant accounting policies” and “Note 33 – Transfers of financial assets and variable interest entities” in V – Consolidated financial statements – Credit Suisse Group for further information on VIEs.

CONTINGENCIES AND LOSS PROVISIONS

A contingency is an existing condition that involves a degree of uncertainty that will ultimately be resolved upon the occurrence or non-occurrence of future events.

Litigation contingencies

We are involved in a variety of judicial, regulatory and arbitration matters in connection with the conduct of our businesses. It is inherently difficult to predict the outcome of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In presenting our consolidated financial statements, management makes estimates regarding the outcome of judicial, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Charges, other than those taken for costs of defense, are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, our defenses and experience in similar matters, as well as our assessment of

matters, including settlements, involving other defendants in similar or related cases or proceedings.

► Refer to “Note 38 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for further information on legal proceedings.

Allowance and provision for credit losses

As a normal part of our business, we are exposed to credit risk through our lending relationships, commitments and letters of credit as well as counterparty risk on derivatives, foreign exchange and other transactions. Credit risk is the possibility of a loss being incurred 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. In the event of a default, we generally incur a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company. The allowance for loan losses is considered a reasonable estimate of credit losses existing at the dates of the consolidated balance sheets. This allowance is for probable credit losses inherent in existing exposures and credit exposures specifically identified as impaired.

► Refer to “Note 1 – Summary of significant accounting policies” and “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group for further information on allowance for loan losses.

Inherent loan loss allowance

The inherent loan loss allowance is for all credit exposures not specifically identified as impaired and that, on a portfolio basis, are considered to contain probable inherent loss. The estimate of this component of the allowance for the consumer loans portfolio involves applying historical and current default probabilities, historical recovery experience and related current assumptions to homogenous loans based on internal risk rating and product type. To estimate this component of the allowance for the corporate & institutional loans portfolio, the Group segregates loans by risk, industry or country rating. The methodology for Investment Banking adjusts the rating-specific default probabilities to incorporate not only historic third-party data but also those implied from current quoted credit spreads.

Many factors are evaluated in estimating probable credit losses inherent in existing exposures. These factors include: the volatility of default probabilities; rating changes; the magnitude of the potential loss; internal risk ratings; geographic, industry and other economic factors; and imprecision in the methodologies and models used to estimate credit risk. Overall credit risk indicators are also considered, such as trends in internal risk-rated exposures, classified exposures, cash-basis loans, recent loss experience and forecasted write-offs, as well as industry and geographic concentrations and current developments within those segments or locations. Our current business strategy and credit process, including

credit approvals and limits, underwriting criteria and workout procedures, are also important factors.

Significant judgment is exercised in the evaluation of these factors. For example, estimating the amount of potential loss requires an assessment of the period of the underlying data. Data that does not capture a complete credit cycle may compromise the accuracy of loss estimates. Determining which external data relating to default probabilities should be used and when it should be used also requires judgment. The use of market indices and ratings that do not sufficiently correlate to our specific exposure characteristics could also affect the accuracy of loss estimates. Evaluating the impact of uncertainties regarding macroeconomic and political conditions, currency devaluations on cross-border exposures, changes in underwriting criteria, unexpected correlations among exposures and other factors all require significant judgment. Changes in our estimates of probable loan losses inherent in the portfolio could have an impact on the provision and result in a change in the allowance.

Specific loan loss allowances

We make provisions for specific loan losses on impaired loans based on regular and detailed analysis of each loan in the portfolio. This analysis includes an estimate of the realizable value of any collateral, the costs associated with obtaining repayment and realization of any such collateral, the counterparty's overall financial condition, resources and payment record, the extent of our other commitments to the same counterparty and prospects for support from any financially responsible guarantors.

The methodology for calculating specific allowances involves judgments at many levels. First, it involves the early identification of deteriorating credit. Extensive judgment is required in order to properly evaluate the various indicators of the financial condition of a counterparty and likelihood of repayment. The failure to identify certain indicators or give them proper weight could lead to a different conclusion about the credit risk. The assessment of credit risk is subject to inherent limitations with respect to the completeness and accuracy of relevant information (for example, relating to the counterparty, collateral or guarantee) that is available at the time of the assessment. Significant judgment is exercised in determining the amount of the allowance. Whenever possible, independent, verifiable data or our own historical loss experience is used in models for estimating loan losses. However, a significant degree of uncertainty remains when applying such valuation techniques. Under our loan policy, the classification of loan status also has a significant impact on the subsequent accounting for interest accruals.

► Refer to “Risk Management” in III – Treasury, Risk, Balance sheet and Off-balance sheet and “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group for loan portfolio disclosures, valuation adjustment disclosures and certain other information relevant to the evaluation of credit risk and credit risk management.

GOODWILL IMPAIRMENT

Under US GAAP, goodwill is not amortized, but is reviewed for potential impairment on an annual basis as of December 31 and at any other time that events or circumstances indicate that the carrying value of goodwill may not be recoverable.

For the purpose of testing goodwill for impairment, each reporting unit is assessed individually. A reporting unit is an operating segment or one level below an operating segment, also referred to as a component. A component of an operating segment is deemed to be a reporting unit if the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. In Private Banking & Wealth Management, Wealth Management Clients, Corporate & Institutional Clients, Asset Management and Private Banking & Wealth Management's non-strategic unit are considered to be reporting units. Investment Banking is considered to be one reporting unit.

With the adoption of Accounting Standards Update 2011-08, "Testing Goodwill for Impairment" (ASU 2011-08), on January 1, 2012 a qualitative assessment is permitted to evaluate whether a reporting unit's fair value is less than its carrying value. If on the basis of the qualitative assessment it is more likely than not that the reporting unit's fair value is higher than its carrying value, no quantitative goodwill impairment test is required. If on the basis of the qualitative assessment it is more likely than not that the reporting unit's fair value is lower than its carrying value, the first step of the quantitative goodwill impairment test must be performed, by calculating the fair value of the reporting unit and comparing that amount to its carrying value. If the fair value of a reporting unit exceeds its carrying value, there is no goodwill impairment. If the carrying value exceeds the fair value, the second step of the quantitative goodwill impairment test, measuring the amount of an impairment loss, if any, has to be performed.

The qualitative assessment is intended to be a simplification of the annual impairment test and can be bypassed for any reporting unit and any period to proceed directly to performing the first step of the quantitative goodwill impairment test. When bypassing the qualitative assessment in any period as per the current practice of the Group, the preparation of a qualitative assessment can be resumed in any subsequent period.

Circumstances that could trigger an initial qualitative assessment or the first step of the goodwill impairment test include, but are not limited to: (i) macroeconomic conditions such as a deterioration in general economic conditions or other developments in equity and credit markets; (ii) industry and market considerations such as a deterioration in the environment in which the entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), and regulatory or political developments; (iii) other relevant entity-specific events such as changes in management, key personnel or strategy; (iv) a more-likely-than-not expectation of selling or disposing of all, or a portion, of a reporting unit; (v) results of testing for recoverability of a significant asset group within a reporting unit; (vi) recognition of a goodwill impairment in

the financial statements of a subsidiary that is a component of a reporting unit; and (vii) a sustained decrease in share price (considered in both absolute terms and relative to peers).

The carrying value of each reporting unit for the purpose of the goodwill impairment test is determined by considering the reporting units' risk-weighted assets usage, leverage ratio exposure, deferred tax assets, cumulative translation adjustments, goodwill and intangible assets. Any residual equity, after considering the total of these elements, is allocated to the reporting units on a pro-rata basis. As of December 31, 2013, such residual equity was equal to CHF 9,425 million. Previously, the carrying value of each reporting unit was determined on the basis of the reporting units' allocated economic capital. The enhanced method of determining the carrying value of the reporting units reflects the current manner in which these businesses are managed as well as the regulatory capital constraints faced by each reporting unit. As of December 31, 2013, the goodwill was tested for impairment under both methods for determining the carrying value of each reporting unit.

Factors considered in determining the fair value of reporting units include, among other things: an evaluation of recent acquisitions of similar entities in the market place; current share values in the market place for similar publicly traded entities, including price multiples; recent trends in our share price and those of competitors; estimates of our future earnings potential based on our three-year strategic business plan; and the level of interest rates.

Estimates of our future earnings potential, and that of the reporting units, involve considerable judgment, including management's view on future changes in market cycles, the regulatory environment, the anticipated result of the implementation of business strategies, competitive factors and assumptions concerning the retention of key employees. Adverse changes in the estimates and assumptions used to determine the fair value of the Group's reporting units may result in a goodwill impairment in the future.

An estimated balance sheet for each reporting unit is prepared on a quarterly basis. If the second step of the goodwill impairment test is required, the implied fair value of the relevant reporting unit's goodwill is compared with the carrying value of that goodwill. If the carrying value exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to that excess. The loss recognized as a goodwill impairment cannot exceed the carrying value of that goodwill. The implied fair value of goodwill is calculated in the same manner as the amount of goodwill recognized in a business combination and, as such, the current fair value of a reporting unit is assigned to all of the assets and liabilities of that unit (including any unrecognized intangible assets, but excluding goodwill) as if the reporting unit had been acquired in a business combination. An independent valuation expert would likely be engaged to assist in the valuation of the reporting unit's unrecognized intangible assets.

Based on our goodwill impairment analysis performed as of December 31, 2013, we concluded that the estimated fair value for three of the reporting units in the Private Banking & Wealth Management division substantially exceeded their related carrying values and no impairment was necessary as of December 31,

2013. The fair value of Private Banking & Wealth Management's non-strategic reporting unit at the date of its creation in the fourth quarter of 2013 was lower than the estimated book value and as a result we recorded a CHF 12 million goodwill impairment charge.

There was no impairment necessary for our Investment Banking reporting unit as the estimated fair value substantially exceeded its carrying value. The Group engaged the services of an independent valuation specialist to assist in the valuation of the reporting unit as of December 31, 2013 using a combination of the market approach and income approach. Under the market approach, consideration is given to price to projected earnings multiples or price to book value multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries. Under the income approach, a discount rate was applied that reflects the risk and uncertainty related to the reporting unit's projected cash flows.

The results of the impairment evaluation of each reporting unit's goodwill would be significantly impacted by adverse changes in the underlying parameters used in the valuation process. If actual outcomes adversely differ by a sufficient margin from our best estimates of the key economic assumptions and associated cash flows applied in the valuation of the reporting unit, we could potentially incur material impairment charges in the future.

► Refer to "Note 20 – Goodwill" in V – Consolidated financial statements – Credit Suisse Group for further information on goodwill.

TAXES

Uncertainty of income tax positions

We follow the guidance in ASC Topic 740 – Income Taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain income tax positions.

Significant judgment is required in determining whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Further judgment is required to determine the amount of benefit eligible for recognition in the consolidated financial statements.

► Refer to "Note 27 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information on income tax positions.

Deferred tax valuation allowances

Deferred tax assets and liabilities are recognized for the estimated future tax effects of operating loss carry-forwards and temporary differences between the carrying values of existing assets and liabilities and their respective tax bases at the dates of the consolidated balance sheets.

The realization of deferred tax assets on temporary differences is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. The realization of deferred tax assets on net operating losses is dependent upon the generation of taxable income during the periods prior to their expiration, if applicable. Management regularly evaluates whether deferred tax assets will be realized. If management considers it more likely than not that all or a portion of a

deferred tax asset will not be realized, a corresponding valuation allowance is established. In evaluating whether deferred tax assets will be realized, management considers both positive and negative evidence, including projected future taxable income, the reversal of deferred tax liabilities which can be scheduled and tax planning strategies.

This evaluation requires significant management judgment, primarily with respect to projected taxable income. Future taxable income can never be predicted with certainty. It is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management's control. Substantial variance of actual results from estimated future taxable profits, or changes in our estimate of future taxable profits and potential restructurings, could lead to changes in deferred tax assets being realizable, or considered realizable, and would require a corresponding adjustment to the valuation allowance.

As part of its normal practice, management has conducted a detailed evaluation of its expected future results. This evaluation has taken into account the Group's commitment to the integrated banking model and the importance of the Investment Banking segment within the integrated bank, as well as the changes announced in 2012 and the reduction in risk since 2008. This evaluation has indicated the expected future results that are likely to be earned in jurisdictions where the Group has significant deferred tax assets, such as the US, the UK and Switzerland. Management then compared those expected future results with the applicable law governing utilization of deferred tax assets. US tax law allows for a 20-year carry-forward period for net operating losses, UK tax law allows for an unlimited carry-forward period for net operating losses and Swiss tax law allows for a seven-year carry-forward period for net operating losses.

► Refer to "Note 27 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information on deferred tax assets.

PENSION PLANS

The Group

The Group covers pension requirements, in both Swiss and non-Swiss locations, through various defined benefit pension plans and defined contribution pension plans.

Our funding policy with respect to these pension plans is consistent with local government and tax requirements.

The calculation of the expense and liability associated with the defined benefit pension plans requires an extensive use of assumptions, which include the discount rate, expected return on plan assets and rate of future compensation increases. Management determines these assumptions based upon currently available market and industry data and historical experience of the plans. Management also consults with an independent actuarial firm to assist in selecting appropriate assumptions and valuing its related liabilities. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions and specific experience of the plans (such as investment management over- or underperformance, higher or lower withdrawal rates and longer or shorter life spans of the

participants). Any such differences could have a significant impact on the amount of pension expense recorded in future years.

The funded status of our defined benefit pension and other post-retirement defined benefit plans are recorded in the consolidated balance sheets. The impacts from re-measuring the funded status (reflected in actuarial gains or losses) and from amending the plan (reflected in prior service cost or credits) are recognized in equity as a component of accumulated other comprehensive income/(loss) (AOCI).

The projected benefit obligation (PBO) of our total defined benefit pension plans as of December 31, 2013 included an amount related to our assumption for future salary increases of CHF 488 million, compared to CHF 534 million as of December 31, 2012. The accumulated benefit obligation (ABO) is defined as the PBO less the amount related to estimated future salary increases. The difference between the fair value of plan assets and the ABO was an overfunding of CHF 2,091 million for 2013, compared to an overfunding of CHF 698 million for 2012.

We are required to estimate the expected long-term rate of return on plan assets, which is then used to compute benefit costs recorded in the consolidated statements of operations. Estimating future returns on plan assets is particularly subjective, as the estimate requires an assessment of possible future market returns based on the plan asset mix. In calculating pension expense and in determining the expected long-term rate of return, we use the market-related value of assets. The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic benefit costs for the 12-month period following this date.

The expected weighted-average long-term rate of return used to determine the expected return on plan assets as a component of the net periodic benefit costs in 2013 and 2012 was 4.0% and 4.3%, respectively, for the Swiss plans and 6.2% and 6.4%, respectively, for the international plans. In 2013, if the expected long-term rate of return had been increased/decreased one percentage point, net pension expense for the Swiss plans would have decreased/increased CHF 144 million and net pension expense for the international plans would have decreased/increased CHF 26 million.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, we take into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows from benefit payments. The discount rate used for Swiss plans increased 0.4 percentage point from 2.2% as of December 31, 2012, to 2.6% as of December 31, 2013, mainly due to an increase in Swiss bond market rates. The average discount rate used for international plans increased 0.2 percentage point from 4.5% as of December 31, 2012, to 4.7% as of December 31, 2013, mainly due to an increase in bond market rates in the EU and the US, partially offset by a decrease in UK bond market rates. The discount rate affects both the pension expense and the PBO. For the

year ended December 31, 2013, a one percentage point decline in the discount rate for the Swiss plans would have resulted in an increase in the PBO of CHF 1,688 million and an increase in pension expense of CHF 126 million, and a one percentage point increase in the discount rate would have resulted in a decrease in the PBO of CHF 1,486 million and a decrease in the pension expense of CHF 141 million. A one percentage point decline in the discount rate for the international plans as of December 31, 2013 would have resulted in an increase in the PBO of CHF 604 million and an increase in pension expense of CHF 49 million, and a one percentage point increase in the discount rate would have resulted in a decrease in the PBO of CHF 487 million and a decrease in the pension expense of CHF 40 million.

Actuarial losses and prior service cost are amortized over the average remaining service period of active employees expected to receive benefits under the plan, which, as of December 31, 2013, was approximately nine years for the Swiss plans and 3 to 25 years for the international plans. The pre-tax expense associated with the amortization of net actuarial losses and prior service cost for defined benefit pension plans for the years ended December 31, 2013, 2012 and 2011 was CHF 245 million, CHF 165 million and CHF 152 million, respectively. The amortization of recognized actuarial losses and prior service cost for defined benefit pension plans for the year ending December 31, 2014, which is assessed at the beginning of the year, is expected to be CHF 77 million, net of tax. The impact from deviations between our actuarial assumptions and the actual developments of such parameters observed for our pension plans further impacts the amount of net actuarial losses or gains recognized in equity, resulting in a higher or lower amount of amortization expense in periods after 2014.

► Refer to "Note 30 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information on pension benefits.

The Bank

The Bank covers pension requirements for its employees in Switzerland through participation in a defined benefit pension plan sponsored by the Group (Group plan). Various legal entities within the Group participate in the Group plan, which is set up as an independent trust domiciled in Zurich. The Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic pension expense, PBO, ABO and the related amounts recognized in the consolidated balance sheets. The funded status of the Group plan is recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs or credits are recognized in equity as a component of AOCI.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expense or balance sheet amounts related to the Group plan are recognized by the Bank.

The Bank covers pension requirements for its employees in international locations through participation in various pension plans, which are accounted for as single-employer defined benefit pension plans or defined contribution pension plans.

In 2013, if the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return used to determine the expected return on plan assets as a component of the net periodic benefit costs would have been 4.0%. In 2013, the weighted-average expected long-term rate of return used to calculate the expected return on plan assets as a component of the net periodic benefit costs for the international single-employer defined benefit pension plans was 6.2%.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. For the year ended December 31, 2013, if the Bank had accounted for the Group plan as a defined benefit plan, the discount rate used in the measurement of the benefit obligation and net periodic benefit costs would have been 2.6% and 2.2%, respectively. For the year ended December 31, 2013, the weighted-average discount rates used in the measurement of the benefit obligation and the net periodic benefit costs for the

international single-employer defined benefit pension plans were 4.7% and 4.5%, respectively. A one percentage point decline in the discount rate for the international single-employer plans would have resulted in an increase in PBO of CHF 604 million and an increase in pension expense of CHF 49 million, and a one percentage point increase in the discount rate would have resulted in a decrease in PBO of CHF 487 million and a decrease in pension expense by CHF 40 million.

The Bank does not recognize any amortization of actuarial losses and prior service cost for the Group pension plan. Actuarial losses and prior service cost related to the international single-employer defined benefit pension plans are amortized over the average remaining service period of active employees expected to receive benefits under the plan. The pre-tax expense associated with the amortization of recognized net actuarial losses and prior service cost for the years ended December 31, 2013, 2012 and 2011 was CHF 79 million, CHF 73 million and CHF 51 million, respectively. The amortization of recognized actuarial losses and prior service cost for the year ending December 31, 2014, which is assessed at the beginning of the year, is expected to be CHF 38 million, net of tax.

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Treasury, Risk, Balance sheet and Off-balance sheet

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and other contractual obligations

Liquidity and funding management

During 2013, we maintained a strong liquidity and funding position. The majority of our unsecured funding was generated from core customer deposits and long-term debt.

OVERVIEW

Securities for funding and capital purposes are issued primarily by the Bank, our principal operating subsidiary and a US registrant. The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed; the latter typically to meet capital requirements, or as desired by management to support business initiatives.

Our liquidity and funding strategy is approved by the Capital Allocation and Risk Management Committee (CARMC) and overseen by the Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury. Treasury ensures adherence to our funding policy and the efficient coordination of the secured funding desks. This approach enhances our ability to manage potential liquidity and funding risks and to promptly adjust our liquidity and funding levels to meet stress situations. Our liquidity and funding profile is regularly reported to CARMC and the Board of Directors, who define our risk tolerance, including liquidity risk, and set parameters for the balance sheet and funding usage of our businesses. The Board of Directors is responsible for defining our overall tolerance for risk in the form of a risk appetite statement.

Our liquidity and funding profile reflects our strategy and risk appetite and is driven by business activity levels and the overall operating environment. We have adapted our liquidity and funding profile to reflect lessons learned from the financial crisis, the subsequent changes in our business strategy and regulatory developments. We have been an active participant in regulatory and industry forums to promote best practice standards on quantitative and qualitative liquidity management. Our internal liquidity risk management framework is subject to review and monitoring by the [Swiss Financial Market Supervisory Authority FINMA \(FINMA\)](#), other regulators and rating agencies.

REGULATORY FRAMEWORK

In April 2010 and March 2011, we implemented revised liquidity principles agreed with [FINMA](#), following its consultation with the Swiss National Bank (SNB), to ensure that the Group and the Bank have adequate holdings on a consolidated basis of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time.

In December 2010, the [Basel Committee on Banking Supervision \(BCBS\)](#) issued the [Basel III international framework for liquidity risk measurement, standards and monitoring](#). The Basel III framework includes a [liquidity coverage ratio \(LCR\)](#) and a [net stable funding ratio \(NSFR\)](#).

The LCR, which will be phased in beginning January 1, 2015 through January 1, 2019, addresses liquidity risk over a 30-day

period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet short-term liquidity needs under a severe stress scenario. The LCR is comprised of two components, the value of the stock of high-quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. Under the BCBS requirements, the ratio of liquid assets over net cash outflows is subject to an initial minimum requirement of 60%, which will increase by 10% for four years, reaching 100% by January 1, 2019.

The NSFR, which is expected to be introduced on January 1, 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is a complementary measure to the LCR and is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The NSFR is defined as the ratio of available stable funding over the amount of required stable funding and should always be at least 100%.

In January 2014, the BCBS issued final LCR rules and disclosure requirements that are to be implemented as part of banks' regular disclosures after January 1, 2015. The BCBS also proposed revisions to the NSFR, which are expected to become the minimum standard by the previously announced date of January 1, 2018.

In November 2012, the Swiss Federal Council adopted a liquidity ordinance (Liquidity Ordinance) that implements Basel III liquidity requirements into Swiss law subject, in part, to further rule-making. The Liquidity Ordinance entered into force on January 1, 2013. It requires appropriate management and monitoring of liquidity risks, and applies to all banks, but is tiered according to the type, complexity and degree of risk of a bank's activities. It also contains supplementary quantitative and qualitative requirements for systemically relevant banks, including us, which are generally consistent with existing FINMA liquidity requirements. In January 2014, the Swiss Federal Council and FINMA proposed revisions to the Liquidity Ordinance to reflect the final Basel III LCR rules. Under the proposal, systemically relevant banks like us will be subject to an initial minimum LCR requirement of 100% beginning in 2015.

Our revised liquidity principles and our liquidity risk management framework as agreed with FINMA are in line with the Basel III liquidity framework.

[Refer to "Basel framework" and "US – Capital and prudential supervision" in I – Information on the company – Regulation and supervision – Recent regulatory developments and proposals for further information.](#)

LIQUIDITY RISK MANAGEMENT FRAMEWORK

Our approach to liquidity risk management

Our liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this through a conservative asset/liability management strategy aimed at maintaining long-term funding, including stable deposits, well in excess of illiquid assets. To address short-term liquidity stress, we maintain a liquidity pool, described below, that covers unexpected outflows in the event of severe market and idiosyncratic stress. Our liquidity risk parameters reflect various liquidity stress assumptions that we believe are conservative. We manage our liquidity profile at a sufficient level such that, in the event we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time in excess of our minimum target.

Although the NSFR is not expected to be introduced until 2018 and is still subject to adjustment by the BCBS and FINMA, we began using the NSFR in 2012 as the primary tool to monitor our structural liquidity position, plan funding and as the basis for our funds transfer pricing policy. Pursuant to our announced plans to reduce our balance sheet, we further strengthened our long-term funding profile to accelerate the increase of our NSFR. We estimate that our NSFR under the current FINMA framework was in excess of 100% as of the end of 2013.

Our estimate is based on the definitions and methodologies outlined in the aforementioned BCBS Basel III international framework for liquidity risk measurement, standards and monitoring issued in December 2010, the previously noted Liquidity Ordinance implementing the Basel III liquidity requirements into Swiss law, and other guidance and requirements of FINMA. Where requirements are unclear or left to be determined by the BCBS and FINMA, we have made our own interpretation and assumptions which may not be consistent with those of other financial institutions. NSFR metrics are regulatory ratios whose disclosure is not yet formally required and, as such, represent non-GAAP financial measures.

In parallel with the NSFR, we continue to use our internal liquidity barometer to manage liquidity to internal targets and as a basis to model both Credit Suisse-specific and systemic market stress scenarios and their impact on funding and liquidity. Our internal barometer framework supports the management of our funding structure. It allows us to manage the time horizon over which the adjusted market value of unencumbered assets (including cash) exceeds the aggregate value of contractual outflows of unsecured liabilities plus a conservative forecast of anticipated contingent commitments. This barometer framework allows us to manage liquidity to a desired profile under stress in order to be able to continue to pursue activities for an extended period of time

(also known as a liquidity horizon) without changing business plans during times of Credit Suisse-specific or market-specific stress. Under this framework, we also have short-term targets based on additional stress scenarios to ensure uninterrupted liquidity for short time frames.

Our liquidity management framework allows us to run stress analyses on our balance sheet and off-balance sheet positions, which include, but are not limited to, the following:

- A multiple-notch downgrade in the Bank's long-term debt credit ratings, which would require additional funding as a result of certain contingent off-balance sheet obligations;
- Significant withdrawals from private banking client deposits;
- Potential cash outflows associated with the prime brokerage business;
- Availability of secured funding becomes subject to significant over-collateralization;
- Capital markets, certificates of deposit and commercial paper markets will not be available;
- Other money market access will be significantly reduced;
- A loss in funding value of unencumbered assets;
- The inaccessibility of assets held by subsidiaries due to regulatory, operational and other constraints;
- The possibility of providing non-contractual liquidity support in times of market stress, including purchasing our unsecured debt;
- Monitoring the concentration in sources of wholesale funding and thus encourage funding diversification;
- Monitoring the composition and analysis of the unencumbered assets;
- Restricted availability of foreign currency swap markets; and
- Other scenarios as deemed necessary from time to time.

Governance

Funding, liquidity, capital and our foreign exchange exposures in the banking book are managed centrally by Treasury. Oversight of these activities is provided by the CARMC, a committee that includes the chief executive officers (CEOs) of the Group and the divisions, the Chief Financial Officer, the Chief Risk Officer (CRO) and the Treasurer.

It is CARMC's responsibility to review the capital position, balance sheet development, current and prospective funding, interest rate risk and foreign exchange exposure and to define and monitor adherence to internal risk limits. CARMC regularly reviews the methodology and assumptions of our liquidity risk management framework and determines the liquidity horizon to be maintained.

All liquidity stress tests are coordinated and overseen by the CRO to ensure a consistent and coordinated approach across all risk disciplines.

Contingency planning

In the event of a liquidity crisis, our liquidity contingency plan provides for specific actions to be taken depending on the nature of the crisis. Our Treasurer activates the contingency plan upon receipt of various reports that pre-established trigger levels have been breached. Pre-defined further escalation ensures the involvement of senior management and CARMC, the delivery of information to regulators and the meeting of the funding execution committee, which establishes a specific action plan and coordinates business and funding activities. In all cases, the plan's priorities are to strengthen liquidity (immediate), reduce funding needs (medium term) and assess recovery options (longer term).

Liquidity pool

Treasury manages a sizeable portfolio of liquid assets, comprised of cash, high grade bonds, major market equity securities and other liquid securities, which serves as a liquidity pool. A portion of the liquidity pool is generated through ◻ reverse repurchase agreements with top-rated counterparties. Most of these liquid assets qualify as eligible assets under the BCBS liquidity standards. We are mindful of potential credit risk and therefore focus our liquidity holdings strategy on cash held at central banks and highly rated government bonds, also from short-term reverse repurchase agreements. These bonds are eligible as collateral for liquidity facilities with various central banks including the SNB, the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England. Our direct exposure on these bonds is limited

to highly liquid, top-rated sovereign entities or fully guaranteed agencies of sovereign entities. These securities may also serve to meet liquidity requirements for our local businesses.

All securities, including those obtained from reverse repurchase agreements, are subject to a stress level ◻ haircut that we apply for stress scenarios to reflect the risk that emergency funding may not be available at market value.

We centrally manage the liquidity pool and hold it at our main operating entities. Holding securities in these entities ensures that we can make liquidity and funding available to local entities in need without delay.

As of December 31, 2013, our liquidity pool, based on our internal model, was CHF 140 billion, net of the stress level haircut. The liquidity pool consisted of CHF 55 billion of cash held by major central banks, primarily the Fed, the SNB and the ECB, CHF 52 billion of securities issued by governments and government agencies, primarily of the US, Britain, France, Germany and Switzerland, and other highly liquid assets including fixed income securities of CHF 15 billion and liquid equity securities of CHF 18 billion that form part of major indices. As of December 31, 2013, our internal model included the application of a stress test level haircut equal to approximately 60% of the market value of non-cash positions in the liquidity pool. The haircut reflects our assessment of overall market risk at the time of measurement, potential monetization capacity taking into account increased haircuts, market volatility and the quality of the relevant securities.

Liquidity pool

December 31, 2013	Swiss franc	US dollar	Euro	Other currencies	Total
Liquidity pool by currencies (CHF billion)					
Cash held at central banks	23.8	27.5	2.5	0.7	54.5
Government bonds	3.1	23.5	10.3	15.1	52.0 ¹
Fixed income securities	0.6	12.6	0.0	1.9	15.1
Liquid equity securities	0.0	11.4	0.1	7.0	18.5
Total liquidity pool (based on internal model)	27.5	75.0	12.9	24.7	140.1

¹ Includes reverse repurchases of government bonds of CHF 19.1 billion.

FUNDING SOURCES AND USES

We fund our balance sheet primarily through core customer deposits, long-term debt and shareholders' equity. We monitor the funding sources, including their concentrations, according to their currency, tenor, geography and maturity, and whether they are secured or unsecured. A substantial portion of our balance sheet is ◻ match funded and requires no unsecured funding. Match funded balance sheet items consist of assets and liabilities with close to

equal liquidity durations and values so that the liquidity and funding generated or required by the positions are substantially equivalent.

Cash and due from banks and ◻ reverse repurchase agreements are highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, is comprised of securities inventories and collateralized receivables that fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities.

Balance sheet funding structure

as of December 31, 2013 (CHF billion)

Reverse repurchase agreements	84	Match funded	117	Repurchase agreements
Encumbered trading assets	73		40	Short positions
Funding-neutral assets ¹	122		122	Funding-neutral liabilities ¹
Cash & due from banks	70		41	Other short-term liabilities ²
			59	Due to banks
Unencumbered liquid assets ³	150		20	Short-term borrowings
Loans ⁴	243	122% coverage	297	Deposits
				time 62
				demand 143
				savings 64
				fiduciary 28
Other illiquid assets	131		130	Long-term debt
			47	Total equity
Assets	873		873	Liabilities and Equity

¹ Primarily includes brokerage receivables/payables, positive/negative replacement values and cash collateral.

² Primarily includes excess of funding neutral liabilities (brokerage payables) over corresponding assets.

³ Primarily includes unencumbered trading assets, unencumbered investment securities and excess reverse repurchase agreements, after haircuts.

⁴ Excludes loans with banks.

⁵ Excludes due to banks and certificates of deposit.

Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess coverage of 22% as of the end of 2013, compared to 20% as of the end of 2012, reflecting an increase in core customer deposits that more than offset an increase in loans. We fund other illiquid assets, including real estate, private equity and other long-term investments as well as a haircut for the illiquid portion of securities, with long-term debt and equity, in which we try to maintain a substantial funding buffer.

Our core customer deposits totaled CHF 297 billion as of the end of 2013, an increase of 4% compared to CHF 285 billion as of the end of 2012 and an increase of 7% compared to CHF 278 billion as of the end of 2011, reflecting growth in the customer deposit base in Private Banking & Wealth Management in 2013 and 2012. Core customer deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits from banks and certificates of deposit. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions. Our core customer deposit funding is supplemented by the issuance of long-term debt.

► Refer to the chart "Balance sheet funding structure" and "Balance sheet and off-balance sheet" for further information.

Funding management

Treasury is responsible for the development, execution and regular updating of our funding plan. The plan reflects projected business growth, development of the balance sheet, future funding needs and maturity profiles as well as the effects of changing market conditions.

Interest expense on long-term debt, excluding structured notes, is monitored and managed relative to certain indices, such as the London Interbank Offered Rate (LIBOR), that are relevant to the financial services industry. This approach to term funding best reflects the sensitivity of both our liabilities and our assets to changes in interest rates. Our average funding cost, which is allocated to the divisions, remained largely unchanged compared to the end of 2012.

We continually manage the impact of funding spreads through careful management of our liability maturity mix and opportunistic issuance of debt. The effect of funding spreads on interest expense depends on many factors, including the absolute level of the indices on which our funding is based.

We diversify our long-term funding sources by issuing structured notes, which are debt securities on which the return is linked to commodities, stocks, indices or currencies or other assets, as well as covered bonds. We generally hedge structured notes with positions in the underlying assets or derivatives.

We also use other collateralized financings, including repurchase agreements and securities lending agreements. The level of our repurchase agreements fluctuates, reflecting market opportunities, client needs for highly liquid collateral, such as US treasuries and agency securities, and the impact of balance sheet and risk-weighted asset (RWA) limits. In addition, matched book trades, under which securities are purchased under agreements to resell and are simultaneously sold under agreements to repurchase with comparable maturities, earn spreads, are relatively risk free and are generally related to client activity.

Our primary source of liquidity is funding through consolidated entities. The funding through non-consolidated special purpose entities (SPEs) and asset securitization activity is immaterial.

CONTRACTUAL MATURITY OF ASSETS AND LIABILITIES

The table below provides contractual maturities of the assets and liabilities specified as of the end of 2013. The contractual maturities are an important source of information for liquidity risk management. However, liquidity risk is also managed based on an

expected maturity that considers counterparty behavior and in addition takes into account certain off-balance sheet items such as derivatives. Liquidity risk management performs extensive analysis of counterparty behavioral assumptions under various stress scenarios.

Contractual maturity of assets and liabilities

end of 2013	On demand	Less than 1 month	Between 1 to 3 months	Between 3 to 12 months	Between 1 to 5 years	Greater than 5 years	Total
Assets (CHF million)							
Cash and due from banks	62,251	2,523	965	523	0	2,430	68,692
Interest-bearing deposits with banks	0	463	314	482	202	54	1,515
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	65,784	67,662	18,426	7,497	461	192	160,022
Securities received as collateral, at fair value	20,944	1,856	0	0	0	0	22,800
Trading assets, at fair value	229,413	0	0	0	0	0	229,413
Investment securities	4	103	53	480	1,768	579	2,987
Other investments	839	38	0	0	47	9,405	10,329
Net loans	6,990	49,039	25,371	44,550	84,454	36,650	247,054
Premises and equipment	0	0	0	0	0	5,091	5,091
Goodwill	0	0	0	0	0	7,999	7,999
Other intangible assets	0	0	0	0	0	210	210
Brokerage receivables	52,045	0	0	0	0	0	52,045
Other assets	28,363	11,938	498	1,863	9,342	11,061	63,065
Assets of discontinued operations held-for-sale	299	185	13	1,087	0	0	1,584
Total assets	466,932	133,807	45,640	56,482	96,274	73,671	872,806
Liabilities (CHF million)							
Due to banks	12,433	5,103	2,123	2,776	332	341	23,108
Customer deposits	248,744	20,338	29,529	29,318	4,560	600	333,089
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	20,365	53,683	12,460	6,664	809	51	94,032
Obligation to return securities received as collateral, at fair value	20,944	1,856	0	0	0	0	22,800
Trading liabilities, at fair value	76,635	0	0	0	0	0	76,635
Short-term borrowings	0	5,901	4,867	9,425	0	0	20,193
Long-term debt	0	6,825	3,402	10,887	68,919	40,009	130,042
Brokerage payables	73,154	0	0	0	0	0	73,154
Other liabilities	27,358	18,780	335	400	2,871	1,703	51,447
Liabilities of discontinued operations held-for-sale	1,093	8	13	26	0	0	1,140
Total liabilities	480,726	112,494	52,729	59,496	77,491	42,704	825,640

► Refer to "Contractual obligations and other commercial commitments" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations and "Note 32 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information on contractual maturities of guarantees and commitments.

DEBT ISSUANCES AND REDEMPTIONS

Our long term debt includes senior and subordinated debt issued in US-registered offerings and medium-term note programs, euro market medium-term note programs, stand-alone offerings, structured note programs, covered bond programs, Australian dollar domestic medium-term note programs and a Samurai shelf registration statement in Japan. As a global bank, we have access to multiple markets worldwide and our major funding centers are New York, London, Zurich and Tokyo.

Our issuances span a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Substantially all of our unsecured senior debt is issued without financial covenants, such as adverse changes in our credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in our cost of financing or accelerate the maturity of the debt. Our covered bond funding is in the form of mortgage-backed loans funded by domestic covered bonds issued through Pfandbriefbank Schweizerischer Hypothekarinstitute, one of two institutions established by a 1930 act of the Swiss Parliament to centralize the issuance of covered bonds, or from our own international covered bond program.

The table below provides information on long-term debt issuances, maturities and redemptions in 2013, excluding structured notes.

Debt issuances and redemptions

in 2013	Senior	Sub-ordinated	Long-term debt
Long-term debt (CHF billion, notional value)			
Issuances	2.3	6.1	8.4
of which unsecured	2.3	6.1	8.4
Maturities / Redemptions	(16.7)	(3.8)	(20.5)
of which unsecured	(15.8)	(3.8)	(19.6)
of which secured ¹	(0.9)	0.0	(0.9)

Excludes structured notes.

¹ Includes covered bonds.

As of the end of 2013, we had outstanding long-term debt of CHF 130 billion, which included senior and subordinated instruments. We had CHF 34.8 billion and CHF 14.3 billion of structured notes and covered bonds outstanding, respectively, as of the end of 2013 compared to CHF 36.6 billion and CHF 15.2 billion, respectively, as of the end of 2012. The weighted average maturity of long-term debt was 6.7 years (including certificates of deposit with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity or in 2030 for instruments without a stated final maturity).

▶ Refer to "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information.

Short-term borrowings increased 8% to CHF 20.2 billion as of the end of 2013 compared to CHF 18.6 billion in 2012.

▶ Refer to "Capital issuances and redemptions" in Capital management for further information on capital issuances, including buffer and progressive capital notes.

FUNDS TRANSFER PRICING

We maintain an internal funds transfer pricing system based on market rates. Our funds transfer pricing system is designed to allocate to our businesses all funding costs in a way that incentivizes their efficient use of funding. Our funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet usages and off-balance sheet contingencies. The funds transfer pricing framework ensures the full funding costs allocation under normal business conditions, but it is even of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this framework, our businesses are also credited to the extent they provide long-term stable funding.

CASH FLOWS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES

As a global financial institution, our cash flows are complex and interrelated and bear little relation to our net earnings and net assets. Consequently, we believe that traditional cash flow analysis is less meaningful in evaluating our liquidity position than the funding and liquidity policies described above. Cash flow analysis may, however, be helpful in highlighting certain macro trends in our business.

For the year ended December 31, 2013, net cash provided by operating activities of continuing operations was CHF 22.1 billion, primarily reflecting a decrease in trading assets and liabilities, an increase in other liabilities and the 2013 income from continuing operations, partially offset by an increase in other assets. Our operating assets and liabilities vary significantly in the normal course of business due to the amount and timing of cash flows. Management believes cash flows from operations, available cash balances and short-term and long-term borrowings will be sufficient to fund our operating liquidity needs.

Our investing activities primarily include originating loans to be held to maturity, other receivables and the investment securities portfolio. For the year ended December 31, 2013, net cash of CHF 11.5 billion was provided by investing activities from continuing operations, primarily due to a decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions and an increase in loans.

Our financing activities primarily include the issuance of debt and receipt of customer deposits. We pay annual dividends on our common shares. In 2013, net cash used in financing activities of continuing operations was CHF 24.4 billion, mainly reflecting repayments of long-term debt and a decrease in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions, partly offset by the issuances of long-term debt and an increase in due to banks and customer deposits.

CREDIT RATINGS

Our access to the debt capital markets and our borrowing costs depend significantly on our credit ratings. Rating agencies take many factors into consideration in determining a company's rating, including such factors as earnings performance, business mix, market position, ownership, financial strategy, level of capital, risk management policies and practices, management team and the broader outlook for the financial services industry. The rating agencies may raise, lower or withdraw their ratings, or publicly announce an intention to raise or lower their ratings, at any time.

Although retail and private bank deposits are generally less sensitive to changes in a bank's credit ratings, the cost and availability of other sources of unsecured external funding is generally a function of credit ratings. Credit ratings are especially important to us when competing in certain markets and when seeking to engage in longer-term transactions, including over-the-counter (OTC) derivative instruments.

A downgrade in credit ratings could reduce our access to capital markets, increase our borrowing costs, require us to post additional collateral or allow counterparties to terminate transactions

under certain of our trading and collateralized financing and derivative contracts. This, in turn, could reduce our liquidity and negatively impact our operating results and financial position. Our liquidity barometer takes into consideration contingent events associated with a two-notch downgrade in our credit ratings. The maximum impact of a simultaneous one, two or three-notch downgrade by all three major rating agencies in the Bank's long-term debt ratings would result in additional collateral requirements or assumed termination payments under certain derivative instruments of CHF 1.4 billion, CHF 3.4 billion and CHF 4.8 billion, respectively, as of December 31, 2013, and would not be material to our liquidity and funding planning. If the downgrade does not involve all three rating agencies, the impact may be smaller. In July 2013, Standard & Poor's announced a one-notch rating downgrade on our long-term debt.

As of the end of 2013, we were compliant with the requirements related to maintaining a specific credit rating under these derivative instruments.

► Refer to "Investor information" in the Appendix for further information on Group and Bank credit ratings.

Capital management

As of the end of 2013, our capital position remained strong with a CET1 ratio of 15.7% under Basel III and 10.0% on a look-through basis. Our RWA under Basel III decreased CHF 18.6 billion to CHF 273.8 billion compared to year-end 2012 and our tier 1 capital increased CHF 1.7 billion to CHF 46.1 billion. Our Swiss leverage ratio was 5.1%.

CAPITAL STRATEGY AND FRAMEWORK

Credit Suisse considers a strong and efficient capital position to be a priority. Through our capital strategy, we continue to strengthen our capital position and optimize the use of risk-weighted assets (RWA), particularly in light of emerging regulatory capital requirements.

The overall capital needs of Credit Suisse reflect management's regulatory and credit rating objectives as well as our underlying risks. Our framework considers the capital needed to absorb losses, both realized and unrealized, while remaining a strongly capitalized institution. Multi-year projections and capital plans are prepared for the Group and its major subsidiaries and reviewed throughout the year with its regulators. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios. Capital contingency plans are developed in connection with these stress tests to ensure that possible mitigating actions are consistent with both the amount of capital at risk and the market conditions for accessing additional capital.

Our capital management framework relies on economic capital, which is a comprehensive tool that is also used for risk management and performance measurement. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength as reflected in our long-term credit rating.

► Refer to "Economic capital and position risk" in Risk Management for further information on economic capital.

REGULATORY CAPITAL FRAMEWORK

Overview

Effective January 1, 2013, the Basel II.5 framework, under which we operated in 2012, was replaced by the Basel III framework, which was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder (Swiss Requirements). Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Also, our capital metrics fluctuate during any reporting period in the ordinary course of business. Our 2012 calculations of capital and ratio

amounts, which are presented in order to show meaningful comparative information, use estimates as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

The Basel framework describes a range of options for determining capital requirements in order to provide banks and supervisors the ability to select approaches that are most appropriate for their operations and their financial market infrastructure. In general, Credit Suisse has adopted the most advanced approaches, which align with the way that risk is internally managed and provide the greatest risk sensitivity.

For measuring credit risk, we received approval from FINMA to use the advanced internal ratings-based approach (A-IRB). Under the A-IRB for measuring credit risk, risk weights are determined by using internal risk parameters for probability of default (PD), loss given default (LGD) and effective maturity. The exposure at default is either derived from balance sheet values or by using models.

For calculating the capital requirements for market risk, the internal models approach, the standardized measurement method and the standardized approach are used.

Non-counterparty risk arises from holdings of premises and equipment, real estate and investments in real estate entities.

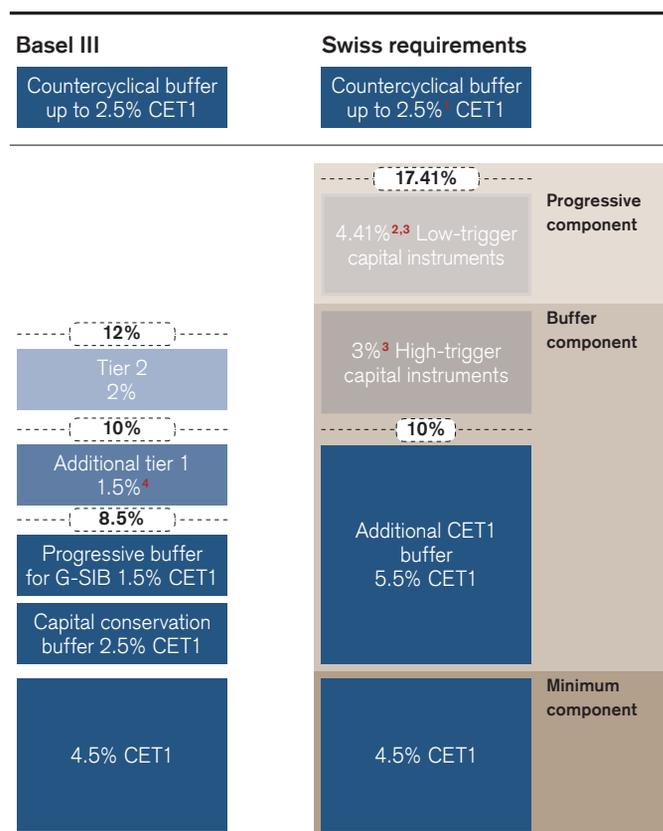
Under the Basel framework, operational risk is included in RWA and we received approval from FINMA to use the advanced measurement approach (AMA). Under the AMA for measuring operational risk, we identified key scenarios that describe our major operational risks using an event model.

Capital structure under Basel III

The BCBS issued the Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector and requires banks to hold more capital, mainly in the form of common equity. The new capital standards are being phased in from 2013 through 2018 and are fully effective January 1, 2019 for those countries that have adopted Basel III.

► Refer to the table "Basel III phase-in requirements for Credit Suisse" for capital requirements and applicable effective dates during the phase-in period.

Capital frameworks for Credit Suisse



¹ As of September 30, 2013, banks are required to hold CET1 capital in the amount of 1% of RWA pertaining to mortgage loans that finance residential property in Switzerland.

² The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA. For 2014, FINMA reduced our 2019 progressive component requirement from 4.41% to 3.66%.

³ Counts towards Basel III minimum requirements as tier 1 or tier 2 capital depending on the quality of the underlying instruments.

⁴ Additional tier 1 instruments must provide for principal loss absorption through a conversion into common equity or write-down feature. The trigger for such a conversion or write-down must include a CET1 ratio of at least 5.125%.

Under Basel III, the minimum common equity tier 1 (CET1) requirement is 4.5% of RWA.

In addition, a 2.5% CET1 capital conservation buffer is required to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends or make discretionary bonus payments or other earnings distributions.

A progressive buffer between 1% and 2.5% (with a possible additional 1% surcharge) of CET1, depending on a bank's systemic importance, is an additional capital requirement for global systemically important banks (G-SIB). The Financial Stability Board (FSB) has identified us as a G-SIB and requires us to maintain a 1.5% progressive buffer.

CET1 capital is subject to certain regulatory deductions and other adjustments to common equity, including the deduction of deferred tax assets for tax-loss carry-forwards, goodwill and other intangible assets and investments in banking and finance entities.

In addition to the CET1 requirements, there is also a requirement for 1.5% additional tier 1 capital and 2% tier 2 capital. These requirements may also be met with CET1 capital. To qualify as additional tier 1 under Basel III, capital instruments must provide for principal loss absorption through a conversion into common equity or a write-down of principal feature. The trigger for such conversion or write-down must include a CET1 ratio of at least 5.125%.

Basel III further provides for a countercyclical buffer that could require banks to hold up to 2.5% of CET1 or other capital that would be available to fully absorb losses. This requirement is expected to be imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk. This countercyclical buffer will be phased in from January 1, 2016 through January 1, 2019.

Beginning January 1, 2013, capital instruments that do not meet the strict criteria for inclusion in CET1 are excluded. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, will be phased out at their effective maturity date, generally the date of the first step-up coupon.

Basel III phase-in requirements for Credit Suisse

Effective January 1, for the applicable year	2013	2014	2015	2016	2017	2018	2019
Capital ratios							
CET1	3.5% ¹	4.0% ¹	4.5%	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer				0.625% ¹	1.250% ¹	1.875% ¹	2.5%
Progressive buffer for G-SIB				0.375% ¹	0.750% ¹	1.125% ¹	1.5%
Total CET1	3.5%	4.0%	4.5%	5.5%	6.5%	7.5%	8.5%
Additional tier 1	1.0% ¹	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Total tier 1	4.5%	5.5%	6.0%	7.0%	8.0%	9.0%	10.0%
Tier 2	3.5% ¹	2.5% ¹	2.0%	2.0%	2.0%	2.0%	2.0%
Total capital	8.0%	8.0%	8.0%	9.0%	10.0%	11.0%	12.0%
Phase-in deductions from CET1 ²		20.0% ¹	40.0% ¹	60.0% ¹	80.0% ¹	100.0%	100.0%
Capital instruments subject to phase out							Phased out over 10-year horizon beginning 2013 through 2022

¹ Indicates transition period.

² Includes goodwill and other intangible assets, certain deferred tax assets and participations in financial institutions.

Swiss Requirements

As of January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss Requirements. Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Certain requirements under the legislation, including those regarding capital, are to be phased in from 2013 through 2018 and are fully effective January 1, 2019. The legislation on capital requirements builds on Basel III, but in respect of systemically relevant banks goes beyond its minimum standards, including requiring us, as a systemically relevant bank, to have the following minimum, buffer and progressive components.

► Refer to the chart "Swiss capital and leverage ratio phase-in requirements for Credit Suisse" for Swiss capital requirements and applicable effective dates during the phase-in period.

The minimum requirement of CET1 capital is 4.5% of RWA.

The buffer requirement is 8.5% and can be met with additional CET1 capital of 5.5% of RWA and a maximum of 3% of high-trigger capital instruments. High-trigger capital instruments must convert into common equity or be written off if the CET1 ratio falls below 7%.

The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business. For 2014, FINMA set our progressive component requirement at 3.66%, a decrease from the 4.41% applicable in 2013, reflecting our size and market share based on data as of year-end 2012. The progressive component requirement may be met with CET1 capital or low-trigger capital instruments. In order to qualify, low-trigger capital instruments must convert into common equity or be written off if the CET1 ratio falls below a specified percentage, the lowest of which may

be 5%. In addition, until the end of 2017, the progressive component requirement may also be met with high-trigger capital instruments. Both high and low-trigger capital instruments must comply with the Basel III minimum requirements for tier 2 capital (including subordination, point-of-non-viability loss absorption and minimum maturity).

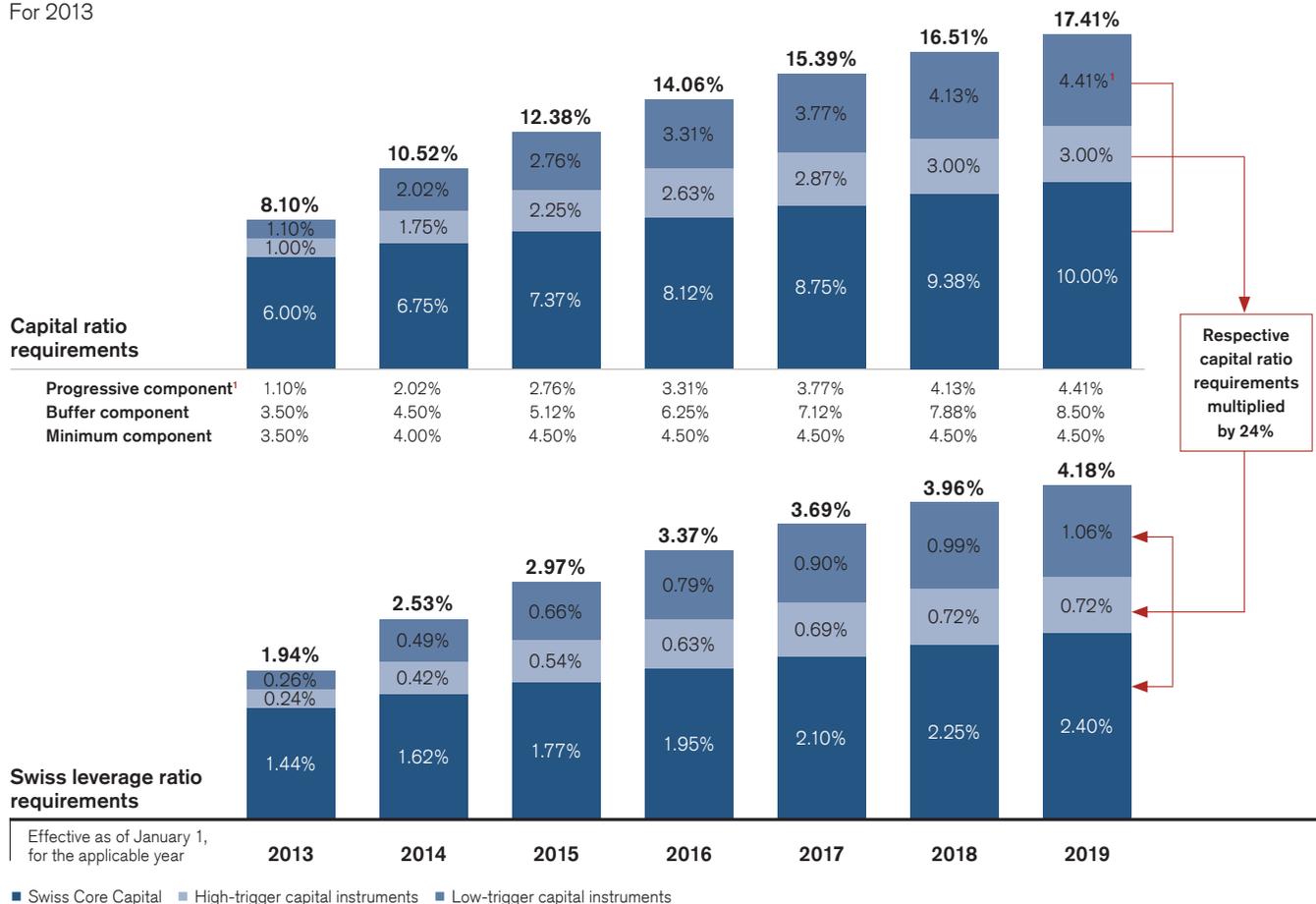
Similar to Basel III, the Swiss Requirements include a supplemental countercyclical buffer of up to 2.5% of RWA that can be activated during periods of excess credit growth. In February 2013, at the request of the SNB, the Swiss Federal Council activated the countercyclical capital buffer, which was effective September 30, 2013 and requires banks to hold CET1 capital in the amount of 1% of their RWA pertaining to mortgage loans that finance residential property in Switzerland. As of December 31, 2013, our countercyclical buffer was CHF 144 million, which is equivalent to an additional requirement of 0.05% of CET1 capital. In January 2014, at the request of SNB, the Swiss Federal Council further increased this countercyclical buffer from 1% to 2%, effective June 30, 2014.

We also measure Swiss Core Capital and Swiss Total Capital. Swiss Core Capital consists of CET1 capital and tier 1 participation securities, which FINMA advised may be included with a ◉ haircut of 20% until December 31, 2018 at the latest, and may include certain other Swiss adjustments. Our Swiss Total Capital consists of Swiss Core Capital, high-trigger capital instruments and low-trigger capital instruments.

As of January 1, 2013, we must also comply with a leverage ratio applicable to Swiss systemically relevant banks (Swiss leverage ratio). This leverage ratio must be at least 24% of each of the respective minimum, buffer and progressive component requirements. Since the ratio is defined by reference to capital requirements subject to phase-in arrangements, the ratio will also be phased in.

Swiss capital and leverage ratio phase-in requirements for Credit Suisse

For 2013



Excludes countercyclical buffer required as of September 30, 2013.

¹ The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA. For 2014, FINMA reduced our 2019 progressive component requirement from 4.41% to 3.66%, which leads to a total capital ratio requirement of 16.66% and a Swiss leverage ratio requirement of 4.0%.

Risk measurement models

Within the Basel framework for FINMA regulatory capital purposes, we implemented risk measurement models, including an incremental risk charge (IRC), stressed Value-at-Risk (VaR), risks not in VaR (RNIV) and, since January 1, 2013, advanced credit valuation adjustment (CVA). The IRC is a regulatory capital charge for default and migration risk on positions in the trading books and is intended to complement additional standards being applied to the VaR modeling framework, including stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking into account a one-year observation period relating to significant financial stress and helps reduce the pro-cyclicality of the minimum capital requirements for market risk. Risks that are not currently implemented within the Group's VaR model, such as certain basis risks, higher order risks and cross risks, are captured through RNIV calculations. Advanced CVA covers the risk of

mark-to-market losses on the expected counterparty risk arising from changes in a counterparty's credit spreads.

FINMA, in line with Bank for International Settlements (BIS) requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR backtesting exception over four in the prior rolling 12-month period. For the purposes of this measurement, backtesting exceptions are calculated using a subset of actual daily trading revenues that includes only the impact of daily movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night's positions. In 2013, our market risk capital multiplier remained at FINMA and BIS minimum levels and we did not experience an increase in market risk capital.

With FINMA approval, we have implemented a Comprehensive Risk Measure framework to calculate a capital charge covering all price risks (default, spread and correlation risk) within the credit correlation products within our trading book portfolio.

Effective January 1, 2013, FINMA introduced increased capital charges for mortgage loans that finance certain residential property in Switzerland (mortgage multiplier). These increased capital charges, which are applied for both BIS and FINMA purposes, will be phased in by January 1, 2019.

► Refer to "Market risk" in Risk management for further information on Credit Suisse's risk measurement models and backtesting exceptions.

REGULATORY DEVELOPMENTS AND PROPOSALS

In January 2014, the BCBS published the framework and disclosure requirements for the Basel III leverage ratio. The required Basel III leverage ratio, which seeks to measure tier 1 capital against exposure, is expected to be at least 3%. Although the effective date of the Basel III leverage ratio is not until 2018, banks will be required to disclose the ratio on a consolidated basis beginning in 2015, subject to implementation by national regulators.

From January 1, 2014, the Capital Requirement Directive (CRD) IV package of legislation (comprising a directive and a regulation) will replace the current CRD directive with new measures implementing Basel III and other requirements. As part of the transition to CRD IV, the UK's Prudential Regulation Authority (PRA) has reviewed the permissions of UK financial institutions, including those of our subsidiaries, to use their current internal modeling for capital calculation purposes as well as new models required for CRD IV compliance. The majority of the models for our subsidiaries were approved and certain models will require updates in line with latest BCBS guidance and regulatory feedback on modeling techniques.

In accordance with BCBS's G-SIB loss absorbency requirements and FINMA's capital adequacy disclosure requirements, banks with a balance sheet exceeding EUR 200 billion must publish annually 12 financial indicators, such as size and complexity. Depending on these financial indicators, the FSB will set the progressive buffer for G-SIBs. The reporting requirement is effective December 31, 2013 and disclosures will be made by April 30, 2014 on our Investor Relations website.

► Refer to https://www.credit-suisse.com/investors/en/regulatory_disclosures/index.jsp for additional information.

The SNB has previously designated the Group as a financial group of systemic importance under applicable Swiss law. Following that designation, in December 2013, FINMA issued a decree specifying capital adequacy requirements addressed to the Bank on a stand-alone basis and the Bank and the Group, each on a consolidated basis as systemically relevant institutions. It also specified liquidity and risk diversification requirements for the Bank at the stand-alone level. The decree became effective in the first quarter of 2014.

In July 2013, the Fed, Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency released final capital rules that overhaul the existing US bank regulatory capital rules and implement the Basel III framework and certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The final rules are largely consistent with the Basel III framework published by the BCBS, although they

diverge in several important respects due to requirements of the Dodd-Frank Act and do not address other, more recent aspects of the Basel III framework. In February 2014, the Fed adopted a rule under the Dodd-Frank Act that creates a new framework for regulation of the US operations of foreign banking organizations. The rule requires Credit Suisse to create a single US intermediate holding company (IHC) to hold all of its US subsidiaries; this will not apply to Credit Suisse AG's New York branch (New York Branch). The IHC will be subject to local risk-based capital and leverage requirements. In addition, both the IHC itself and the combined US operations of Credit Suisse (including the IHC and the New York Branch) will be subject to other new prudential requirements. The new framework's prudential requirements generally become effective in July 2016.

► Refer to "Regulation and supervision" in I – Information on the company for further information on regulatory developments and proposals.

CAPITAL ISSUANCES AND REDEMPTIONS

In March 2014, pursuant to a tender offer, we repurchased USD 1.4 billion of outstanding 7.875% perpetual series B subordinated tier 1 participation securities. We subsequently exercised a regulatory call of the USD 99 million of such securities that had not been tendered, with the result that no such securities remain outstanding. Prior to the announcement of the tender offer and as advised by FINMA, these tier 1 participation securities formed part of Swiss Core Capital under Swiss Requirements, whereas under Basel III, these instruments were included in additional tier 1 instruments subject to phase out. In December 2013, we also redeemed on their first call date USD 1.5 billion of 8.25% perpetual series A subordinated tier 1 participation securities, which were similarly treated.

In December 2013, we issued USD 2.25 billion 7.5% tier 1 capital notes (7.5% Tier 1 Capital Notes).

In October 2013, based on a prior agreement with an entity affiliated with Qatar Investment Authority, we exchanged such entity's holding of all of the CHF 2.5 billion 10% tier 1 capital notes and USD 1.72 billion of the 11% tier 1 capital notes (11% Tier 1 Capital Notes) into equivalent principal amounts of US dollar-denominated 9.5% tier 1 high-trigger capital instruments and Swiss franc-denominated 9.0% tier 1 high-trigger capital instruments (together, the new Tier 1 Capital Notes). In addition, we redeemed USD 55 million of the 11% Tier 1 Capital Notes for cash.

► Refer to "Related party transactions" in IV – Corporate Governance and Compensation – Corporate Governance – Banking relationships and related party transactions for further information on the exchange and the terms of the new Tier 1 Capital Notes.

In September 2013, we issued CHF 290 million 6.0% tier 1 capital notes (6.0% Tier 1 Capital Notes, together with the 7.5% Tier 1 Capital Notes, the Tier 1 Capital Notes), which are perpetual but may be redeemed at our option in September 2018, subject to certain conditions. We also issued EUR 1.25 billion 5.75% tier 2 capital notes due in September 2025 (5.75% Tier 2 Capital Notes).

In August 2013, we issued USD 2.5 billion 6.5% tier 2 capital notes due in August 2023 (6.5% Tier 2 Capital Notes and, together with the 5.75% Tier 2 Capital Notes, the Tier 2 Capital Notes).

Each of the series of Tier 1 Capital Notes and Tier 2 Capital Notes issued in 2013 qualify as low-trigger capital instruments and have a write-down feature, which means that the full principal amount of the notes will be permanently written down to zero upon the occurrence of specified triggering events. These events occur when the amount of our CET1 ratio, together with an additional ratio described below that takes into account other outstanding capital instruments, falls below 5.125% for the Tier 1 Capital Notes and 5% for the Tier 2 Capital Notes. The write-down can only be prevented if FINMA, at our request, is satisfied that certain conditions exist and determines a write-down is not required. The capital notes will also be written down upon a non-viability event, which occurs when FINMA determines that a write-down is necessary, or that we require extraordinary public sector capital support, to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances.

The capital ratio write-down triggers for each of the series of capital notes issued in 2013 take into account the fact that other outstanding capital instruments that contain relatively higher capital ratios as part of their trigger feature are expected to convert or be written down prior to the write-down of the capital notes issued in 2013. The amount of additional capital that is expected to be contributed by such conversion or write-down is referred to as the Higher Trigger Capital Amount under the terms of the capital notes issued in 2013.

For the Tier 2 Capital Notes as of the end of 2013, the Higher Trigger Capital Amount was CHF 10.0 billion and the Higher Trigger Capital Ratio (i.e., the ratio of the Higher Trigger Capital Amount to the aggregate of all RWA of the Group) was 3.7%. For the Tier 1 Capital Notes as of the end of 2013, the Higher Trigger Capital Amount was CHF 7.7 billion and the Higher Trigger Capital Ratio was 2.8%. The Contingent Capital Awards granted in 2014 to certain employees as part of their compensation qualify as regulatory capital and are expected to increase these Higher Trigger Capital Amounts over time.

In April 2013, we settled and delivered 233.5 million Group shares out of conditional, conversion and authorized capital as well as treasury shares at a conversion price of CHF 16.29 per share in connection with the mandatory conversion of CHF 3.8 billion mandatory and contingent convertible securities (MACCS) that we had originally issued in July 2012.

In March 2013, we redeemed USD 1.525 billion 7.9% tier 1 capital notes on their first call date.

In January 2013, we redeemed EUR 77 million of lower tier 2 notes on their first call date.

All of the issuances and tier 1 instrument redemptions and repurchases effected in 2013 were approved by FINMA.

CAPITAL METRICS UNDER BASEL III

Regulatory capital and ratios – Group

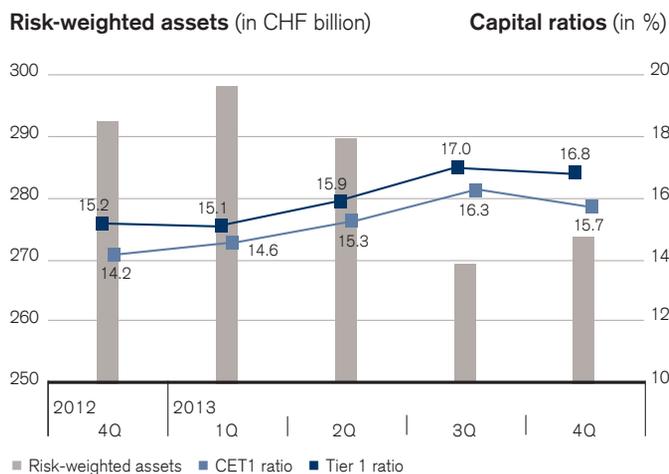
Our CET1 ratio was 15.7% as of the end of 2013, compared to 14.2% as of the end of 2012, reflecting lower RWA and higher CET1 capital. Our tier 1 ratio was 16.8% as of the end of 2013, compared to 15.2% as of the end of 2012. Our total capital ratio was 20.6% as of the end of 2013 compared to 17.6% as of the end of 2012.

CET1 capital was CHF 43.0 billion as of the end of 2013 compared to CHF 41.5 billion as of the end of 2012, reflecting net income and the impact of share-based compensation, partially offset by an adverse foreign exchange translation impact and a dividend accrual.

Additional tier 1 capital was CHF 3.1 billion as of the end of 2013 compared to CHF 2.9 billion as of the end of 2012, mainly due to the issuance of the Tier 1 Capital Notes, partially offset by the redemption of tier 1 participation securities and tier 1 capital notes. Tier 2 capital was CHF 10.2 billion as of the end of 2013 compared to CHF 7.2 billion as of the end of 2012, mainly due to the issuance of the Tier 2 Capital Notes.

Total eligible capital as of the end of 2013 was CHF 56.3 billion compared to CHF 51.5 billion as of the end of 2012.

Risk-weighted assets and capital ratios – Basel III



RWA decreased CHF 18.6 billion to CHF 273.8 billion as of the end of 2013, reflecting a material decrease in Investment Banking credit risk and market risk, together with a positive impact from foreign exchange translation, partially offset by an increase from model and parameter updates and methodology and policy changes.

► Refer to "Risk-weighted assets movement by risk type – Basel III" for further information.

BIS statistics – Basel III

end of	Group			Bank		
	2013	2012	% change	2013	2012	% change
Eligible capital (CHF million)						
Total shareholders' equity	42,164	35,498	19	39,992	34,767	15
Mandatory and contingent convertible securities	- ¹	3,598 ¹	(100)	-	-	-
Regulatory adjustments	(1,069) ²	(303) ²	253	(3,504) ³	(3,879) ³	(10)
Adjustments subject to phase in ⁴	1,894	2,707	(30)	1,540	5,829	(74)
CET1 capital	42,989	41,500	4	38,028	36,717	4
Additional tier 1 instruments	7,484 ⁵	1,516	394	6,644	1,545	330
Additional tier 1 instruments subject to phase out ⁶	3,652	10,416	(65)	3,652	10,416	(65)
Deductions from additional tier 1 capital ⁷	(8,064)	(9,075)	(11)	(7,219)	(8,201)	(12)
Additional tier 1 capital	3,072	2,857	8	3,077	3,760	(18)
Total tier 1 capital	46,061	44,357	4	41,105	40,477	2
Tier 2 instruments	6,263 ⁵	2,568	144	6,263	2,572	144
Tier 2 instruments subject to phase out	4,321	5,016	(14)	5,016	6,634	(24)
Deductions from tier 2 capital	(357)	(422)	(15)	(318)	(377)	(16)
Tier 2 capital	10,227	7,162	43	10,961	8,829	24
Total eligible capital	56,288	51,519	9	52,066	49,306	6
Risk-weighted assets (CHF million)						
Credit risk	175,631	201,764	(13)	166,324	191,649	(13)
Market risk	39,133	39,466	(1)	39,111	39,438	(1)
Operational risk	53,075	45,125	18	53,075	45,125	18
Non-counterparty risk	6,007	6,126	(2)	5,758	5,873	(2)
Risk-weighted assets	273,846	292,481	(6)	264,268	282,085	(6)
Capital ratios (%)						
CET1 ratio	15.7	14.2	-	14.4	13.0	-
Tier 1 ratio	16.8	15.2	-	15.6	14.3	-
Total capital ratio	20.6	17.6	-	19.7	17.5	-

¹ Converted and settled into 233.5 million shares on April 8, 2013 and reflected in total shareholders' equity as of that date.

² Includes regulatory adjustments not subject to phase in, including a cumulative dividend accrual.

³ Includes regulatory adjustments not subject to phase in, including the cumulative dividend accrual, and an adjustment for tier 1 participation securities.

⁴ Includes an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements and other regulatory adjustments. For the years 2014 – 2018, there will be a five-year (20% per annum) phase-in of goodwill and other intangible assets and other capital deductions (e.g., certain deferred tax assets and participations in financial institutions).

⁵ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 7.7 billion consists of capital instruments with a capital ratio write-down trigger of 7%, CHF 2.3 billion consists of capital instruments with a capital ratio write-down trigger of 5.125% and CHF 3.7 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

⁶ Includes tier 1 participation securities and hybrid capital instruments that are subject to phase out.

⁷ Includes goodwill and other intangible assets of CHF 8.2 billion and other capital deductions, including gains/(losses) due to changes in own credit risks on fair valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.

CET1 capital movement – Basel III

	2013
CET1 capital (CHF million)	
Balance at beginning of period	41,500
Net income	2,326
Foreign exchange impact	(907)
Other	70 ¹
Balance at end of period	42,989

¹ Reflects the effect of share-based compensation, a dividend accrual and a change in other regulatory deductions.

Other regulatory disclosures

In connection with the implementation of Basel III, additional regulatory disclosures are required. Additional information on capital instruments, including the main features and terms and conditions of regulatory capital instruments that form part of the eligible capital base of the Group, subsidiary regulatory reporting, reconciliation requirements and Pillar 3 disclosures can be found on the Investor Relations website.

▶ Refer to https://www.credit-suisse.com/investors/en/regulatory_disclosures/index.jsp for additional information.

Look-through CET1 ratio

For the years 2014 – 2018, there will be a five-year (20% per annum) phase in of goodwill and other intangible assets and other capital deductions (e.g., certain deferred tax assets and participations in financial institutions). Assuming fully phased-in deductions of CHF 8.2 billion of goodwill and other intangible assets and CHF 7.5 billion of other regulatory adjustments, we estimate that our Look-through CET1 ratio as of the end of 2013 would be 10.0%, calculated based on Look-through RWA of CHF 266 billion.

Risk-weighted assets

Our balance sheet positions and off-balance sheet exposures translate into RWA that are categorized as market, credit, operational and non-counterparty-risk RWA. Market risk RWA reflect the capital requirements of potential changes in the fair values of financial instruments in response to market movements inherent in both the balance sheet and off-balance sheet items. Credit risk RWA reflect the capital requirements for the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Under Basel III, certain regulatory capital adjustments are dependent on the level of CET1 capital (thresholds). The amount above the threshold is deducted from CET1 capital and the amount below the threshold is risk weighted. RWA subject to such threshold adjustments are included in credit risk RWA. Operational risk RWA reflect the capital requirements for the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty-risk RWA primarily reflect the capital requirements for our premises and equipment. It is not the nominal size, but the nature (including risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWA.

Risk-weighted assets by division – Basel III

end of	2013	2012	% change
Risk-weighted assets by division (CHF million)			
Private Banking & Wealth Management	94,395	96,009	(2)
Investment Banking	156,402	171,511	(9)
Corporate Center	23,049	24,961	(8)
Risk-weighted assets	273,846	292,481	(6)

Risk-weighted asset movement by risk type – Basel III

2013	Credit risk (excluding CVA)	Credit risk (CVA)	Market risk	Operational risk	Non- counterparty risk	Total risk- weighted assets
Risk-weighted asset movement by risk type (CHF million)						
Balance at beginning of period	177,488	24,276	39,466	45,125	6,126	292,481
Foreign exchange impact	(3,580)	(110)	(756)	0	0	(4,446)
Acquisitions and disposals	(323)	0	0	0	0	(323)
Movements in risk levels	(11,472)	(12,749)	(6,231)	(337)	(119)	(30,908)
of which credit risk – book size ¹	(10,586)	(10,562)	–	–	–	–
of which credit risk – book quality ²	(886)	(2,187)	–	–	–	–
Model and parameter updates ³	(1,754)	(2,103)	709	1,412	0	(1,736)
Methodology and policy ⁴	4,565	1,393	5,945	6,875	0	18,778
Balance at end of period	164,924	10,707	39,133	53,075	6,007	273,846

¹ Represents changes in portfolio size.

² Represents changes in average risk weighting across credit risk classes.

³ Represents movements arising from updates to models and recalibrations of parameters.

⁴ Represents both internal changes impacting how exposures are treated and externally prescribed regulatory changes.

The decrease in book size in credit risk (excluding CVA) was driven by decreases within Investment Banking, primarily relating to derivative counterparty exposures, and decreases within Private Banking & Wealth Management relating to decreases in lending and mortgage exposures together with asset management fund redemptions. The decrease in RWA related to book quality resulted from improvements in quality within Private Banking & Wealth Management, driven by the securitization of positions in the first quarter of 2013, together with marginal decreases in average risk weighting for lending to corporate clients. This was partially offset by decreases in book quality within Investment Banking, driven by an increase in the average risk weighting for lending, most notably within the leveraged finance, corporate lending, emerging markets and equity derivatives businesses. Methodology changes increased RWA resulting from derecognizing re-securitization collateral as eligible collateral for secured financing, the inclusion of backtesting buffers for model-based counterparty exposures, and within Private Banking & Wealth Management the introduction of the mortgage multiplier relating to the financing of certain residential property in Switzerland. This was partially offset by a reduction in RWA due to model and parameter updates,

primarily as a result of the annual update to the LGD parameters within Investment Banking.

Credit risk related to CVA risk declined during the period mainly due to reductions in book size reflecting decreased exposures and increased hedging. Decreases in RWA related to book quality were driven by changes in credit spreads. Declines in RWA due to model and parameter updates as a result of time series updates to the model were partially offset by increases in RWA due to the application of improved methodologies to specific portfolios.

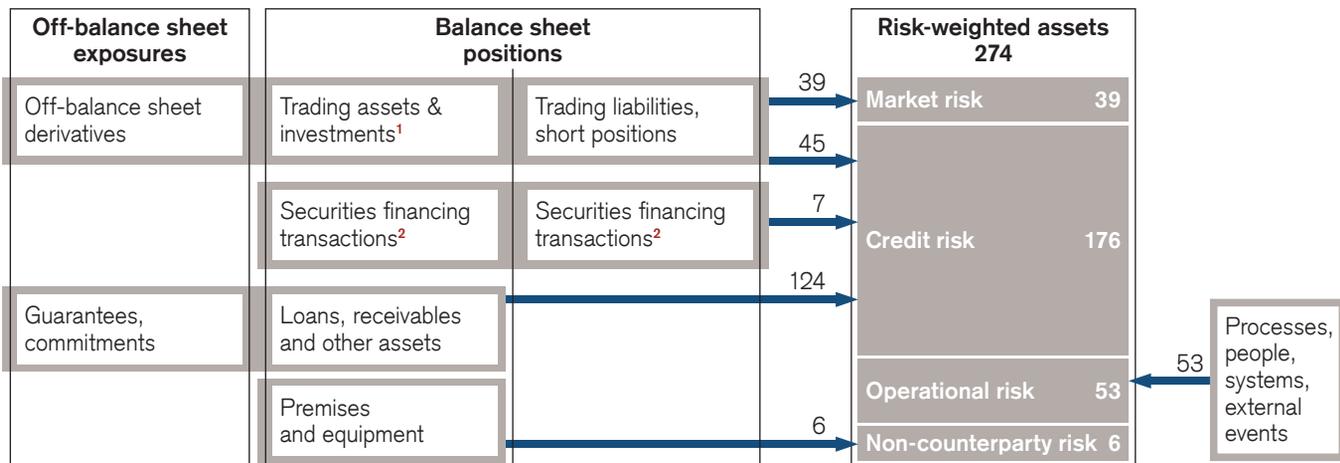
Market risk within Investment Banking decreased slightly. Reductions in risk levels across a number of business areas primarily within regular VaR and stressed VaR were partially offset by methodology changes driven by the inclusion of certain risk components not covered by our VaR model and increases in stressed VaR resulting mainly from the introduction of a stressed spreads methodology.

The increase in operational risk resulted from revisions to the model to measure operational risk as of December 31, 2013 to include all litigation provisions, parameter updates and an add-on component relating to the aggregate range of reasonably possible litigation losses not covered by existing provisions.

► Refer to the table "BIS statistics – Basel III" for further information regarding market risk and the VaR methodology.

Risk-weighted assets – Basel III

as of December 31, 2013 (CHF billion)



¹ Includes primarily trading assets, investment securities and other investments.

² Includes central bank funds sold, securities purchased under resale agreements and central bank funds purchased, securities sold under repurchase agreements and securities lending transactions.

Regulatory capital – Bank

The Bank's CET1 ratio was 14.4% as of the end of 2013, an increase from 13.0% as of the end of 2012. The increase in the tier 1 ratio reflected an increase in CET1 capital and a decrease in RWA. The Bank's tier 1 ratio was 15.6% as of the end of 2013, compared to 14.3% as of the end of 2012. The Bank's total capital ratio was 19.7% as of the end of 2013, compared to 17.5% as of the end of 2012.

CET1 capital was CHF 38.0 billion as of the end of 2013 compared to CHF 36.7 billion as of the end of 2012, reflecting net income and the impact of share-based compensation, partially offset by an adverse foreign exchange translation impact and a dividend accrual.

Additional tier 1 capital decreased to CHF 3.1 billion, mainly due to the redemption of tier 1 participation securities and tier 1 capital notes, partially offset by the issuance of the Tier 1 Capital Notes. Tier 2 capital increased to CHF 11.0 billion as of the end of 2013, mainly due to the issuance of the Tier 2 Capital Notes.

The Bank's total eligible capital increased to CHF 52.1 billion as of the end of 2013 from CHF 49.3 billion as of the end of 2012.

RWA decreased CHF 17.8 billion to CHF 264.3 billion as of the end of 2013.

The business of the Bank is substantially the same as the business of the Group. The trends for the Bank are consistent with those for the Group.

► Refer to "Market risk", "Credit risk" and "Operational risk" in Risk management for further information.

CAPITAL METRICS UNDER SWISS REQUIREMENTS

Swiss Core and Total Capital ratios

Swiss Core Capital consists of CET1 capital, tier 1 participation securities which ► FINMA advised may be included with a ► haircut of 20% until December 31, 2018 at the latest, and may include certain other adjustments. Swiss Total Capital also includes high-trigger capital instruments and low-trigger capital instruments. As of the end of 2013, our Swiss Core Capital and Swiss Total Capital ratios were 16.2% and 21.2%, respectively, compared to the Swiss capital ratio phase-in requirements of 6.0% and 8.1%, respectively.

Swiss Core and Total Capital ratios

end of	Group			Bank		
	2013	2012	% change	2013	2012	% change
Capital development (CHF million)						
CET1 capital	42,989	41,500	4	38,028	36,717	4
Swiss regulatory adjustments ¹	1,658	2,481	(33)	1,711	2,864	(40)
Swiss Core Capital	44,647	43,981	2	39,739	39,581	0
High-trigger capital instruments ²	7,743	4,084	90	7,743	4,084	90
Low-trigger capital instruments ³	6,005	–	–	5,164	–	–
Swiss Total Capital	58,395	48,065	21	52,646	43,665	21
Risk-weighted assets (CHF million)						
Risk-weighted assets – Basel III	273,846	292,481	(6)	264,268	282,085	(6)
Swiss regulatory adjustments ⁴	1,015	1,259	(19)	1,020	1,220	(16)
Swiss risk-weighted assets	274,861	293,740	(6)	265,288	283,305	(6)
Capital ratios (%)						
Swiss Core Capital ratio	16.2	15.0	–	15.0	14.0	–
Swiss Total Capital ratio	21.2	16.4	–	19.8	15.4	–

¹ Consists of tier 1 participation securities of CHF 1.3 billion, additional tier 1 deductions for which there is not enough tier 1 capital available and is therefore deducted from Swiss Core Capital and other Swiss regulatory adjustments.

² Consists of CHF 5.2 billion additional tier 1 instruments and CHF 2.5 billion tier 2 instruments.

³ Consists of CHF 2.3 billion additional tier 1 instruments and CHF 3.7 billion tier 2 instruments.

⁴ Includes increased regulatory thresholds resulting from additional Swiss Core Capital.

The following table presents the Swiss Requirements for each of the relevant capital components and discloses our current capital metrics against those requirements.

Swiss capital requirements and coverage

end of	Group					Bank				
	Minimum component	Capital requirements Buffer component	Capital requirements Progressive component	Excess	2013	Minimum component	Capital requirements Buffer component	Capital requirements Progressive component	Excess	2013
Risk-weighted assets (CHF billion)										
Swiss risk-weighted assets	-	-	-	-	274.9	-	-	-	-	265.3
2013 Swiss capital requirements¹										
Minimum Swiss Total Capital ratio	3.5%	3.5%	1.1%	-	8.1%	3.5%	3.5%	1.1%	-	8.1%
Minimum Swiss Total Capital (CHF billion)	9.6	9.6	3.0	-	22.3	9.3	9.3	2.9	-	21.5
Swiss capital coverage (CHF billion)										
Swiss Core Capital	9.6	1.9	-	33.2	44.6	9.3	1.5	-	28.9	39.7
High-trigger capital instruments	-	7.7	-	-	7.7	-	7.7	-	-	7.7
Low-trigger capital instruments	-	-	3.0	3.0	6.0	-	-	2.9	2.2	5.2
Swiss Total Capital	9.6	9.6	3.0	36.1	58.4	9.3	9.3	2.9	31.1	52.6
Capital ratios (%)										
Swiss Total Capital ratio	3.5%	3.5%	1.1%	13.1%	21.2%	3.5%	3.5%	1.1%	11.7%	19.8%

Rounding differences may occur. Excludes countercyclical buffer that was required as of September 30, 2013.

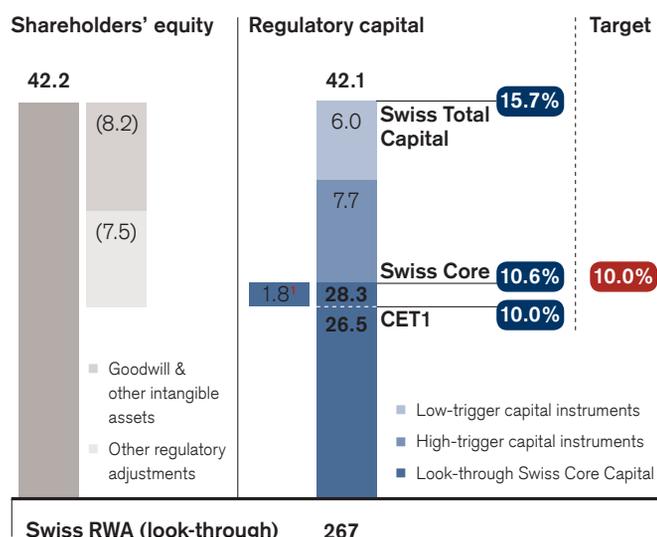
¹ The Swiss capital requirements are based on a percentage of RWA.

Look-through Swiss Core and Total Capital ratios

The look-through basis assumes fully phased-in goodwill and other intangible assets and other regulatory adjustments. On a look-through basis, our Swiss Core Capital was CHF 28.3 billion and our Swiss Core Capital ratio was 10.6% compared to a 10.0% ratio that we target. Our Swiss Total Capital was CHF 42.1 billion and our Swiss Total Capital ratio was 15.7%, each on a look-through basis.

Look-through capital ratios – Group

as of December 31, 2013 (CHF billion)



Rounding differences may occur.

¹ Consists of existing tier 1 participation securities of CHF 1.3 billion and other Swiss regulatory adjustments.

Swiss leverage ratio

The Swiss leverage ratio is calculated as Swiss Total Capital, divided by a three-month average exposure, which consists of balance sheet assets, off-balance sheet exposures, consisting of guarantees and commitments, and regulatory adjustments, including cash collateral netting reversals and derivative add-ons. As of the end of 2013, our Swiss leverage ratio was 5.1%. As of the end of 2013, our total exposure was CHF 1,131 billion, compared to our year-end 2013 target of CHF 1,190 billion. We have revised our long-term target to CHF 1,070 billion.

The following table presents the Swiss Requirements relating to each of the relevant capital components and discloses our current leverage metrics against those requirements.

Swiss leverage requirements and coverage

end of	Group					Bank				
	Minimum component	Buffer component	Progressive component	Excess	2013	Minimum component	Buffer component	Progressive component	Excess	2013
Exposure (CHF billion)										
Total average exposure	-	-	-	-	1,153.8	-	-	-	-	1,132.5
2013 Swiss leverage requirements ¹										
Minimum Swiss leverage ratio	0.84%	0.84%	0.26%	-	1.94%	0.84%	0.84%	0.26%	-	1.94%
Minimum Swiss leverage (CHF billion)	9.7	9.7	3.1	-	22.4	9.5	9.5	3.0	-	22.0
Swiss capital coverage (CHF billion)										
Swiss Core Capital	9.7	1.9	-	33.0	44.6	9.5	1.8	-	28.5	39.7
High-trigger capital instruments	-	7.7	-	-	7.7	-	7.7	-	-	7.7
Low-trigger capital instruments	-	-	3.1	3.0	6.0	-	-	3.0	2.2	5.2
Swiss Total Capital	9.7	9.7	3.1	36.0	58.4	9.5	9.5	3.0	30.6	52.6
Swiss leverage ratio (%)										
Swiss leverage ratio	0.84%	0.84%	0.26%	3.1%	5.1%	0.84%	0.84%	0.26%	2.7%	4.6%

Rounding differences may occur.

¹ The leverage requirements are based on a percentage of total average exposure.

Look-through Swiss leverage ratio

The look-through basis assumes fully phased-in goodwill and other intangible assets and other regulatory adjustments. On a look-through basis, the Group's Swiss leverage ratio was 3.7%, compared to the 4% that will be required in 2019 taking into account FINMA's reduction of our progressive component requirement beginning in 2014.

Total shareholders' equity

Group

Our total shareholders' equity was CHF 42.2 billion as of the end of 2013 compared to CHF 35.5 billion as of the end of 2012. Total shareholders' equity was impacted by the issuance of common

Swiss leverage ratio

	Group	Bank
end of	2013	2013
Swiss Total Capital (CHF million)		
Swiss Total Capital	58,395	52,646
Exposure (CHF million) ¹		
Balance sheet assets	890,242	872,097
Off-balance sheet exposures	133,426	132,567
Regulatory adjustments	130,150	127,795
Total average exposure	1,153,818	1,132,459
Swiss leverage ratio (%)		
Swiss leverage ratio	5.1	4.6

¹ Calculated as the average of the month-end amounts for the previous three calendar months.

shares primarily for the settlement of MACCS, net income in 2013, an actuarial pension adjustment, the effect of share-based compensation and the purchase of subsidiary shares from non-controlling interests relating to the redemption of tier 1 participation securities. These increases were partially offset by the impact of foreign exchange-related movements on cumulative translation adjustments and dividend payments in 2013.

► Refer to the "Consolidated statements of changes in equity" in V – Consolidated financial statements – Credit Suisse Group for further information on the Group's total shareholders' equity.

Bank

The Bank's total shareholder's equity was CHF 40.0 billion as of the end of 2013 compared to CHF 34.8 billion as of the end of

2012. Total shareholder's equity was impacted by capital contributions from the Group, net income in 2013 and the effect of share-based compensation. These increases were partially offset

by the impact of foreign exchange-related movements on cumulative translation adjustments and dividend payments in 2013.

► Refer to the "Consolidated statements of changes in equity" in VII – Consolidated financial statements – Credit Suisse (Bank) for further information on the Bank's total shareholder's equity.

Capital

end of	Group			Bank		
	2013	2012	% change	2013	2012	% change
Shareholders' equity (CHF million)						
Common shares	64	53	21	4,400	4,400	0
Additional paid-in capital	27,853	23,636	18	34,617	28,686	21
Retained earnings	30,261	28,171	7	15,169	13,637	11
Treasury shares, at cost	(139)	(459)	(70)	0	0	–
Accumulated other comprehensive income/(loss)	(15,875)	(15,903)	0	(14,194)	(11,956)	19
Total shareholders' equity	42,164	35,498	19	39,992	34,767	15
Goodwill	(7,999)	(8,389)	(5)	(7,121)	(7,510)	(5)
Other intangible assets	(210)	(243)	(14)	(210)	(243)	(14)
Tangible shareholders' equity¹	33,955	26,866	26	32,661	27,014	21
Shares outstanding (million)						
Common shares issued	1,596.1	1,320.8	21	4,399.7	44.0	–
Treasury shares	(5.2)	(27.0)	(81)	–	–	–
Shares outstanding	1,590.9	1,293.8	23	4,399.7	44.0	–
Par value (CHF)						
Par value	0.04	0.04	0	1.00 ²	100.00	(99)
Book value per share (CHF)						
Total book value per share	26.50	27.44	(3)	9.09	790.16	(99)
Goodwill per share	(5.03)	(6.48)	(22)	(1.62)	(170.68)	(99)
Other intangible assets per share	(0.13)	(0.19)	(32)	(0.05)	(5.53)	(99)
Tangible book value per share¹	21.34	20.77	3	7.42	613.95	(99)

¹ Management believes that tangible shareholders' equity and tangible book value per share, both non-GAAP financial measures, are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

² Reflects the split of the par value per share from CHF 100 to CHF 1 effective November 19, 2013.

ADDITIONAL INFORMATION

Share repurchases

The Swiss Code of Obligations limits a corporation's ability to hold or repurchase its own shares. We may only repurchase shares if we have sufficient free reserves to pay the purchase price, and if the aggregate nominal value of the repurchased shares does not exceed 10% of our nominal share capital. Furthermore, we must create a special reserve in our parent company financial statements in the amount of the purchase price of the acquired shares. In our consolidated financial statements, own shares are recorded

at cost and reported as treasury shares, resulting in a reduction in total shareholders' equity. Shares repurchased by us do not carry any voting rights at shareholders' meetings.

We purchased 385.4 million treasury shares and sold or re-issued 401.1 million treasury shares in 2013, predominantly for market-making purposes and facilitating customer orders. As of December 31, 2013, the Group held 5.2 million treasury shares.

► Refer to "Impact of share-based compensation on shareholders' equity" in IV – Corporate Governance and Compensation – Compensation for further information.

Purchases and sales of treasury shares

In million, except where indicated	Number of shares	Average price per share in CHF
2013		
January	31.0	25.15
February	27.1	25.93
March	32.4	25.34
April	64.2	25.09
May	28.9	28.00
June	28.5	26.49
July	29.4	26.92
August	17.1	28.05
September	19.6	28.03
October	26.6	28.67
November	49.3	26.58
December	31.3	26.56
Total purchase of treasury shares	385.4	-
Total sale of treasury shares	401.1	-

Dividends and dividend policy

Under the Swiss Code of Obligations, dividends may be paid out only if and to the extent the corporation has distributable profits from previous business years, or if the free reserves of the corporation are sufficient to allow distribution of a dividend. In addition, at least 5% of the annual net profits must be retained and booked as general legal reserves for so long as these reserves amount to less than 20% of the paid-in share capital. Our reserves currently exceed this 20% threshold. Furthermore, dividends may be paid out only after shareholder approval at the annual general meeting (AGM). The Board of Directors may propose that a dividend be paid out, but cannot itself set the dividend. In Switzerland, the auditors have to confirm whether the appropriation of retained earnings is in accordance with Swiss law and articles of incorporation. In practice, the shareholders usually approve the dividend proposal of the Board of Directors. Dividends are usually due and payable after the shareholders' resolution relating to the allocation of profits has been passed. Under the Swiss Code of Obligations, the statute of limitations in respect of claiming the payment of dividends that have been declared is five years.

Our dividend payment policy seeks to provide investors with a stable and efficient form of capital distribution relative to earnings. Dividend payments made in 2013, for 2012, were comprised of a distribution of CHF 0.10 per share in cash and in the form of new Group shares with an equivalent value of approximately CHF 0.65 per registered share for the 2012 financial year. As a result, we issued 37.6 million new Group shares out of authorized capital in May 2013. Our Board of Directors will propose for the financial year 2013 a cash distribution of CHF 0.70 per share to be paid out of reserves from capital contributions at the AGM on May 9, 2014.

The distribution out of reserves from capital contributions will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. The ex-dividend date has been set to May 13, 2014.

Reflecting our holding company structure, the Group is not an operating company and holds investments in subsidiaries. It is therefore reliant on the dividends of its subsidiaries to pay shareholder dividends and service its long-term debt. The subsidiaries of the Group are generally subject to legal restrictions on the amount of dividends they can pay. The amount of dividends paid by operating subsidiaries is determined after consideration of the expectations for future results and growth of the operating businesses.

► Refer to "Proposed distribution against reserves from capital contributions" in VI – Parent company financial statements – Credit Suisse Group – Proposed appropriation of retained earnings and capital distributions for further information on dividends.

Dividend per ordinary share

	USD ¹	CHF
Dividend per ordinary share for the financial year		
2012 ²	0.83	0.75
2011	0.78	0.75
2010	1.48	1.30
2009	1.78	2.00
2008	0.10	0.10

¹ Represents the distribution on each American Depositary Share. For further information, refer to www.credit-suisse.com/dividend.

² Distribution consisted of CHF 0.10 (USD 0.11) per share in cash and a stock dividend with a theoretical value of approximately CHF 0.65 (USD 0.69) per subscription right as approved at the AGM on April 27, 2013 for the financial year 2012.

Foreign exchange exposure and interest rate management

Foreign exchange risk associated with investments in branches, subsidiaries and affiliates is managed within defined parameters that create a balance between the interests of stability of capital adequacy ratios and the preservation of Swiss franc shareholders' equity. The decisions regarding these parameters are taken by CARMC and are regularly reviewed.

Foreign exchange risk associated with the nonfunctional currency net assets of branches and subsidiaries is managed through a combination of forward looking and concurrent backward looking hedging activity, which is aimed at reducing the foreign exchange rate induced volatility of reported earnings.

Interest rate risk inherent in banking book activities, such as lending and deposit taking, is transferred from the divisions to Treasury, which centrally manages the interest rate exposures. Treasury also develops and maintains the models needed to determine the interest rate risks of products that do not have a defined maturity, such as demand and savings accounts. For this purpose, a replicating methodology is applied in close coordination with Risk Management to maximize stability and sustainability of spread revenues at the divisions. Further, Treasury manages the interest exposure of the Bank's equity to targets agreed with senior management.

Risk management

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank and continued to be a key focus area in 2013. During the year, we took additional steps to adapt our businesses and our risk management approaches and methodologies to the new regulatory requirements. In 2013, overall position risk increased 7%, utilized economic capital increased 4%, average risk management VaR in US dollars for our trading books decreased 27% and our impaired loans decreased 14% to CHF 1.5 billion.

KEY RISK DEVELOPMENTS IN 2013

2013 was a year marked by a persisting low interest environment, good performance of the Swiss economy, economic recovery in most EU countries, advanced US economic recovery and a challenging regulatory environment.

To support the recovery of the weak economy, major central banks continued their unprecedented liquidity support and near zero interest rate policy during 2013. Supported by the search for yield, low credit quality and high-yield instruments attracted investors' capital; in some cases, issuance volumes were higher and spreads lower than prior to the financial crisis of 2008. In particular, the ratio of issuances with CCC ratings and below has risen significantly. In September 2013, US regulators expressed concerns around current underwriting standards and requested that more conservative risk criteria be implemented industry wide.

The regulatory environment for the Group remained challenging during 2013. Since January 1, 2013, the Group has operated under the ◉ Basel III regulatory framework, whereas the Basel III implementation for banks in the EU (CRD IV) and the US is planned to start in 2014. As part of the transition to CRD IV, the PRA has reviewed the permissions of UK financial institutions, including those of our subsidiaries, to use their current internal modeling for capital calculation purposes as well as new models required for CRD IV compliance. The majority of the models for our subsidiaries were approved by the PRA while certain of our models will require updates in line with latest ◉ BCBS guidance and regulatory feedback on modeling techniques.

Also, the Basel III regulatory framework has introduced standards for liquidity risk measurement and monitoring, including ◉ LCR and ◉ NSFR. LCR is as a comprehensive measure addressing short-term liquidity risk over a 30-day period while NSFR is a comprehensive measure for long-term liquidity risk addressing the funding of a bank's assets and activities over a one-year horizon. In January 2014, the BCBS issued final LCR rules and disclosure requirements that are to be implemented as part of banks' regular disclosures after January 1, 2015. The observation period for this metric started in 2013, allowing for appropriate preparation to comply with this regulatory liquidity requirement.

► Refer to "Regulatory framework" in *Liquidity and funding management for information on LCR and NSFR.*

We observed a trend towards a more stringent interpretation of existing capital rules, in particular regarding operational risk, and a growing focus on more standardized and simpler risk measures.

The roll-out for the expanded operational risk framework has been ongoing. Furthermore, there are increased requirements from regulators across the globe towards establishing effective recovery and resolution plans (RRP).

In Investment Banking, there has been a continued emphasis on the strategy of reducing our balance sheet and ◉ risk-weighted assets thereby decreasing the overall capacity for risk taking.

In Private Banking & Wealth Management, in anticipation of evolving regulatory requirements such as the pending enactment of the revised Markets in Financial Instruments Directive (MiFID II) and related regulation, the risk focus was on client suitability and appropriateness, tax compliance and cross-border business activities.

New credit provisions remained at a low level across both business divisions.

Reputational risk remained a major focus during 2013. Procedures have been improved as well as the awareness of our staff towards reputational risk-related issues. We have continued to adapt our business approach with respect to certain countries and industries with higher reputational risk as well as transactions with politically exposed persons.

The risk appetite framework has been further enhanced for 2014 with improved capital tests capturing additional operational and pension-related risks as well as including additional forward-looking scenarios. These enhancements include position loss triggers allocated to specific business levels and throughout the organization.

RISK MANAGEMENT OVERSIGHT

Risk culture

We base our business operations on conscious, disciplined and intelligent risk taking. We believe in independent risk management, compliance and audit processes with proper management accountability for the interests and concerns of our stakeholders.

Risk governance

Fundamental to our business is the prudent taking of risk in line with our strategic priorities. The primary objectives of risk management are to protect our financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Our risk management framework is based on transparency, management accountability and independent oversight. Risk management is an integral part of our

business planning process with strong involvement of senior management and the Board of Directors (Board).

To meet the challenges of a volatile market environment and changing regulatory frameworks, we are working to continuously strengthen our risk function, which is independent of, but closely interacts with, the front office functions to ensure the appropriate flow of information and strong controls. We have comprehensive risk management processes and sophisticated control systems, and we are working to limit the impact of negative developments by carefully managing concentrations of risks.

Risk organization

We manage risk in our internal control environment; however, risks arise in all of our business activities and cannot be eliminated completely. Our risk management organization reflects the specific nature of the various risks to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Board, including through its committees, this includes the following responsibilities:

- Board: responsible to shareholders for the strategic direction, supervision and control of the Group, and for defining our overall tolerance for risk in the form of a risk appetite statement and overall risk limits;
- Risk Committee: responsible for assisting the Board in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and overall risk limits; and

- Audit Committee: responsible for assisting the Board in fulfilling its oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the Board in consultation with its Risk Committee. Committees have been established at senior management level to further support the risk management function.

The Capital Allocation & Risk Management Committee (CARMC) reviews risk exposures, concentration risks and risk-related activities on a monthly basis. CARMC is responsible for supervising and directing our risk profile on a consolidated basis, recommending risk limits to the Risk Committee and the Board, and for establishing and allocating risk limits among the various businesses. CARMC monthly meetings rotate through the following three cycles: (i) Asset & Liability Management including capital, funding and liquidity; (ii) Market & Credit Risks; and (iii) Internal Control Systems including operational risks, legal and compliance issues and internal control matters. In the Market & Credit Risks cycle, the Credit Portfolio & Provisions Review Committee, a sub-committee of CARMC, reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances.

Key management bodies and committees



¹ Includes ALM, capital, funding and liquidity ² Facilitated by the Credit Portfolio & Provisions Review Committee

³ Includes operational risks, legal and compliance issues and internal control matters ⁴ Risk Management Committee

The Risk Processes & Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters.

The Reputational Risk & Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks and sustainability issues. There are also divisional risk management committees.

The risk committees are further supported by Treasury, which is responsible for the management of our balance sheet, capital management, liquidity and related hedging policies.

Given the increasingly complex regional regulatory requirements, a dedicated UK CRO function has been developed to ensure risk management is fully integrated at all levels of the organization. As an important contact with UK regulators, the UK CRO is key in ensuring risk management issues are properly escalated and addressed, strong risk controls are established and capital usage is optimized. In addition, a more robust governance framework is being implemented for US operations which includes the appointment of a dedicated US CRO. The development of these functions is key to ensuring the increasingly complex regulatory requirements are fully met in each region.

The risk management function reports to the CRO, who is independent of the business and is a member of the Executive Board. In 2013, the function covered:

- Strategic Risk Management;
- Risk Analytics and Reporting;
- Credit Risk Management;
- Operational Risk Management, including:
 - Business Continuity Management;
 - Technology Risk Management; and
- Reputational Risk Management.

The risk management function is responsible for providing risk management oversight and establishing an organizational basis to manage all risk management matters through four primary risk functions: Strategic Risk Management assesses the Group's overall risk profile on a strategic basis, recommending corrective action where necessary, and is also responsible for market risk management including measurement and limits; Risk Analytics and Reporting is responsible for risk analytics, reporting, systems implementation and policies; Credit Risk Management is responsible for approving credit limits, monitoring and managing individual exposures, and assessing and managing the quality of credit portfolios and allowances; Operational Risk Management establishes and maintains Group-wide standards, processes and tools for the identification, assessment, management and monitoring of operational risks. Through Business Continuity Management, Operational Risk Management assesses and manages potential impacts that threaten the organization in case of operational disruption, crisis or disaster; and through Technology Risk Management, Operational Risk Management oversees IT-related risk aspects.

Risk types

Within our risk framework, we have defined the following types of risk:

Management risks

- Strategy risk: outcome of strategic decisions or developments; and
- Reputational risk: damage to our standing in the market.

Chosen risks

- Market risk: changes in market factors such as prices, volatilities and correlations;
- Credit risk: changes in the creditworthiness of other entities; and
- Expense risk: difference between expenses and revenues in a severe market event.

Consequential risks

- Operational risk: inadequate or failed internal processes, people and systems (including cyber risk), or external events; and
- Liquidity risk: inability to fund assets or meet obligations at a reasonable price.

Management risks are difficult to quantify. Management of strategy risk is addressed at the Board and Executive Board level, and a process has been implemented to globally capture and manage reputational risk. Chosen risks are, in general, highly quantifiable, but are challenging in complexity and scale, especially when aggregated across all positions and types of financial instruments. For operational risk management, we have primarily set up processes at Group, divisional and regional levels. Liquidity management is centralized with Treasury.

Information required under Pillar 3 of the Basel framework related to risk is available on our website at www.credit-suisse.com/pillar3.

Risk appetite and risk limits

We have a risk appetite framework that establishes key principles for managing our risks to ensure a balance of return and assumed risk, stability of earnings and appropriate capital levels. The key aspect of our risk appetite framework is a sound system of integrated risk limits to control overall risk taking capacity and serve as an essential decision-making tool for senior management. Our risk appetite framework is guided by the following general principles:

- managing the business to a target credit rating;
- meeting regulatory requirements and expectations;
- ensuring capital adequacy;
- maintaining low exposure to stress events;
- maintaining stability of earnings; and
- ensuring sound management of liquidity and funding risk.

Risk appetite is annually reviewed and determined by the Board, taking into account strategic and business planning, and enforced by a detailed framework of portfolio and position limits, guidelines and targets at both the Group and divisional levels as well as for certain legal entities. Risk appetite is defined in quantitative terms

using risk limits and tolerance levels, capital ratios, scenario results as well as risk-weighted assets and balance sheet size.

The following chart gives an overview of the Group's risk appetite framework reflecting selected Group-wide and division-specific quantitative and qualitative elements.

Risk appetite framework

	Group-wide	Division-specific	
		Private Banking & Wealth Management	Investment Banking
Selected quantitative elements	<ul style="list-style-type: none"> – Economic capital limits – Liquidity ratios – Leverage ratios – Scenario loss limits – Risk-weighted assets – Balance sheet size 	<ul style="list-style-type: none"> – Economic capital limits – Market risk limits – Credit risk limits – Operational risk tolerance levels 	
Selected qualitative elements	<ul style="list-style-type: none"> – Compliance with international and local laws – Reputational risk 	<ul style="list-style-type: none"> – Avoidance of concentration risks – Adherence to suitability & appropriateness requirements – Compliance with industry guidelines and internal policies 	

A sound system of risk limits is fundamental to effective risk management. The limits define our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

We use an economic capital limit structure to manage overall risk taking. The overall risk limits for the Group are set by the Board in consultation with its Risk Committee and are binding. In the rare circumstances where a breach of these limits would occur, it would result in an immediate notification to the Chairman of the Board's Risk Committee and the CEO of the Group, and written notification to the full Board at its next meeting. Following notification, the CRO can approve positions that exceed the Board limits by no more than an approved percentage, with any such approval being reported to the full Board. Positions that exceed the Board limits by more than such approved percentage can only be approved by the CRO and the full Board acting jointly. In 2013 and 2012, no Board limits were exceeded.

In the context of the overall risk appetite of the Group, as defined by the limits set by the Board, CARMC is responsible for setting divisional risk limits and more specific limits deemed necessary to control the concentration of risk within individual lines of business. For this purpose, a detailed framework of more than 100 individual risk limits designed to control risk taking at a granular level by individual businesses and in the aggregate is used. Limit measures used include VaR, economic capital, risk exposure, risk sensitivity and scenario analysis. The framework encompasses

specific limits on a large number of different product and risk type concentrations. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money and emerging market country exposures. Risk limits allocated to lower organizational levels within the businesses also include a system of individual counterparty credit limits. CARMC limits are binding and generally set at a tight level to ensure that any meaningful increase in risk exposures is promptly escalated. The head of Strategic Risk Management for the relevant division or certain other members of senior management have the authority to temporarily increase the CARMC limits by an approved percentage for a period not to exceed 90 days. Any CARMC limit excess is subject to a formal escalation procedure and must be remediated or expressly approved by senior management. Senior management approval is valid for a standard period of ten days (or fewer than ten days for certain limit types) and approval has to be renewed for additional standard periods if an excess is not remediated within the initial standard period. The majority of these limits are monitored on a daily basis. Limits for which the inherent calculation time is longer are monitored on a weekly basis. A smaller subset of limits relating to exposures for which the risk profile changes more infrequently (for example, those relating to illiquid investments) is monitored on a monthly basis. In 2013, 97% of all limit excesses were resolved within the approved standard period.

STRESS TESTING FRAMEWORK

Stress testing is a fundamental element of our Group-wide risk appetite framework included in the overall risk management to ensure that our financial position and risk profile provide sufficient resilience to withstand the impact of severe economic conditions. Stress testing results are monitored against limits, in risk appetite discussions and strategic business planning, and to support our internal capital adequacy assessment.

Our stress testing framework is comprehensive and governed through a dedicated steering committee. Stress tests are conducted on a regular basis and the results, trend information and supporting analysis are reported to the Board, senior management, the business divisions and regulators.

Stress tests are carried out to determine stressed position loss, earnings volatility and stressed capital ratios using historical, forward-looking and reverse stress testing scenarios. The scope of stress testing includes market risk, credit default, operational risk, business risk and pension risk. The stress tests also include the scenario impact on risk-weighted assets through changes to market, credit and operational components.

We use historical stress testing scenarios to consider the impact of market shocks from relevant periods of extreme market disturbance. Standardized severity levels allow comparability of severity across differing risk types. The calibration of bad day, bad week, severe event and extreme event scenarios involves the identification of the worst moves that have occurred in recent history. Severe flight to quality (SFTQ) is our main scenario used for Group-wide stress testing and risk appetite setting. It is a combination of market shocks and defaults that reflects conditions similar to what followed the Lehman collapse during the fourth quarter of 2008. The SFTQ scenario assumes a severe market crash in equity and commodity markets, along with a widening of credit spreads and stressed default rates.

We use forward-looking stress testing scenarios to complement historical scenarios. The forward-looking scenarios are centered on potential macroeconomic, geopolitical or policy threats. A Risk Council comprised of internal economists, front office and representatives of the Risk division discusses the backdrop to several forward-looking scenarios. The Risk Council reviews a wide range of scenarios and selects those that are most pertinent to agree on key macroeconomic shocks. Some examples of forward-looking scenarios include US and European country recessions, Middle East conflict and the impact of monetary policy changes by central banks. The scenarios are reviewed and updated regularly as markets and business strategies evolve.

We use reverse stress testing scenarios to complement traditional stress testing and enhance our understanding of business model vulnerabilities. Reverse stress testing scenarios define a range of severe adverse outcomes and identify what could lead to these outcomes. The more severe scenarios include large counterparty failures, sudden shifts in market conditions, operational risk events, credit rating downgrades and the shutdown of wholesale funding markets.

Stress testing is also used to support our internal capital adequacy assessment. Within the risk appetite framework, the Board sets Group-wide stressed position loss limits to correspond to minimum post-stress capital ratios. Currently, limits are set on the basis of Basel III CET1 capital and look-through capital ratios.

Stress tests also form an integral part of the Group's RRP. Within the RRP, stress tests provide indicative scenario severity required to reach recovery and resolution capital levels.

► Refer to "Regulation and supervision" in I – Information on the company for information on regulatory developments regarding RRP.

We also conduct externally defined stress tests that meet the specific requirements of regulators. For example, as part of various periodic stress tests and analysis, FINMA requires a semi-annual loss potential analysis that includes an extreme scenario that sees European countries experience a severe recession resulting from the worsening of the European debt crisis.

ECONOMIC CAPITAL AND POSITION RISK

Overview

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. It is our core Group-wide risk management tool for measuring and reporting all quantifiable risks. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating). It also provides a common terminology for risk across the Group, which increases risk transparency and improves knowledge sharing. The development and use of economic capital methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

Under Pillar 2 of the Basel framework (also referred to as the Supervisory Review Process), banks are required to implement a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with their overall risk profile and the current operating environment. Our economic capital framework has an important role under Pillar 2, as it represents our internal view of the amount of capital required to support our business activities.

Economic capital is calculated separately for position risk, operational risk and other risks. These three risks are used to determine our utilized economic capital and are defined as follows:

- Position risk: the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). Position risk is used to assess, monitor and report risk exposures throughout the Group;
- Operational risk: the level of loss resulting from inadequate or failed internal processes, people and systems or from external events over a one-year horizon which is exceeded with a given

small probability (0.03%). Estimating this type of economic capital is inherently more subjective and reflects quantitative tools and senior management judgment; and

- Other risks: the risks not captured by the above, which primarily includes expense risk, pension risk, impact from deferred share-based compensation awards, foreign exchange risk between economic capital resources and utilized economic capital and risk on real estate held for own use. Expense risk is defined as the difference between expenses and revenues in a severe market event, excluding those elements captured by position risk and operational risk. Pension risk is defined as the potential under-funding of our pension obligations in an extreme event.

We regularly review our economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In response to economic realities, we modify our economic capital model in advance of regulatory changes. For example, requirements such as capital charges equivalent to an ◻ IRC and ◻ CVA were an integral part of our economic capital model prior to the 2008 financial crisis.

In 2013, we made the following enhancements to the position risk methodology for risk management purposes: In fixed income trading, we improved the modeling of interest rate options and for our non-recourse lending business, we refined the modeling of our equity-based collateral to better capture the market risk associated with liquidating the collateral in a stressed environment.

Prior-period balances have been restated for methodology changes in order to show meaningful trends. The total net impact of 2013 methodology changes on position risk for the Group as of December 31, 2012 was a decrease of CHF 147 million, or 1%.

For utilized economic capital used for capital management purposes, in addition to adopting the above position risk methodology changes, we made the following enhancements:

- for other risks, we recalibrated our model reserve component to capture certain market risks not included in the position

risk framework; this included credit concentration exposures with global systemically important financial institutions and reflected an estimate of the impact of the planned recalibration of our expense risk model shocks; simultaneously with the methodology change on position risk for non-recourse lending we reversed our previously budgeted estimate for this planned methodology change as reflected in other risks; and

- for operational risk, we increased our operational risk capital by 4% in order to reflect revised expected impacts from the ongoing modeling review, now scheduled to conclude in early 2014. This increase was in addition to the 20% increase in operational risk capital in 2012, when, following discussions with ◻ FINMA, we initiated a project to enhance our economic capital/◻ AMA methodology to reflect recent developments regarding operational risk measurement methodology and associated regulatory guidance.

Prior-period balances have been restated for 2013 methodology changes in order to show meaningful trends. The net impact of all methodology changes on utilized economic capital for the Group as of December 31, 2012 was a net increase of CHF 905 million, or 3%.

For economic capital resources, in connection with the implementation of ◻ Basel III, we recalibrated the definition of our economic capital resources. Economic capital adjustments are applied to Look-through CET1 capital under Basel III. Previously, we applied the economic capital adjustments to tier 1 capital under the then-applicable ◻ Basel II.5 framework. We have also recalibrated our economic adjustments. The net impact of the change on economic capital resources for the Group as of December 31, 2012 was a decrease of CHF 13.8 billion, or 30%, primarily driven by the exclusion of hybrid capital instruments under Basel III, adjustments with respect to pension assets and liabilities and changes to the recognition of deferred tax assets, partially offset by the inclusion of high-trigger capital instruments.

Group position risk

	2013	2012	end of 2011	13 / 12	% change 12 / 11
Position risk (CHF million)					
Fixed income trading ¹	3,318	2,489	2,881	33	(14)
Equity trading & investments	1,715	1,893	2,188	(9)	(13)
Private banking corporate & retail lending	2,350	2,382	2,182	(1)	9
International lending & counterparty exposures	4,957	4,260	4,009	16	6
Emerging markets country event risk	1,412	1,041	860	36	21
Real estate & structured assets ²	1,862	1,985	2,157	(6)	(8)
Simple sum across risk categories	15,614	14,050	14,277	11	(2)
Diversification benefit ³	(3,571)	(2,820)	(2,660)	27	6
Position risk (99% confidence level for risk management purposes)	12,043	11,230	11,617	7	(3)

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ This category comprises fixed income trading, foreign exchange and commodity exposures.

² This category comprises commercial and residential real estate (including RMBS and CMBS), ABS exposure, real estate acquired at auction and real estate fund investments.

³ Reflects the net difference between the sum of the position risk categories and the position risk on the total portfolio.

Key position risk trends

Compared to the end of 2012, position risk for risk management purposes increased 7%. Excluding the US dollar translation impact, position risk increased 10%, mainly due to higher foreign exchange, interest rate and credit spread exposure in fixed income trading as well as new loan commitments and increased counterparty risk in Investment Banking for international lending & counterparty exposures. Position risk also increased due to increased exposures in Eastern Europe in emerging markets country event

risk. These increases were partially offset by reduced exposures in equity trading & investments due to private equity sales.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolios.

Economic capital

end of	Group			Bank ¹		
	2013	2012	% change	2013	2012	% change
Economic capital resources (CHF million)						
Look-through CET1 capital (Basel III)	26,480	22,690	17	23,623	14,653	61
Economic adjustments ²	11,464	9,391	22	12,566	10,744	17
Economic capital resources	37,944	32,081	18	36,189	25,397	42
Utilized economic capital (CHF million)						
Position risk (99.97% confidence level)	21,262	19,798	7	21,114	19,642	7
Operational risk	4,195	4,093	2	4,195	4,093	2
Other risks ³	6,821	7,210	(5)	4,743	5,143	(8)
Utilized economic capital	32,278	31,101	4	30,052	28,878	4

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ The major difference between economic capital of the Group and the Bank relates to the risks within Neue Aargauer Bank AG, BANK-now AG and Corporate Center. These risks include position and other risks.

² Includes primarily high-trigger capital instruments, adjustments to unrealized gains on owned real estate, reduced recognition of deferred tax assets, adjustments to treatment of pensions and anticipated capital-relevant dividends. Economic adjustments are made to Look-through CET1 capital to enable comparison between economic capital utilization and economic capital resources under the Basel III framework.

³ Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, interest rate risk on treasury positions, diversification benefits, the impact from deferred share-based compensation awards and an estimate for the impacts of certain methodology changes planned for 2014.

Economic capital by segment

in / end of	2013	2012	% change
Utilized economic capital by segment (CHF million)			
Private Banking & Wealth Management	9,200	9,646	(5)
Investment Banking	20,852	19,232	8
Corporate Center ¹	2,244	2,242	0
Utilized economic capital – Group²	32,278	31,101	4
Utilized economic capital – Bank³	30,052	28,878	4
Average utilized economic capital by segment (CHF million)			
Private Banking & Wealth Management	9,554	9,965	(4)
Investment Banking	19,910	20,241	(2)
Corporate Center ¹	2,250	2,438	(8)
Average utilized economic capital – Group⁴	31,695	32,626	(3)
Average utilized economic capital – Bank³	29,464	30,206	(2)

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ Includes primarily expense risk, diversification benefits from the divisions and foreign exchange risk between economic capital resources and utilized economic capital.

² Includes a diversification benefit of CHF 18 million and CHF 19 million as of December 31, 2013 and 2012, respectively.

³ The major difference between economic capital of the Group and the Bank relates to the risks within Neue Aargauer Bank AG, BANK-now AG and Corporate Center. These risks include position and other risks.

⁴ Includes a diversification benefit of CHF 19 million and CHF 18 million as of December 31, 2013 and 2012, respectively.

Utilized economic capital trends

Over the course of 2013, our utilized economic capital increased 4%. Excluding the US dollar translation impact, utilized economic capital increased 6%, mainly due to increased position risk in international lending & counterparty exposures, fixed income trading and emerging markets country event risk, partially offset by reduced equity trading & investments risk.

For Private Banking & Wealth Management, utilized economic capital decreased 5%, mainly due to lower position risk in equity trading & investments and private banking corporate & retail lending, partially offset by increased deferred share-based compensation awards in other risks.

For Investment Banking, utilized economic capital increased 8%. Excluding the US dollar translation impact, utilized economic capital increased 11%, largely due to increased position risk in international lending & counterparty exposures, fixed income trading and emerging markets country event risk. The increases were partially offset by decreased deferred share-based compensation awards in other risks.

Corporate Center utilized economic capital was stable as an increase in foreign exchange risk between economic capital resources and utilized economic capital was largely offset by lower expense risk.

MARKET RISK

Market risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. We define our market risk as potential changes in the fair value of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

We devote considerable resources to ensuring that market risk is comprehensively captured, accurately modeled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organizational levels, from the overall risk positions at the Group level down to specific portfolios. We use market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across our many activities and focused tools that can model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. Our principal market risk measurement methodologies are ◻ VaR and scenario analysis. Additionally, our market risk exposures are reflected in our economic capital calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

With changes in the regulatory framework over the past years, we have implemented additional risk measurement models, including ◻ IRC and ◻ stressed VaR. IRC is a regulatory capital charge for default and migration risk on positions in the trading books and intended to complement additional standards being applied to the VaR modeling framework, including stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking

into account a one-year observation period relating to significant financial stress and helps reduce the pro-cyclicality of the minimum capital requirements for market risk.

VaR

VaR measures the potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from interest rate, foreign exchange, equity and commodity options, money market and swap transactions and bonds. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatilities serve as the basis for the statistical VaR model underlying the potential loss estimation. We use a one-day holding period and a confidence level of 98% to model the risk in our trading portfolios for internal risk management purposes and a ten-day holding period and a confidence level of 99% for regulatory capital purposes. These assumptions are compliant with the standards published by the ◻ BCBS and other related international standards for market risk management. For some purposes, such as ◻ backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are calculated based on a one-day holding period level or scaled down from a longer holding period.

We use a historical simulation model for the majority of risk types and businesses within our trading portfolios. The model is based on the profit and loss distribution resulting from historical changes in market rates, prices and volatilities applied to evaluate the portfolio.

We use the same VaR model for risk management and regulatory capital purposes, except for the confidence level and holding period used. We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio, and in 2011 significantly enhanced our VaR methodology, including use of exponential weighting and expected shortfall equivalent measures, for both ◻ risk management VaR and ◻ regulatory VaR. The revised VaR methodology captured extreme events more completely and improved the responsiveness of the model to market volatility. We received approval from ◻ FINMA to use this revised VaR methodology for both risk management and regulatory capital purposes.

In the fourth quarter of 2013, we updated our VaR models to better reflect that borrowing costs may differ from the risk-free rate when calculating forward equity prices and to better capture the volatility skew risk for foreign exchange products. In the second quarter of 2012 we made asset-class methodology changes to better capture complex risks for exotic rate products. This was not a change to our overall VaR model or methodology, but rather an adjustment to the specific risk-capture approach for a certain

class of instruments, predominantly comprising options portfolios with embedded interest rate and/or foreign exchange features. The cumulative impact of these updates and adjustments on our principal VaR measures was immaterial and prior periods have not been restated.

We have approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our regulatory VaR model in the calculation of trading book market risk capital requirements. We continue to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

For risk management VaR, we use a one-day holding period and a 98% confidence level. This means there is a 1-in-50 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR. For regulatory VaR, we present one-day, 99% VaR, which is a ten-day VaR adjusted to a one-day holding period. In order to show the aggregate market risk in our trading books, the chart entitled "Daily risk management VaR" shows the trading-related market risk on a consolidated basis.

The VaR model uses assumptions and estimates that we believe are reasonable, but VaR only quantifies the potential loss on a portfolio based on the behavior of historical market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. The main assumptions and limitations of VaR as a risk measure are:

- VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities;
- although VaR captures the relationships between risk factors, these relationships may be affected by stressed market conditions;
- VaR provides an estimate of losses at a specified confidence level, which means that it does not provide any information on the size of losses that could occur beyond that confidence level;
- VaR is based on either a one-day (for internal risk management, backtesting and disclosure purposes) or a ten-day (for regulatory capital purposes) holding period. This assumes that risks can be either sold or hedged over the holding period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence; and
- VaR is calculated using positions held at the end of each business day and does not include intra-day exposures.

For some risk types there can be insufficient historical data for a calculation within the Group's VaR model (often because underlying instruments have only traded for a limited time). Where we do not have sufficient market data, either market data proxies or extreme moves for these risk types are used. Market data proxies are selected to be as close to the underlying instrument as

possible. Where neither a suitable market dataset nor a close proxy are available, extreme moves are used. Extreme moves are aggregated assuming a conservative 100% correlation. Risks that are not currently implemented within the Group's VaR model such as certain basis risks, higher order risks and cross risks are captured through ◻ RNIV calculations.

We use a risk factor identification process to ensure that risk is identified and measured correctly. There are two parts to this process. First, the market data dependency approach systematically determines the risk requirements based on data inputs used by front-office pricing models and compares this with the risk types that are captured by the Group's VaR model and the RNIV framework. Second, the product-based approach is a qualitative analysis of product types to identify the risk types that those product types would be exposed to. A comparison is again made with the risk types that are captured in the VaR and RNIV frameworks. Through this process, risks that are not yet captured in the VaR model or the RNIV framework are identified. A plan for including these risks in one or the other framework can then be devised. The RNIV identified by the risk factor identification process is also captured in our economic capital framework.

Like other sophisticated models, the Group's VaR model is subject to internal governance including validation by a team of modeling experts independent from the model developers. Validation includes identifying and testing the model's assumptions and limitations, investigating its performance through historical and potential future stress events, and testing that the live implementation of the model behaves as intended.

We employ a range of different control processes to help ensure that the models used for market risk remain appropriate over time. As part of these control processes, the VaR Governance Steering Committee meets regularly to review model performance and approve any new or amended models.

Scenario analysis

Scenario analysis complements statistical-based risk measures such as VaR and Economic Capital. For example, scenarios are customized with longer horizons than the ones used in statistical-based risk measures to capture market liquidity. Scenarios are also customized to run against agreed limits where the materiality of stressed exposures warrants closer monitoring.

Our scenario analysis also enhances periodic exposure reporting by providing a view of how risk could change under severe market conditions. For example, sensitivities are computed post a large market shock scenario. Scenarios are also used to capture the cross impacts between risk factors under stressed market conditions to complement basis risks captured by other risk measures. Scenarios are further used to assess the impact of more extreme parameters used by other risk measures. For example, market volatility and credit default parameters in risk-weighted asset models are stressed to assess capital requirements under extreme conditions.

Trading portfolios

Risk measurement and management

We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking division. Our other divisions also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for regulatory capital purposes. This classification of assets as trading is done for the purposes of analyzing our market risk exposure, not for financial statement purposes. Our trading portfolio as determined for risk management purposes primarily includes a majority of the balance sheet items trading assets and trading liabilities, and selected fair-valued positions of investment securities, other investments, other assets (mainly derivatives used for hedging, loans and real

estate held-for-sale), short-term borrowings, long-term debt and other liabilities (mainly derivatives used for hedging).

We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations.

Risks associated with the embedded derivative elements of our structured products are actively monitored and managed on a portfolio basis as part of our overall trading portfolio and are reflected in our VaR measures.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (CHF)

in / end of	Interest rate	Credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Risk management VaR (98%)	Regulatory VaR (99%)
							Total	Total
2013 (CHF million)								
Average	18	35	9	2	16	(40)	40	39
Minimum	8	30	3	1	11	- ¹	33	22
Maximum	45	41	24	4	36	- ¹	55	77
End of period	10	32	6	3	24	(30)	45	31
2012 (CHF million)								
Average	29	47	13	3	22	(47)	67	57
Minimum	15	36	3	1	14	- ¹	34	34
Maximum	43	67	34	7	35	- ¹	104	89
End of period	27	36	12	2	17	(54)	40	52
2011 (CHF million)								
Average	30	66	13	10	23	(67)	75	94
Minimum	21	46	5	2	14	- ¹	54	49
Maximum	43	92	25	26	47	- ¹	107	161
End of period	32	62	12	4	25	(61)	74	79

Excludes risks associated with counterparty and own credit exposures.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (USD)

in / end of	Interest rate	Credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Risk management VaR (98%) Total	Regulatory VaR (99%) Total
2013 (USD million)								
Average	19	38	10	2	17	(43)	43	42
Minimum	9	32	3	1	12	- ¹	34	24
Maximum	49	44	25	4	38	- ¹	58	83
End of period	11	36	7	3	27	(33)	51	35
2012 (USD million)								
Average	31	51	14	3	23	(63)	59	61
Minimum	16	39	3	1	15	- ¹	36	37
Maximum	47	73	38	8	37	- ¹	88	97
End of period	29	39	13	2	18	(57)	44	57
2011 (USD million)								
Average	34	74	14	11	26	(74)	85	105
Minimum	23	60	6	2	15	- ¹	65	55
Maximum	49	99	29	27	51	- ¹	117	177
End of period	34	66	13	4	27	(65)	79	84

Excludes risks associated with counterparty and own credit exposures.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Development of trading portfolio risks

The tables entitled "One-day, 98% risk management VaR and one-day, 99% regulatory VaR" show our trading-related market risk exposure, as measured by one-day, 98% risk management VaR and 99% regulatory VaR. VaR has been calculated using a two-year historical dataset. As we measure trading book VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily foreign exchange translation rates. 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 98th percentile loss for risk management VaR and the 99th percentile loss for regulatory VaR, respectively, for each individual risk type and for the total portfolio.

We measure VaR in US dollars, as substantially all market risk relates to Investment Banking.

Average risk management VaR in 2013 decreased 27% from 2012 to USD 43 million. The decrease was driven by risk reduction in both fixed income and equities, particularly in securitized and credit products, US and European interest rate products and cash equities, and lower market volatility, partially offset by reduced portfolio diversification benefit.

Period-end risk management VaR as of December 31, 2013 increased 16% to USD 51 million compared to December 31, 2012, reflecting increased equity exposures and reduced portfolio diversification benefit, partially offset by lower interest rate and foreign exchange exposures.

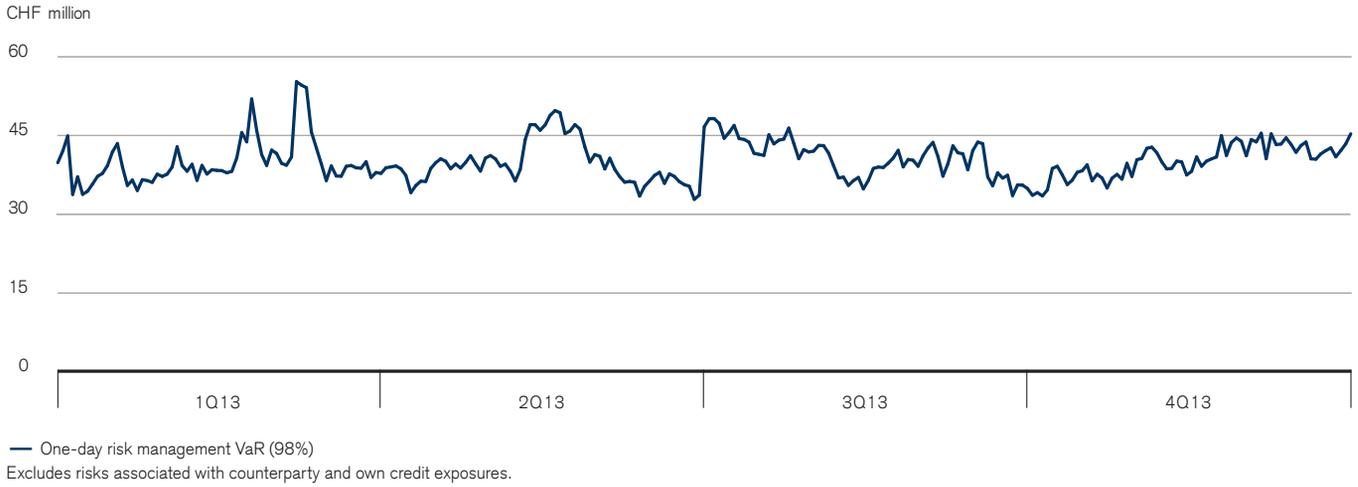
Various techniques are used to assess the accuracy of the regulatory VaR model used for trading portfolios, including backtesting. We conduct such backtesting using actual daily trading revenues. Actual daily trading revenues are compared with a regulatory 99% VaR calculated using a one-day holding period. A backtesting exception occurs when a trading loss exceeds the daily VaR estimate. We had no such backtesting exceptions in the 12-month periods ending December 31, 2013, 2012 and 2011. Since there were fewer than five backtesting exceptions in the rolling 12-month periods ending December 31, 2013, 2012 and 2011, in line with BIS industry guidelines, the VaR model is deemed to be statistically valid.

For capital purposes, FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR exception over four in the prior rolling 12-month period calculated using a subset of actual daily trading revenues.

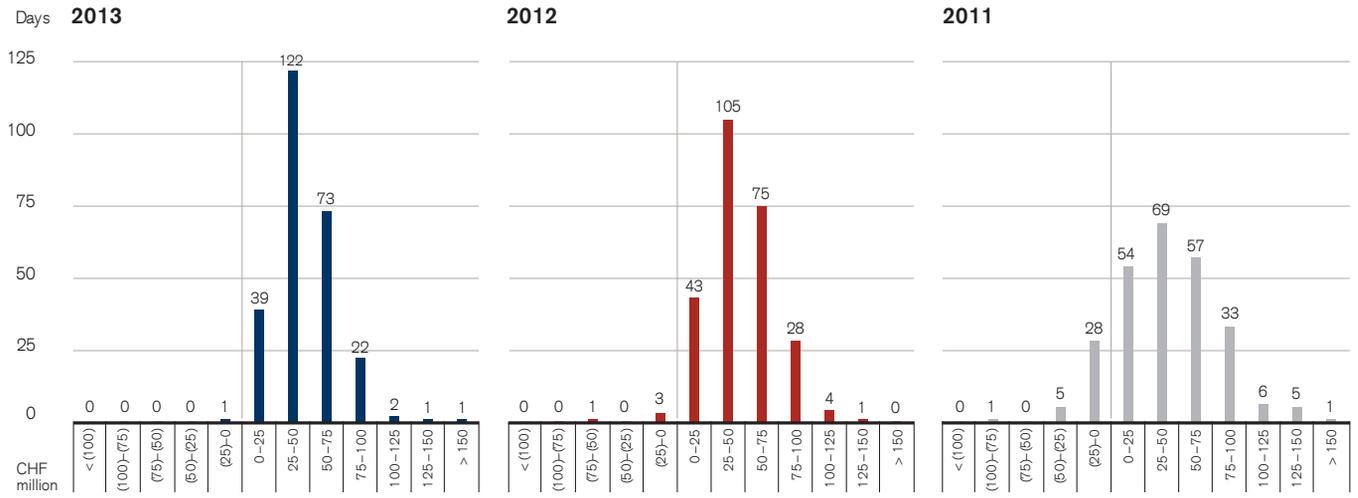
► Refer to "Regulatory capital framework" in Capital management for further information on the use of our regulatory VaR model in the calculation of trading book market risk capital requirements.

The histogram entitled "Actual daily trading revenues" compares the actual daily trading revenues for 2013 with those for 2012 and 2011. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities. In 2013, we had one trading loss day with a trading loss not exceeding CHF 25 million, compared to four trading loss days in 2012 with one trading loss exceeding CHF 25 million.

Daily risk management VaR



Actual daily trading revenues



Excludes Neue Aargauer Bank.
Trading revenues do not include valuation adjustments associated with counterparty and own credit exposures.

Banking portfolios

Risk measurement and management

The market risks associated with our non-trading portfolios primarily relate to asset and liability mismatch exposures, equity instrument participations and investments in bonds and money market instruments. All of our businesses and the Corporate Center have non-trading portfolios that carry some market risks. Our non-trading portfolios as determined for risk management purposes include a majority of the balance sheet items loans, central bank funds sold, securities purchased under resale agreements and securities borrowing transactions, cash and due from banks, brokerage receivables, due to banks, customer deposits, central bank funds purchased, securities sold under repurchase agreements and securities lending transactions, brokerage payables, selected positions of short-term borrowings and long-term debt, and other assets and liabilities not included in the trading portfolio.

The market risk associated with the non-trading portfolios is measured, monitored and limited using several tools, including economic capital, scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with our non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure of the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings.

Development of non-trading portfolio risks

We assume non-trading interest rate risks through interest rate-sensitive positions originated by Private Banking & Wealth Management and risk-transferred to Treasury, money market and funding activities by Treasury, and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking & Wealth Management to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying product). Treasury and certain other areas of the Group running interest rate risk positions actively manage the positions within approved limits. This risk is monitored on a daily basis.

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 CHF 8.5 million as of December 31, 2013, compared to an increase of CHF 9.4 million as of December 31, 2012. The decrease from 2012 was mainly due to the issuance of new tier 1 and tier 2 capital instruments and related hedges in the third and fourth quarter of 2013. Additional decreases were related to the call of a tier 1 hybrid instrument and the lower average duration of outstanding instruments.

One basis point parallel increase in yield curves by currency – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2013 (CHF million)						
Fair value impact of a one basis point parallel increase in yield curves	(1.1)	7.0	2.2	0.0	0.4	8.5
2012 (CHF million)						
Fair value impact of a one basis point parallel increase in yield curves	(1.9)	9.0	1.8	0.0	0.5	9.4

Non-trading interest rate risk is also assessed using other measures including the potential value change resulting from a significant change in yield curves. The following table shows the impact of immediate 100 basis point and 200 basis point moves in the

yield curves (as interest rates are currently very low, the downward changes are capped to ensure that the resulting interest rates remain non-negative).

Interest rate sensitivity – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2013 (CHF million)						
Increase(+)/decrease(-) in interest rates						
+200 basis points	(169)	1,350	428	(100)	80	1,589
+100 basis points	(100)	687	215	(24)	40	818
-100 basis points	225	(690)	(155)	(22)	(32)	(674)
-200 basis points	289	(1,150)	(160)	(88)	(63)	(1,172)
2012 (CHF million)						
Increase(+)/decrease(-) in interest rates						
+200 basis points	(308)	1,718	591	(119)	78	1,960
+100 basis points	(172)	884	238	(29)	38	959
-100 basis points	285	(854)	(78)	(24)	(33)	(704)
-200 basis points	347	(1,013)	1	(111)	(61)	(837)

As of December 31, 2013, the fair value impact of an adverse 200 basis point move in yield curves was a loss of CHF 1.2 billion compared to a loss of CHF 0.8 billion as of December 31, 2012. The monthly analysis of the potential impact resulting from a significant change in yield curves indicated that as of the end of 2013 and 2012, the fair value impact of an adverse 200 basis point move in yield curves and adverse interest rate moves, calibrated to a one-year holding period with a 99% confidence level in relation to the total eligible regulatory capital, was significantly below the 20% threshold used by regulators to identify banks that potentially run excessive levels of non-trading interest rate risk.

Our non-trading equity portfolio includes positions in private equity, hedge funds, strategic investments and other instruments managed by Investment Banking. These positions may not be strongly correlated with general equity markets. Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would be a decrease of CHF 474 million in the value of the non-trading portfolio as of December 31, 2013, compared to a decrease of CHF 681 million in the value of the non-trading portfolio as of December 31, 2012.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would be a decrease of CHF 0.2 million in the value of the non-trading portfolio as of December 31, 2013, compared to a decrease of CHF 0.6 million as of December 31, 2012.

Credit and debit valuation adjustments

VaR excludes the impact of changes in both counterparty and our own credit spreads on derivative products. As of December 31, 2013, the estimated sensitivity implies that a one basis point increase in credit spreads, both counterparty and our own, would result in a CHF 0.5 million gain on the overall derivatives position in Investment Banking. In addition, a one basis point increase in our own credit spread on our fair valued structured notes portfolio (including the impact of hedges) would result in a CHF 5.2 million gain as of December 31, 2013.

CREDIT RISK

Credit risk is the possibility of a loss being incurred by us as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral, or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Sources of credit risk

The majority of our credit risk is concentrated in the Wealth Management Clients and Corporate & Institutional Clients businesses within the Private Banking & Wealth Management division and in the Investment Banking division. Credit risk exists within lending products, irrevocable commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Our credit risk management framework covers virtually all of the Group's credit exposure and includes the following core components:

- individual counterparty rating systems;
- transaction rating systems;
- a counterparty credit limit system;
- country concentration limits;
- risk-based pricing methodologies;
- active credit portfolio management; and
- a credit risk provisioning methodology.

We employ a set of credit ratings for the purpose of internally rating counterparties to whom we are exposed to credit risk as the contractual party, including with respect to loans, loan commitments, securities financings or OTC derivative contracts. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

Our internal ratings may differ from a counterparty's external ratings, if one is available. Internal ratings are reviewed at least annually. For the calculation of internal risk estimates and risk-weighted assets, a PD is assigned to each facility. For corporate & institutional counterparties excluding corporates managed on the Swiss platform, the PD is determined by the internal credit rating. For these client segments, internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analyzed are dependent on the type of counterparty. The analysis emphasizes a forward-looking approach, concentrating on economic trends and financial fundamentals. Credit officers make use of peer analysis, industry comparisons, external ratings and research, and the judgment of credit experts. The PD for each rating is calibrated based on historic default experience, using external data from Standard & Poor's, and backtested to ensure consistency with internal experience. For corporates managed on the Swiss platform and consumer loans, the PD is calculated directly by proprietary statistical rating models, which are based on internally compiled data comprising both quantitative factors (primarily loan-to-value (LTV) ratio and the borrower's income level for mortgage lending and balance sheet information for corporates) and qualitative factors (e.g., credit histories from credit reporting bureaus). In this case, an equivalent rating is assigned for reporting purposes, based on the PD band associated with each rating.

We assign an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or

credit equivalent) exposure and the LGD assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. We use credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting, risk-adjusted performance measurement, economic capital measurement and allocation and financial accounting. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. The overall internal credit rating system has been approved by FINMA for application of the A-IRB approach under the Basel framework.

Credit limits are used to manage individual counterparty credit risk. A system of limits is also established to address concentration risk in the portfolio, including a comprehensive set of country limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis, and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties that could be subject to adverse changes in creditworthiness.

Our regular review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at fair value are reflected in valuation changes recorded directly in revenues, and therefore are not part of the impaired loans balance. Impaired transactions are further classified as potential problem exposure, non-performing exposure or non-interest-earning exposure, and the exposures are generally managed within credit recovery units. The Credit Portfolio and Provisions Review Committee regularly determines the adequacy of allowances.

Risk mitigation

We actively manage our credit exposure utilizing credit hedges, collateral and guarantees. Collateral is security in the form of an asset, such as cash and marketable securities, which serves to mitigate the inherent risk of credit loss and to improve recoveries in the event of a default.

The policies and processes for collateral valuation and management are driven by:

- legal documentation that is agreed with our counterparties; and
- an internally independent collateral management function.

For our trading portfolio, the valuation of the collateral portfolio is performed as per the availability of independent market data, generally daily for traded products. Exceptions are governed by the calculation frequency described in the legal documentation. The

management of collateral is standardized and centralized to ensure complete coverage of traded products.

Credit risk overview

All transactions that are exposed to potential losses due to a counterparty failing to meet an obligation are subject to credit

risk exposure measurement and management. The following table represents credit risk from loans, irrevocable loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of risk mitigation such as cash collateral and marketable securities or credit hedges.

Credit risk

end of	2013	2012	% change
Credit risk (CHF million)			
Balance sheet			
Gross loans	248,014	243,204	2
of which reported at fair value	19,457	20,000	(3)
Loans held-for-sale	18,914	19,894	(5)
Traded loans	6,397	4,282	49
Derivative instruments ¹	33,665	37,138	(9)
Total balance sheet	306,990	304,518	1
Off-balance sheet			
Irrevocable loan commitments ²	96,990	100,219	(3)
Credit guarantees and similar instruments	4,916	12,587	(61)
Irrevocable commitments under documentary credits	5,512	6,258	(12)
Total off-balance sheet	107,418	119,064	(10)
Total credit risk	414,408	423,582	(2)

Before risk mitigation, for example, collateral and credit hedges.

¹ Positive replacement value after netting agreements.

² Irrevocable loan commitments do not include unused credit limits which are revocable at our sole discretion upon notice to the client. Prior periods have been adjusted to the current presentation.

As of December 31, 2013 and 2012, loans held-for-sale included CHF 308 million and CHF 554 million, respectively, of US subprime residential mortgages from consolidated variable interest entities (VIE) and CHF 1,240 million and CHF 1,183 million, respectively, of low grade European residential mortgages from consolidated VIEs. Traded loans included US subprime residential mortgages of CHF 769 million and CHF 383 million as of December 31, 2013 and 2012, respectively.

Loans and irrevocable loan commitments

Loans which we have the intention and ability to hold to maturity are valued at amortized cost less any allowance for loan losses. Irrevocable loan commitments include irrevocable credit facilities for Investment Banking and Private Banking & Wealth Management, but do not include unused credit limits which can be revoked at our sole discretion upon notice to the client. Loans and irrevocable loan commitments for which the fair value option is elected are reported at fair value with changes in fair value reported in trading revenues.

Loans and irrevocable loan commitments

end of	2013	2012	% change
Loans and irrevocable loan commitments (CHF million)			
Gross loans	248,014	243,204	2
of which Private Banking & Wealth Management	216,499	208,526	4
of which Investment Banking	31,490	34,658	(9)
Irrevocable loan commitments	96,990	100,219	(3)
Total loans and irrevocable loan commitments	345,004	343,423	0
of which Private Banking & Wealth Management	226,615	217,704	4
of which Investment Banking	118,365	125,701	(6)

The Private Banking & Wealth Management portfolio consists primarily of mortgages and loans collateralized by marketable securities that can be readily liquidated. In Investment Banking, we manage credit exposures primarily with credit hedges and monetizable collateral. Credit hedges represent the notional exposure that has

been transferred to other market counterparties, generally through the use of CDS and credit insurance contracts.

The following tables illustrate the effects of risk mitigation through cash collateral, marketable securities and credit hedges on a combined exposure of loans and irrevocable loan commitments.

Loans and irrevocable loan commitments – Private Banking & Wealth Management

end of	2013			2012		
	Gross exposure	Cash and securities ¹	Net exposure	Gross exposure	Cash and securities ¹	Net exposure
Internal ratings						
Risk mitigation (CHF million)						
AAA	2,364	(54)	2,310	1,183	(8)	1,175
AA	6,307	(495)	5,812	2,497	(89)	2,408
A	29,176	(4,143)	25,033	18,922	(898)	18,024
BBB	127,864	(38,292)	89,572	131,648	(41,266)	90,382
BB	54,375	(4,273)	50,102	57,193	(5,327)	51,866
B	5,068	(500)	4,568	4,623	(473)	4,150
CCC	167	(2)	165	231	(6)	225
CC	14	0	14	48	(1)	47
C	126	0	126	0	0	0
D	1,154	(137)	1,017	1,359	(121)	1,238
Total loans and irrevocable loan commitments	226,615	(47,896)	178,719²	217,704	(48,189)	169,515³

Includes undrawn irrevocable credit facilities. Does not include unused credit limits which are revocable at our sole discretion upon notice to the client. Prior periods have been adjusted to the current presentation.

¹ Cash collateral and marketable securities.

² In addition, we had a synthetic collateralized loan portfolio, the Clock Finance 2013 transaction, which effectively transferred the mezzanine tranche credit risk in excess of 1% up to a maximum of 6% on a portfolio of originated loans of CHF 5.0 billion at closing within Corporate & Institutional Clients to capital market investors.

³ In addition, we had a synthetic collateralized loan portfolio, the Clock Finance transaction, which effectively transferred the first loss credit risk on a portfolio of originated loans of CHF 4.8 billion at closing within Corporate & Institutional Clients to capital market investors.

Loans and irrevocable loan commitments – Investment Banking

end of	2013			2012		
	Gross exposure	Risk mitigation ¹	Net exposure	Gross exposure	Risk mitigation ¹	Net exposure
Internal ratings						
Risk mitigation (CHF million)						
AAA	2,759	(4)	2,755	6,529	(72)	6,457
AA	17,385	(2,288)	15,097	16,774	(1,672)	15,102
A	29,727	(7,816)	21,911	29,348	(5,109)	24,239
BBB	31,890	(4,840)	27,050	31,092	(10,682)	20,410
BB	16,843	(3,772)	13,071	18,044	(2,316)	15,728
B	17,877	(2,423)	15,454	21,682	(3,121)	18,561
CCC	838	(312)	526	1,100	(249)	851
CC	433	(9)	424	18	(18)	0
C	2	0	2	188	(19)	169
D	611	(79)	532	926	(390)	536
Total loans and irrevocable loan commitments	118,365	(21,543)	96,822	125,701	(23,648)	102,053

Includes undrawn irrevocable credit facilities.

¹ Credit hedges, cash collateral and marketable securities.

Loss given default

The Private Banking & Wealth Management LGD measurement takes into account collateral pledged against the exposure and guarantees received, with the exposure adjusted for risk mitigation. The concentration in BBB and BB rated counterparties with low LGD exposure largely reflects the Private Banking & Wealth Management residential mortgage business, which is highly collateralized. In Investment Banking, the LGD measurement is primarily determined by the seniority ranking of the exposure, with

the exposure adjusted for risk mitigation and guarantees received. The LGD measurement system is validated by an internally independent function on a regular basis and has been approved by the regulatory authorities for application in the A-IRB approach under the Basel framework.

The tables below present our loans, net of risk mitigation, across LGD buckets for Private Banking & Wealth Management and Investment Banking.

Loans – Private Banking & Wealth Management

end of 2013			Loss given default buckets					
Internal ratings	Funded gross exposure	Funded net exposure	0–10%	11–20%	21–40%	41–60%	61–80%	81–100%
Loss given default (CHF million)								
AAA	2,362	2,308	266	300	1,136	606	0	0
AA	5,729	5,298	449	2,044	2,288	514	2	1
A	28,558	24,417	3,791	13,696	4,929	1,924	73	4
BBB	122,554	84,770	11,996	45,206	21,893	4,788	259	628
BB	51,084	46,914	8,319	15,203	18,057	4,512	477	346
B	4,757	4,261	1,296	742	1,732	480	10	1
CCC	165	164	35	37	55	11	0	26
CC	14	14	0	0	0	14	0	0
C	125	125	0	0	0	125	0	0
D	1,151	1,014	78	231	322	343	12	28
Total loans	216,499	169,285	26,230	77,459	50,412	13,317	833	1,034

As of December 31, 2013, 97% of the aggregate Swiss residential mortgage loan portfolio of CHF 96.6 billion had an LTV ratio below 80%. As of December 31, 2012, 96% of the corresponding loan portfolio of CHF 93.2 billion had an LTV ratio below 80%.

For the Swiss residential mortgage loans originated in 2013 and 2012, the average LTV ratio was below 80% at origination. Our LTV ratios are based on the most recent appraised value of the collateral.

Loans – Investment Banking

end of 2013			Loss given default buckets					
Internal ratings	Funded gross exposure	Funded net exposure	0–10%	11–20%	21–40%	41–60%	61–80%	81–100%
Loss given default (CHF million)								
AAA	1,031	1,031	0	0	0	1,031	0	0
AA	1,228	1,062	0	0	341	721	0	0
A	4,400	3,068	2	0	157	2,907	2	0
BBB	7,022	4,926	352	8	1,314	2,713	539	0
BB	8,416	5,373	140	81	2,499	2,634	19	0
B	7,883	5,902	384	502	2,118	2,793	105	0
CCC	522	233	31	26	96	80	0	0
CC	379	374	22	0	222	130	0	0
D	609	530	64	0	125	336	5	0
Total loans	31,490	22,499	995	617	6,872	13,345	670	0

Loans

Compared to the end of 2012, gross loans increased 2% to CHF 248.0 billion. An increase in Private Banking & Wealth Management of 4% to CHF 216.5 billion was primarily due to an increase in loans collateralized by securities, higher residential mortgages and higher loans to the real estate sector, partially offset by the US dollar translation impact, a decrease in consumer finance and the reclassification of the loans relating to our domestic private banking business booked in Germany. In Investment Banking, a decrease of 9% to CHF 31.5 billion was related to lower loans to financial institutions and consumer finance and the US dollar translation impact, partially offset by higher loans to governments and public institutions, commercial and industrial loans and loans to the real estate sector.

► Refer to "Note 18 – Loans, allowance for loan losses and credit quality" in V – Consolidated financial statements – Credit Suisse Group.

Impaired loans

Gross impaired loans decreased 14% to CHF 1.5 billion as of the end of 2013 driven by decreases in potential problem loans and non-interest-earning loans across the Group.

► Refer to "Impaired loans" in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality for information on categories of impaired loans.

Allowance for loan losses

We maintain valuation allowances on loans valued at amortized cost, which we consider a reasonable estimate of losses inherent in the existing credit portfolio. We provide for loan losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration. If uncertainty exists as to the repayment of either principal or interest, a valuation allowance is either created or adjusted accordingly. The allowance for loan losses is

revalued by Group credit risk management at least annually or more frequently depending on the risk profile of the borrower or credit relevant events.

Allowance for inherent loan losses

In accordance with accounting principles generally accepted in the US (US GAAP), an inherent loss allowance is estimated for all loans not specifically identified as impaired and that, on a portfolio basis, are considered to contain inherent losses. Inherent losses in the Private Banking & Wealth Management lending portfolio are determined based on current internal risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. In Investment Banking, loans are segregated by risk, industry or country rating in order to estimate inherent losses. Inherent losses on loans are estimated based on historical loss and recovery experience and recorded in allowance for loan losses. A provision for inherent losses on off-balance sheet lending-related exposure, such as contingent liabilities and irrevocable commitments, is also determined, using a methodology similar to that used for the loan portfolio.

Provision for credit losses

Net provision for credit losses charged to the consolidated statements of operations in 2013 was CHF 167 million, compared to a net provision of CHF 170 million in 2012.

In Private Banking & Wealth Management, the net provision for credit losses in 2013 was CHF 152 million, compared to CHF 182 million in 2012, primarily reflecting lower new provisions in 2013.

In Investment Banking, the net provision for credit losses in 2013 was CHF 13 million, compared to a net release of provision of CHF 12 million in 2012. In 2012, releases of provisions and recoveries were higher than new provisions for the year.

Loans

end of	Private Banking & Wealth Management		Investment Banking		Credit Suisse ¹	
	2013	2012	2013	2012	2013	2012
Loans (CHF million)						
Mortgages	94,978	91,872	0	0	94,978	91,872
Loans collateralized by securities	31,565	27,363	0	0	31,565	27,363
Consumer finance	5,672	6,290	266	611	5,938	6,901
Consumer	132,215	125,525	266	611	132,481	126,136
Real estate	26,557	25,253	755	548 ²	27,312	25,801 ²
Commercial and industrial loans	48,953	48,860	14,356	14,148 ²	63,334	63,028 ²
Financial institutions	7,538	7,616	14,302	18,286 ²	21,840	25,902 ²
Governments and public institutions	1,236	1,272	1,811	1,065 ²	3,047	2,337 ²
Corporate & institutional	84,284 ³	83,001 ³	31,224	34,047	115,533	117,068
Gross loans	216,499	208,526	31,490	34,658	248,014	243,204
of which reported at fair value	226	257	19,231	19,743	19,457	20,000
Net (unearned income) / deferred expenses	(71)	(39)	(20)	(20)	(91)	(59)
Allowance for loan losses ⁴	(715)	(785)	(151)	(137)	(869)	(922)
Net loans	215,713	207,702	31,319	34,501	247,054	242,223
Impaired loans (CHF million)						
Non-performing loans	608	604	251	255	862	859
Non-interest-earning loans	280	309	1	4	281	313
Total non-performing and non-interest-earning loans	888	913	252	259	1,143	1,172
Restructured loans	6	0	0	30	6	30
Potential problem loans	340	513	0	14	340	527
Total other impaired loans	346	513	0	44	346	557
Gross impaired loans⁴	1,234	1,426	252	303	1,489	1,729
of which loans with a specific allowance	1,165	1,307	244	204	1,412	1,511
of which loans without a specific allowance	69	119	8	99	77	218
Allowance for loan losses (CHF million)						
Balance at beginning of period⁴	785	743	137	167	922	910
Changes in scope of consolidation	(1)	0	0	(18)	(1)	(18)
Net movements recognized in statements of operations	152	171	11	(12)	166	159
Gross write-offs	(278)	(180)	(8)	(21)	(286)	(201)
Recoveries	47	34	7	10	54	44
Net write-offs	(231)	(146)	(1)	(11)	(232)	(157)
Provisions for interest	13	13	13	16	26	29
Foreign currency translation impact and other adjustments, net	(3)	4	(9)	(5)	(12)	(1)
Balance at end of period⁴	715	785	151	137	869	922
of which individually evaluated for impairment	537	598	114	98	654	696
of which collectively evaluated for impairment	178	187	37	39	215	226
Loan metrics (%)						
Total non-performing and non-interest-earning loans / Gross loans ⁵	0.4	0.4	2.1	1.7	0.5	0.5
Gross impaired loans / Gross loans ⁵	0.6	0.7	2.1	2.0	0.7	0.8
Allowance for loan losses / Total non-performing and non-interest-earning loans ⁴	80.5	86.0	59.9	52.9	76.0	78.7
Allowance for loan losses / Gross impaired loans ⁴	57.9	55.0	59.9	45.2	58.4	53.3

¹ Includes Corporate Center, in addition to Private Banking & Wealth Management and Investment Banking.

² Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions, and from governments and public institutions to commercial and industrial loans, respectively.

³ Includes loans secured by financial collateral and mortgages. The value of financial collateral and mortgages, considered up to the amount of the related loans, was CHF 67,522 million and CHF 64,536 million as of December 31, 2013 and 2012, respectively.

⁴ Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value.

⁵ Excludes loans carried at fair value.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency swaps and CDS, interest rate and foreign exchange options, foreign exchange forward contracts, and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. PRV constitute an asset, while ◦ negative replacement values constitute a liability. Fair value does not indicate future gains or losses, but rather premiums paid or received for a derivative instrument at inception, if applicable, and unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

Forwards and futures

We enter into forward purchase and sale contracts for mortgage-backed securities, foreign currencies and commitments to buy or sell commercial and residential mortgages. In addition, we enter into futures contracts on equity-based indices and other financial instruments, as well as options on futures contracts. These contracts are typically entered into to meet the needs of customers, for trading and for hedging purposes.

On forward contracts, we are exposed to counterparty credit risk. To mitigate this credit risk, we limit transactions by counterparty, regularly review credit limits and adhere to internally established credit extension policies.

For futures contracts and options on futures contracts, the change in the market value is settled with a clearing broker in cash each day. As a result, our credit risk with the clearing broker is limited to the net positive change in the market value for a single day.

Swaps

Our swap agreements consist primarily of interest rate swaps, CDS, currency and equity swaps. We enter into swap agreements for trading and risk management purposes. Interest rate swaps are contractual agreements to exchange interest rate payments

based on agreed upon notional amounts and maturities. CDS are contractual agreements in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. Currency swaps are contractual agreements to exchange payments in different currencies based on agreed notional amounts and currency pairs. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on an index or interest rate movements.

Options

We write options specifically designed to meet the needs of customers and for trading purposes. These written options do not expose us to the credit risk of the customer because, if exercised, we and not our counterparty are obligated to perform. At the beginning of the contract period, we receive a cash premium. During the contract period, we bear the risk of unfavorable changes in the value of the financial instruments underlying the options. To manage this market risk, we purchase or sell cash or derivative financial instruments. Such purchases and sales may include debt and equity securities, forward and futures contracts, swaps and options.

We also purchase options to meet customer needs, for trading purposes and for hedging purposes. For purchased options, we obtain the right to buy or sell the underlying instrument at a fixed price on or before a specified date. During the contract period, our risk is limited to the premium paid. The underlying instruments for these options typically include fixed income and equity securities, foreign currencies and interest rate instruments or indices. Counterparties to these option contracts are regularly reviewed in order to assess creditworthiness.

The following table illustrates how credit risk on derivatives receivables is reduced by the use of legally enforceable netting agreements and collateral agreements. Netting agreements allow us to net balances from derivative assets and liabilities transacted with the same counterparty when the netting agreements are legally enforceable. Replacement values are disclosed net of such agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us.

Derivative instruments by maturity

end of / due within	2013				2012			
	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value	Less than 1 year	1 to 5 years	More than 5 years	Positive replacement value
Derivative instruments (CHF billion)								
Interest rate products	28.2	162.2	258.8	449.2	41.4	226.5	436.6	704.5
Foreign exchange products	32.2	18.9	10.4	61.5	32.1	17.8	13.8	63.7
Equity/index-related products	8.1	8.0	2.2	18.3	5.8	7.4	3.4	16.6
Credit derivatives	1.6	21.1	4.1	26.8	2.5	20.0	8.1	30.6
Other products ¹	1.9	1.8	1.0	4.7	2.5	2.4	1.4	6.3
OTC derivative instruments	72.0	212.0	276.5	560.5	84.3	274.1	463.3	821.7
Exchange-traded derivative instruments				18.1				15.6
Netting agreements ²				(544.9)				(800.2)
Total derivative instruments				33.7				37.1
of which recorded in trading assets				31.6				33.2
of which recorded in other assets				2.1				3.9

¹ Primarily precious metals, commodity, energy and emission products.

² Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. The following table represents the rating split of our credit exposure from derivative instruments.

Derivative instruments by counterparty credit rating

end of	2013	2012
Derivative instruments (CHF billion)		
AAA	1.1	1.9
AA	8.5	9.6
A	6.6	10.9
BBB	9.9	8.1
BB or lower	4.6	5.3
OTC derivative instruments	30.7	35.8
Exchange-traded derivative instruments ¹	3.0	1.3
Total derivative instruments¹	33.7	37.1

¹ Taking into account legally enforceable netting agreements.

Derivative instruments by maturity and by counterparty credit rating for the Bank are not materially different, neither in absolute amounts nor in terms of movements, from the information for the Group presented above.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that

qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

► Refer to "Note 26 – Offsetting of financial assets and financial liabilities" in V – Consolidated financial statements – Credit Suisse Group for further information on offsetting of derivatives.

► Refer to "Note 31 – Derivatives and hedging activities" in V – Consolidated financial statements – Credit Suisse Group for further information on derivatives, including an overview of derivatives by products categorized for trading and hedging purposes.

Selected European credit risk exposures

The scope of our disclosure of European credit risk exposure includes all countries of the EU which are rated below AA or its equivalent by at least one of the three major rating agencies and where our gross exposure exceeds our quantitative threshold of EUR 0.5 billion. We believe this external rating is a useful measure in determining the financial ability of countries to meet their financial obligations, including giving an indication of vulnerability to adverse business, financial and economic conditions.

Monitoring of selected European credit risk exposures

Our credit risk exposure to these European countries is managed as part of our overall risk management process. The Group makes use of country limits and performs scenario analyses on a regular basis, which include analyses of our indirect sovereign credit risk exposures from our exposures to selected European financial institutions. This assessment of indirect sovereign credit risk exposures includes analysis of publicly available disclosures of counterparties' exposures to the European countries within the defined scope of our disclosure. We monitor the concentration of collateral underpinning our ◉ OTC derivative and ◉ reverse repurchase agreement exposures through monthly reporting. We also monitor the impact

of sovereign rating downgrades on collateral eligibility. Strict limits on sovereign collateral from G-7 and non-G-7 countries are monitored monthly. Similar disclosure is part of our regular risk reporting to regulators.

As part of our global scenario framework, the counterparty credit risk stress testing framework measures counterparty exposure under scenarios calibrated to the 99th percentile for the worst one month and one year moves observed in the available history, as well as the absolutely worst weekly move observed in the same dataset. The scenario results are aggregated at the counterparty level for all our counterparties, including all European countries to which we have exposure. Furthermore, counterparty default scenarios are run where specific entities are set to default. In one of these scenarios, a European sovereign default is investigated. This scenario determines the maximum exposure we have against this country in case of its default and serves to identify those counterparties where exposure will rise substantially as a result of the modeled country defaulting.

The scenario framework also considers a range of other severe scenarios, including a specific eurozone crisis scenario which assumes the default of selected European countries, currently modeled to include Greece, Ireland, Italy, Portugal and Spain. It is assumed that the sovereigns, financial institutions and corporates within these countries default, with a 100% loss of sovereign and financial institutions exposures and a 0% to 100% loss of corporates depending on their credit ratings. As part of this scenario, we additionally assume a severe market sell-off involving an equity market crash, widening credit spreads, a rally in the price of gold and a devaluation of the euro. In addition, the eurozone crisis scenario assumes the default of a small number of our market counterparties that we believe would be severely affected by a default across the selected European countries. These counterparties are assumed to default as we believe that they would be the most affected institutions because of their direct presence in the relevant countries and their direct exposures. Through these processes, revaluation and redenomination risks on our exposures are considered on a regular basis by our risk management function.

Presentation of selected European credit risk exposures

The basis for the presentation of the country exposure is our internal risk domicile view. The risk domicile view is based on the domicile of the legal counterparty, i.e., it may include exposure to a legal entity domiciled in the reported country even if its parent is located outside of the country.

The credit risk exposure in the table is presented on a risk-based view before deduction of any related allowance for loan losses. Prior to our 4Q13 Financial Report, gross and net credit risk exposures were presented net of the allowance for loan losses. The net impact of this change in presentation was an increase of EUR 0.1 billion in both gross and net sovereign credit risk exposures to Greece as of December 31, 2013. We present our credit

risk exposure and related risk mitigation for the following distinct categories:

- *Gross credit risk exposure* includes the principal amount of loans drawn, letters of credit issued and undrawn portions of committed facilities, the positive replacement value (PRV) of derivative instruments after consideration of legally enforceable netting agreements, the notional value of investments in money market funds and the market values of securities financing transactions and the debt cash trading portfolio (short-term securities) netted at issuer level.
- *Risk mitigation* includes credit default swaps (CDS) and other hedges, at their net notional amount, guarantees, insurance and collateral (primarily cash, securities and, to a lesser extent, real estate, mainly for Private Banking & Wealth Management exposure to corporates & other). Collateral values applied for the calculation of the net exposure are determined in accordance with our risk management policies and reflect applicable margining considerations.
- *Net credit risk exposure* represents gross credit risk exposure net of risk mitigation.
- *Inventory* represents the long inventory positions in trading and non-trading physical debt and synthetic positions, each at market value, all netted at issuer level. Physical debt is non-derivative debt positions (e.g., bonds), and synthetic positions are created through OTC contracts (e.g., CDS purchased and/or sold and total return swaps).

CDS presented in the risk mitigation column are purchased as a direct hedge to our OTC exposure and the risk mitigation impact is considered to be the notional amount of the contract for risk purposes, with the mark-to-market fair value of CDS risk-managed against the protection provider. Net notional amounts of CDS reflect the notional amount of CDS protection purchased less the notional amount of CDS protection sold and are based on the origin of the CDS reference credit, rather than that of the CDS counterparty. CDS included in the inventory column represent contracts recorded in our trading books that are hedging the credit risk of the instruments included in the inventory column and are disclosed on the same basis as the value of the fixed income instrument they are hedging.

We do not have any tranching CDS positions on these European countries and only an insignificant amount of indexed credit derivatives is included in inventory.

The credit risk of CDS contracts themselves, i.e., the risk that the CDS counterparty will not perform in the event of a default, is managed separately from the credit risk of the reference credit. To mitigate such credit risk, all CDS contracts are collateralized and executed with counterparties with whom we have an enforceable International Swaps and Derivatives Association (ISDA) master agreement that provides for daily margining.

Selected European credit risk exposures

	Gross credit risk exposure	Risk mitigation		Net credit risk exposure	Inventory ²	Net synthetic inventory ³	Total credit risk exposure	
		CDS	Other ¹				Gross	Net
December 31, 2013								
Croatia (EUR billion)								
Sovereigns	0.6	0.0	0.5	0.1	0.0	(0.2)	0.6	0.1
Total	0.6	0.0	0.5	0.1	0.0	(0.2)	0.6	0.1
Cyprus (EUR billion)								
Corporates & other	0.6	0.0	0.6	0.0	0.0	0.0	0.6	0.0
Total	0.6	0.0	0.6	0.0	0.0	0.0	0.6	0.0
Greece (EUR billion)								
Sovereigns	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.2
Financial institutions	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0
Corporates & other	0.4	0.0	0.4	0.0	0.0	0.0	0.4	0.0
Total	0.7	0.0	0.5	0.2	0.0	0.0	0.7	0.2
Ireland (EUR billion)								
Financial institutions	1.1	0.0	0.4	0.7	0.1	(0.1)	1.2	0.8
Corporates & other	0.7	0.0	0.6	0.1	0.0	0.0	0.7	0.1
Total	1.8	0.0	1.0	0.8	0.1	(0.1)	1.9	0.9
Italy (EUR billion)								
Sovereigns	3.2	2.6	0.3	0.3	0.1	(0.5)	3.3	0.4
Financial institutions	1.5	0.0	1.0	0.5	0.2	0.0	1.7	0.7
Corporates & other	2.5	0.2	1.6	0.7	0.1	(0.2)	2.6	0.8
Total	7.2	2.8	2.9	1.5	0.4	(0.7)	7.6	1.9
Portugal (EUR billion)								
Sovereigns	0.1	0.0	0.1	0.0	0.0	(0.1)	0.1	0.0
Financial institutions	0.1	0.0	0.1	0.0	0.0	(0.1)	0.1	0.0
Corporates & other	0.1	0.0	0.1	0.0	0.1	0.0	0.2	0.1
Total	0.3	0.0	0.3	0.0	0.1	(0.2)	0.4	0.1
Spain (EUR billion)								
Sovereigns	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Financial institutions	0.6	0.0	0.3	0.3	0.5	0.2	1.1	0.8
Corporates & other	1.9	0.1	1.0	0.8	0.1	0.0	2.0	0.9
Total	2.5	0.1	1.3	1.1	0.7	0.3	3.2	1.8
Total (EUR billion)								
Sovereigns	4.1	2.6	0.9	0.6	0.2	(0.7)	4.3	0.8
Financial institutions	3.4	0.0	1.9	1.5	0.8	0.0	4.2	2.3
Corporates & other	6.2	0.3	4.3	1.6	0.3	(0.2)	6.5	1.9
Total	13.7	2.9	7.1	3.7	1.3	(0.9)	15.0	5.0

¹ Includes other hedges (derivative instruments), guarantees, insurance and collateral.

² Represents long inventory positions netted at issuer level.

³ Substantially all of which results from CDS; represents long positions net of short positions.

Development of selected European credit risk exposures

On a gross basis, before taking into account risk mitigation, our risk-based sovereign credit risk exposure to Greece, Ireland, Italy, Portugal and Spain as of December 31, 2013 was EUR 3.7 billion, down from EUR 4.3 billion as of December 31, 2012. Our net exposure to these sovereigns was EUR 0.7 billion, up from EUR 0.6 billion as of December 31, 2012, reflecting the change in presentation in the fourth quarter of 2013 to disclose gross and net

credit risk exposures before deduction of any related allowance for loan losses. Our non-sovereign risk-based credit risk exposure in these countries as of December 31, 2013 included net exposure to financial institutions of EUR 2.3 billion and to corporates and other counterparties of EUR 1.9 billion, compared to EUR 2.0 billion and EUR 3.4 billion, respectively, as of December 31, 2012. In 2013, Cyprus and Croatia were added to our disclosure of selected European credit risk exposures. On a gross basis, our risk-based credit

risk exposure to Cyprus and Croatia as of December 31, 2013 was EUR 1.2 billion, of which EUR 0.6 billion related to sovereign credit risk. On a net basis, our credit risk exposure to these two countries was EUR 0.1 billion as of December 31, 2013, all related to sovereign credit risk. A significant majority of the purchased credit protection is transacted with banks outside of the disclosed countries. For credit protection purchased from banks in the disclosed countries, such credit risk is reflected in the gross and net exposure to each respective country.

Sovereign debt rating developments

During 2013 and the first two months of 2014, the sovereign debt rating of the countries listed in the table were affected as follows: Standard & Poor's increased the long-term rating for Cyprus to B- from CCC+ in the third quarter and CCC in the first quarter of 2013, and lowered Italy's rating to BBB from BBB+ in the third quarter of 2013 and Croatia's rating to BB from BB+ in January 2014. Fitch lowered Cyprus' rating to B- from B in the first quarter of 2013 and from BB- as of the end of 2012, lowered Italy's rating to BBB+ from A- in the first quarter of 2013, and increased Greece's rating to B- from CCC in the second quarter of 2013. Moody's downgraded Cyprus to Caa3 from B3 in the first quarter of 2013, and increased Greece's rating to Caa3 from C in the fourth quarter of 2013, Ireland's rating to Baa3 from Ba1 in January 2014 and Spain's rating to Baa2 from Baa3 in February 2014. The rating changes did not have a significant impact on the Group's financial position, result of operations, liquidity or capital resources.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. Our primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, we transfer operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of our activities and is comprised of a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also inherently difficult to measure. We believe that effective management of operational risk requires a common Group-wide framework, with ownership of these risks residing with the management responsible for the relevant business process.

Operational risk management

Each individual business area takes responsibility for its operational risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated operational risk teams who are responsible for the implementation of the operational risk management

framework, methodologies, tools and reporting within their areas as well as working with management on any operational risk issues that arise.

In 2013, we consolidated the operational risk teams in the independent risk management function into a single department Operational Risk Management, reporting to the CRO. Operational Risk Management is responsible for the overall design of the operational risk management framework, for operational risk capital modeling and for providing assistance and challenge to business line operational risk teams. It ensures the cohesiveness of policies, tools and practices throughout the Group for operational risk management, specifically with regard to the identification, evaluation, mitigation, monitoring and reporting of relevant operational risks.

Operational risk exposures, metrics, issues and remediation efforts are discussed at the quarterly CARMC meetings covering operational risk and at divisional risk management committees, which have senior staff representatives from all the relevant functions. We utilize a number of Group-wide tools for the management and reporting of operational risk. These include:

- risk appetite tolerance levels, which set out senior management's expectations with respect to losses or metrics; breaches of tolerance levels are reported to senior management and may trigger actions;
- reporting on top operational risks, which is used to highlight the most significant risks to senior management, along with associated risk remediation efforts;
- the operational risk register, which contains a catalog of inherent operational risks arising as a consequence of the Group's activities;
- risk and control indicators, which are metrics that are used to monitor specified operational risks and controls over time; they may be associated with tolerance levels that define acceptable performance and provide early warning signals about potential impending issues;
- risk and control self-assessments (RCSA), which are comprehensive, bottom-up assessments of the key operational risks in each business; RCSAs utilize other components of the operational risk framework, such as risk and control indicators and loss data, and they evaluate the strength of mitigating controls to produce an assessment of the residual risks in each business;
- internal operational risk incident data, which provide information on the Group's operational risk profile; incident investigations are carried out for significant internal operational risk events, including those that did not result in economic losses; incident investigations are used to assess control failings, identify required improvements and ascertain whether events have implications for other businesses;
- external operational risk incident data for peer firms, which are collected to identify risks that may be relevant in the future, even if they have not impacted the Group to date; and
- operational risk scenarios, which are used to identify and measure exposure to a range of adverse events, such as unauthorized trading; these scenarios help businesses assess the

suitability of controls in the light of potential losses, and they are also an input to the internal model used by the Group to calculate economic and regulatory capital.

We are continuously enhancing our operational risk management practices and have an ongoing program to roll out improvements to each of the components of the operational risk framework and to ensure that the links between individual components work effectively. In 2013, key enhancements included the introduction of a standardized operational risk register to ensure that risks are categorized and reported consistently, revisions to the RCSA process to improve assessment quality and increase output transparency, and the introduction of more granular operational risk tolerance levels for certain businesses.

Operational risk measurement

We have used an internal model to calculate the regulatory capital requirement for operational risk under the ◻ AMA since 2008. In 2012, following discussions with ◻ FINMA, we initiated a project to enhance our internal model to reflect recent developments regarding operational risk measurement methodology and associated regulatory guidance. The revised model has been approved by FINMA for calculating the regulatory capital requirement for operational risk with effect from January 1, 2014. We view the revised model as a significant enhancement to our capability to measure and understand the operational risk profile of the Group that is also more conservative compared with the previous approach.

The model is based on a loss distribution approach that uses historical data on internal and relevant external losses of peers to generate frequency and severity distributions for a range of potential operational risk loss scenarios, such as an unauthorized trading incident or a material business disruption. Business experts and senior management review, and may adjust, the parameters of these scenarios to take account of business environment and internal control factors, such as RCSA results and risk and control indicators, to provide a forward-looking assessment of each scenario. The AMA capital calculation approved by FINMA includes all litigation-related provisions and also an add-on component relating to the aggregate range of reasonably possible litigation losses that are disclosed in our financial statements but are not covered by existing provisions. In the fourth quarter of 2013, this new approach to litigation-related provisions and reasonably possible litigation losses has been applied to the previous AMA model used to calculate regulatory capital requirements as of December 31, 2013. Insurance mitigation is included in the regulatory capital requirement for operational risk where appropriate, by considering the level of insurance coverage for each scenario and incorporating

haircuts as appropriate. The internal model then uses the adjusted parameters to generate an overall loss distribution for the Group over a one-year time horizon. The AMA capital requirement represents the 99.9th percentile of this overall loss distribution.

REPUTATIONAL RISK

Our policy is to avoid any transaction or service that brings with it the risk of a potentially unacceptable level of damage to our reputation.

Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction or service, the identity or activity of a controversial potential client, the regulatory or political climate in which the business will be transacted, and the potentially controversial environmental or social impacts of a transaction or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk, the relevant business proposal or service must be submitted through the globally standardized reputational risk review process. This involves a submission by an originator (any employee), endorsement by a business area head or designee, and its subsequent referral to one of the regional reputational risk approvers, each of whom is an experienced and high-ranked senior manager, independent of the business segments, who has authority to approve, reject, or impose conditions on our participation in the transaction or service. In order to inform our stakeholders about how we manage some of the environmental and social risks inherent to the banking business, we publish our *Corporate Responsibility Report*, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society. The governing bodies responsible for the oversight and active discussion of reputational risk and sustainability issues are the Reputational Risk & Sustainability Committee of the Executive Board on a global level and the regional reputational risk councils on a regional level.

CONDUCT RISK

We define conduct risk as the risk of poor conduct by the Group and/or individuals resulting in clients not receiving a fair transaction, a lack of integrity in activities on financial markets and in the wider financial system and a lack of effective competition in the interests of clients. Conduct risk may arise from a variety of sources, including the potential unsuitability of products sold to clients due to their complexity, breaches of regulatory rules or laws by individual employees or the Group's market conduct. Conduct risk is primarily addressed through specific supervisory controls implemented across the Group and targeted training activities.

Balance sheet, off-balance sheet and other contractual obligations

During 2013, we decreased our balance sheet by 6%, reflecting measures taken in connection with our balance sheet reduction initiative and the foreign exchange translation impact. As of the end of 2013, total assets were CHF 872.8 billion, total liabilities were CHF 825.6 billion and total equity was CHF 47.2 billion.

Balance sheet summary

	2013	2012	end of 2011	13 / 12	% change 12 / 11
Assets (CHF million)					
Cash and due from banks	68,692	61,763	110,573	11	(44)
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	160,022	183,455	236,963	(13)	(23)
Trading assets	229,413	256,399	279,553	(11)	(8)
Net loans	247,054	242,223	233,413	2	4
Brokerage receivables	52,045	45,768	43,446	14	5
All other assets	115,580	134,672	145,217	(14)	(7)
Total assets	872,806	924,280	1,049,165	(6)	(12)
Liabilities and equity (CHF million)					
Due to banks	23,108	31,014	40,147	(25)	(23)
Customer deposits	333,089	308,312	313,401	8	(2)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	94,032	132,721	176,559	(29)	(25)
Trading liabilities	76,635	90,816	127,760	(16)	(29)
Long-term debt	130,042	148,134	162,655	(12)	(9)
Brokerage payables	73,154	64,676	68,034	13	(5)
All other liabilities	95,580	106,323	119,524	(10)	(11)
Total liabilities	825,640	881,996	1,008,080	(6)	(13)
Total shareholders' equity	42,164	35,498	33,674	19	5
Noncontrolling interests	5,002	6,786	7,411	(26)	(8)
Total equity	47,166	42,284	41,085	12	3
Total liabilities and equity	872,806	924,280	1,049,165	(6)	(12)

The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

BALANCE SHEET

Total assets were CHF 872.8 billion as of the end of 2013, down CHF 51.5 billion, or 6%, from the end of 2012. Excluding the foreign exchange translation impact, total assets decreased CHF 27.0 billion.

In Swiss francs, a decrease of CHF 27.0 billion, or 11%, in trading assets reflected decreases in debt securities and derivative instruments, partially offset by an increase in equity securities. Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions decreased CHF 23.4 billion, or 13%, reflecting a decrease in reverse repurchase transactions and the foreign exchange translation impact. Cash and due from banks increased CHF 6.9 billion, or 11%, driven by higher positions with central banks. Brokerage receivables increased CHF 6.3 billion, or 14%, mainly due to higher cash collateral requirements under the Dodd-Frank Act and an increase in margin lending. Net loans increased CHF 4.8 billion, or 2%, primarily due to an increase in loans collateralized by securities, higher residential mortgages and higher loans to real estate in Private Banking & Wealth Management, partially offset by lower loans to financial institutions and consumer finance in Investment Banking and the foreign exchange translation impact. All other assets decreased CHF 19.1 billion, or 14%, including decreases of CHF 9.8 billion, or 14%, in other assets, CHF 7.2 billion, or 24%, in securities received as collateral and CHF 1.7 billion, or 14%, in other investments, partially offset by an increase of CHF 1.6 billion in assets of discontinued operations reclassified as held-for-sale.

Total liabilities were CHF 825.6 billion as of the end of 2013, down CHF 56.4 billion, or 6%, from the end of 2012. Excluding the foreign exchange translation impact, total liabilities decreased CHF 35.5 billion.

In Swiss francs, a decrease of CHF 38.7 billion, or 29%, in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions mainly reflected decreases in ◊ repurchase agreements in the US and Europe. Long-term debt decreased CHF 18.1 billion, or 12%, primarily reflecting the maturing of senior debt, partially offset by issuances of senior and subordinated debt. Trading liabilities decreased CHF 14.2 billion, or 16%, reflecting decreases in short trading positions and derivative instruments. Due to banks decreased CHF 7.9 billion, or 25%, primarily due to decreases in deposits from commercial banks. Customer deposits increased CHF 24.8 billion, or 8%, primarily reflecting an increase in certificates of deposit. Brokerage payables increased CHF 8.5 billion, or 13%, mainly due to higher cash collateral requirements, partially offset by lower client activity and the foreign exchange translation impact. All other liabilities decreased CHF 10.7 billion, or 10%, including decreases of CHF 7.2 billion, or 24%, in obligation to return securities received as collateral and CHF 6.2 billion, or 11%, in other liabilities, partially offset by increases of CHF 1.6 billion, or 8%, in

short-term borrowings and CHF 1.1 billion in liabilities of discontinued operations reclassified as held-for-sale.

► Refer to "Liquidity and funding management" and "Capital management" for more information, including our funding of the balance sheet and the leverage ratio.

OFF-BALANCE SHEET

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with SPEs, and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

◊ Derivatives are either privately negotiated ◊ OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency swaps and ◊ CDS, interest rate and foreign exchange options, foreign exchange forward contracts, and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their ◊ fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. ◊ PRV constitute an asset, while ◊ NRV constitute a liability. Fair value does not indicate future gains or losses, but rather premiums paid or received for a derivative instrument at inception, if applicable, and unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

► Refer to "Derivative instruments" in Risk management – Credit risk for further information.

► Refer to "Note 31 – Derivatives and hedging activities" in V – Consolidated financial statements – Credit Suisse Group for further information.

Guarantees and similar arrangements

In the ordinary course of business, guarantees and indemnifications are provided that contingently obligate us to make payments to a guaranteed or indemnified party based on changes in an asset, liability or equity security of the guaranteed or indemnified party. We may be contingently obligated to make payments to a guaranteed party based on another entity's failure to perform, or

we may have an indirect guarantee of the indebtedness of others. Guarantees provided include, but are not limited to, customary indemnifications to purchasers in connection with the sale of assets or businesses; to investors in private equity funds sponsored by us regarding potential obligations of their employees to return amounts previously paid as carried interest; to investors in our securities and other arrangements to provide gross-up payments if there is a withholding or deduction because of a tax assessment or other governmental charge; and to counterparties in connection with securities lending arrangements.

In connection with the sale of assets or businesses, we sometimes provide the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax and intellectual property matters, from the acquirer to the seller. We closely monitor all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in our consolidated financial statements.

US GAAP requires disclosure of our maximum potential payment obligations under certain guarantees to the extent that it is possible to estimate them and requires recognition of a liability for the fair value of obligations undertaken for guarantees issued or amended after December 31, 2002.

▶ Refer to "Note 32 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for disclosure of our estimated maximum payment obligations under certain guarantees and related information.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking's sale of US residential mortgage loans, we have provided certain representations and warranties relating to the loans sold. We have provided these representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac; institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that we have purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; LTV ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were breached, we may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether we will incur a loss in connection with repurchases and make whole payments depends on:

the extent to which claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether we can successfully claim against parties that sold loans to us and made representations and warranties to us; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

▶ Refer to "Representations and warranties on residential mortgage loans sold" in Note 32 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group for further information.

Involvement with special purpose entities

In the normal course of business, we enter into transactions with, and make use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and is generally structured to isolate the SPE's assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist us and our clients in securitizing financial assets and creating investment products. We also use SPEs for other client-driven activity, such as to facilitate financings, and for Group tax or regulatory purposes.

As a normal part of our business, we engage in various transactions that include entities that are considered VIEs and are grouped into three primary categories: ◉ CDO, ◉ CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under US GAAP, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that has the power to direct the activities that most significantly affect the economics of the VIE and potentially has significant benefits or losses in the VIE. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, including ongoing reassessment of VIEs for possible consolidation, may require the exercise of significant management judgment.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, we may hold interests in the VIEs.

▶ Refer to "Note 33 – Transfers of financial assets and variable interest entities" in V – Consolidated financial statements – Credit Suisse Group for further information.

We issue subordinated and senior securities through SPEs that lend the proceeds to the Group.

CONTRACTUAL OBLIGATIONS AND OTHER COMMERCIAL COMMITMENTS

In connection with our operating activities, we enter into certain contractual obligations and commitments to fund certain assets. Our contractual obligations and commitments include short and long-term on-balance sheet obligations as well as future contractual interest payments and off-balance sheet obligations. Total obligations decreased CHF 8.2 billion in 2013 to CHF 667.8 billion, primarily reflecting the decrease in long-term debt of CHF 18.1 billion to CHF 130.0 billion, the decrease in trading liabilities of

CHF 14.2 billion to CHF 76.6 billion and the decrease in due to banks of CHF 7.9 billion to CHF 23.1 billion, partially offset by the increase in customer deposits of CHF 24.8 billion to CHF 333.1 billion and the increase in brokerage payables of CHF 8.5 billion to CHF 73.2 billion.

► Refer to "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information on long-term debt and the related interest commitments.

► Refer to "Note 32 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information on commitments.

Contractual obligations and other commercial commitments

					2013	2012
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total
Payments due within						
On- and off-balance sheet obligations (CHF million)						
Due to banks	22,435	156	176	341	23,108	31,014
Customer deposits	327,929	4,268	292	600	333,089	308,312
Short-term borrowings	20,193	0	0	0	20,193	18,641
Long-term debt ¹	21,114	37,263	31,656	40,009	130,042 ²	148,134 ²
Contractual interest payments ³	1,161	1,908	1,517	1,029	5,615 ⁴	7,596
Trading liabilities	76,635	0	0	0	76,635	90,816
Brokerage payables	73,154	0	0	0	73,154	64,676
Capital lease obligations	0	1	0	0	1	0
Operating lease obligations	580	1,001	777	3,063	5,421	6,163
Purchase obligations	369	137	74	5	585	690
Total obligations⁵	543,570	44,734	34,492	45,047	667,843	676,042

¹ Refer to "Debt issuances and redemptions" in Liquidity and funding management and "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information on long-term debt.

² Includes non-recourse liabilities from consolidated VIEs of CHF 12,992 million and CHF 14,532 million as of December 31, 2013 and 2012, respectively.

³ Includes interest payments on fixed rate long-term debt, fixed rate interest-bearing deposits (excluding demand deposits) and fixed rate short-term borrowings, which have not been effectively converted to variable rate on an individual instrument level through the use of swaps.

⁴ Due to the non-determinable nature of interest payments, the following notional amounts have been excluded from the table: variable rate long-term debt of CHF 63,378 million, variable rate short-term borrowings of CHF 13,899 million, variable rate interest-bearing deposits and demand deposits of CHF 243,312 million, fixed rate long-term debt and fixed rate interest-bearing deposits converted to variable rate on an individual instrument level through the use of swaps of CHF 52,536 million and CHF 1,937 million, respectively.

⁵ Excludes total accrued benefit liability for pension and other post-retirement benefit plans of CHF 524 million and CHF 756 million as of December 31, 2013 and 2012, respectively, recorded in other liabilities in the consolidated balance sheets, as the accrued liability does not represent expected liquidity needs. Refer to "Note 30 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information on pension and other post-retirement benefits.

IV

Corporate Governance and Compensation

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Corporate Governance

OVERVIEW

Complying with rules and regulations

The Group's corporate governance complies with internationally accepted standards. We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We know that transparent disclosure of our governance helps stakeholders assess the quality of the Group and our management and assists investors in their investment decisions.

We fully adhere to the principles set out in the Swiss Code of Best Practice for Corporate Governance, including its appendix stipulating recommendations on the process for setting compensation for the Board of Directors (Board) and the Executive Board. We also continuously monitor and adapt our practices to reflect developments in corporate governance principles and practices in jurisdictions outside Switzerland. As in the past few years, regulators focused their attention on compensation practices at financial institutions in 2013.

► Refer to "Compensation" for further information.

In connection with our primary listing on the SIX Swiss Exchange (SIX), we are subject to the SIX Directive on Information Relating to Corporate Governance. Our shares are also listed on the New York Stock Exchange (NYSE) in the form of ► American Depositary Shares (ADS) and certain of the Group's exchange traded notes are listed on the Nasdaq Stock Market (Nasdaq). As a result, we are subject to certain US rules and regulations. We adhere to the NYSE's and the Nasdaq's corporate governance listing standards (NYSE and Nasdaq standards), with a few exceptions where the rules are not applicable to foreign private issuers.

The following are the significant differences between our corporate governance standards and the corporate governance standards applicable to US domestic issuers listed on the NYSE and Nasdaq:

- Approval of employee benefit plans: NYSE and Nasdaq standards require shareholder approval of the establishment of, and material revisions to, certain equity compensation plans. We comply with Swiss law, which requires that shareholders approve the creation of conditional capital used to set aside shares for employee benefit plans and other equity compensation plans, but does not require shareholders to approve the terms of those plans.
- Risk assessment and risk management: NYSE standards allocate to the Audit Committee responsibility for the discussion of guidelines and policies governing the process by which risk assessment and risk management is undertaken, while at the Group these duties are assumed by the Risk Committee. Whereas our Audit Committee members satisfy the NYSE as well as Nasdaq independence requirements, our Risk Committee may include non-independent members.
- Independence of nominating and corporate governance committee: NYSE and Nasdaq standards require that all members of the nominating and corporate governance committee be independent. The Group's Chairman's and Governance Committee is currently comprised entirely of independent members, but according to its charter, may include non-independent members.
- Reporting: NYSE and Nasdaq standards require that certain board committees report specified information directly to shareholders, while under Swiss law only the Board reports directly to the shareholders and the committees submit their reports to the full Board.
- Appointment of the external auditor: NYSE and Nasdaq standards require the Audit Committee to be directly responsible for the appointment, compensation, retention and oversight of the external auditor unless there is a conflicting requirement under home country law. Under Swiss law, the appointment of the external auditor must be approved by the shareholders at the Annual General Meeting (AGM) based on the proposal of the Board, which receives the advice and recommendation of the Audit Committee.
- Audit Committee charter: Nasdaq standards require the Audit Committee to review and assess the adequacy of its charter on an annual basis, while our Audit Committee's charter only requires review and assessment from time to time.
- Executive sessions: NYSE and Nasdaq standards require that the board of directors meet regularly in executive sessions comprised solely of independent directors. Our Board meets regularly in executive sessions comprised of all directors, including any directors determined to be not independent. If any item discussed at the meeting raises a conflict of interest for any of our directors, however, such director does not participate in the related decision making.
- Quorums: Nasdaq standards require that the company's by-laws provide for a quorum of at least 33⅓ percent of the outstanding shares of the company's common stock for any meeting of the holders of common stock. The Group's Articles of Association (AoA) call for a quorum in certain instances, but do not require a quorum of 33⅓ percent or greater of the holders of the outstanding shares of common stock for any meeting of shareholders.
- Independence: NYSE and Nasdaq independence standards specify thresholds for the maximum permissible amount of (i) direct compensation that can be paid by the company to a director or an immediate family member thereof, outside of such director's directorship fees and other permitted payments; and (ii) payments between the company and another company at which such director or an immediate family member thereof is an executive officer, controlling shareholder, partner or employee. Our independence standards do not specify thresholds for direct compensation or cross-company

revenues, but consider these facts in the overall materiality of the business relationship determination for independence purposes.

- Compensation committee: NYSE and Nasdaq standards require compensation committees to have certain responsibilities and authority regarding the retention, oversight and funding of such committees' advisors and perform an evaluation of each advisor's independence, taking into consideration all factors relevant to that person's independence from management. NYSE and Nasdaq also require that such rights and responsibilities be enumerated in the compensation committee's charter. While our Compensation Committee is authorized to retain outside consultants, our Compensation Committee charter does not provide specific standards for independence assessments.

Developments in 2013

In November 2013, the Swiss Federal Council approved the final Ordinance Against Excessive Compensation (Compensation Ordinance). The Compensation Ordinance came into effect on January 1, 2014 and implements key elements of the so-called "Minder Initiative". It imposes restrictions and requirements on board and executive compensation for Swiss public companies, implements criminal sanctions in certain cases of intentional noncompliance and is generally intended to strengthen shareholder rights. Specifically, board members, the board chairperson and compensation committee members must now be directly elected by shareholders annually, for the first time at the AGM in 2014.

On January 1, 2014, the Capital Requirements Directive (CRD) IV became effective in various EU countries, including the UK. CRD IV implements the ◉ Basel III framework and also makes changes to rules on corporate governance, including compensation. The compensation rules are applicable to employees at Group subsidiaries that are regulated locally in our EU locations.

► Refer to "Regulation and supervision" in I – Information on the company for further information.

Corporate governance framework

The Board has adopted corporate governance policies and procedures, which are defined in a series of documents and form the basis of a sound corporate governance framework. Our corporate governance documents, all of which are available on our website at www.credit-suisse.com/governance, include:

- Articles of Association (AoA): define the purpose of the business, the capital structure and the basic organizational framework. The AoA of the Group is dated February 5, 2014, and the AoA of the Bank is dated March 21, 2014.
- Code of Conduct: defines the Group's ethical values and professional standards that the Board and all employees are required to follow, including adherence to all relevant laws, regulations, and policies in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking. The Code of Conduct also implements requirements stipulated under the US Sarbanes-Oxley Act of 2002 (SOX) by including

provisions on ethics for our Chief Executive Officer (CEO) and our principal financial and accounting officers and other persons performing similar functions. No waivers or exceptions are permissible under our Code of Conduct. Our Code of Conduct is available on our website at www.credit-suisse.com/code in nine languages.

- Organizational Guidelines and Regulations (OGR): define the responsibilities and sphere of authority of the Board, its committees and the various senior management bodies within the Group, as well as the relevant reporting procedures.
- Corporate Governance Guidelines: summarize corporate governance principles promoting the function of the Board and its committees and the effective governance of the Group.
- Board of Directors charter: outlines the organization and responsibilities of the Board.
- Board committee charters: define the organization and responsibilities of the committees.
- Compensation policy: provides a foundation for the development of sound compensation plans and practices.

Company

Credit Suisse Group AG (Group) and Credit Suisse AG (Bank) are registered as Swiss corporations in the Commercial Register of the Canton of Zurich as of March 3, 1982 and April 27, 1883 under the registration numbers CHE-105.884.494 and CHE-106.831.974, respectively, and have their registered and main offices at Paradeplatz 8, 8001 Zurich, Switzerland. The Group and the Bank were incorporated on March 3, 1982 and July 5, 1856, respectively, with unlimited duration. The authorized representative in the US for the Group and the Bank is Credit Suisse (USA), Inc., 11 Madison Avenue, New York, New York, 10010. The business purpose of the Group, as set forth in Article 2 of its AoA, is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The business purpose of the Bank, as set forth in Article 2 of its AoA, is to operate as a bank, with all related banking, finance, consultancy, service and trading activities in Switzerland and abroad. The AoA of the Group and the Bank set forth their powers to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing and to acquire, mortgage and sell real estate properties both in Switzerland and abroad.

Our business consists of two operating divisions: Private Banking & Wealth Management and Investment Banking. The two divisions are complemented by Shared Services and a regional management structure.

In November 2013, the Group announced key components of its program to evolve the Group's legal entity structure. The program addresses developing and future regulatory requirements. Subject to final analysis and approval by the ◉ Swiss Financial Market Supervisory Authority FINMA (FINMA), implementation of the program is underway, with a number of key components expected to be implemented from mid-2015.

- ▶ Refer to “Credit Suisse” in II – Operating and financial review for further information on our legal entity structure.
- ▶ Refer to “II – Operating and financial review” for a detailed review of our operating results.
- ▶ Refer to “Note 39 – Significant subsidiaries and equity method investments” in V – Consolidated financial statements – Credit Suisse Group for a list of significant subsidiaries and associated entities.

The Group is listed on the SIX (Swiss Security Number 1213853), with a market capitalization of CHF 43,526 million as of December 31, 2013. No Group subsidiaries have shares listed on the SIX or any other stock exchange.

The Swiss Code of Obligations requires directors and members of senior management to safeguard the interests of the corporation and, in connection with this requirement, imposes the duties of care and loyalty on directors and members of senior management. While Swiss law does not have a general provision on conflicts of interest, the duties of care and loyalty are generally understood to disqualify directors and members of senior management from participating in decisions that could directly affect them. Directors and members of senior management are personally liable to the corporation for any breach of these provisions.

Neither Swiss law nor our AoA restrict our power to borrow and raise funds in any way. The decision to borrow funds is passed by or under the direction of our Board, with no shareholders’ resolution required.

Number of employees

end of	2013	2012	% change
Number of employees (full-time equivalents)			
Private Banking & Wealth Management	26,000	27,300	(5)
Investment Banking	19,700	19,800	(1)
Corporate Center	300	300	0
Number of employees	46,000	47,400	(3)
of which Switzerland	17,900	19,400	(8)
of which EMEA	9,600	9,300	3
of which Americas	11,100	11,300	(2)
of which Asia Pacific	7,400	7,400	0

Employees

As of December 31, 2013, we had 46,000 employees worldwide, of which 17,900 were in Switzerland and 28,100 were abroad.

The number of employees decreased by 1,400, or 3%, compared to the end of 2012. This reflected headcount reductions in Private Banking & Wealth Management and Investment Banking

in connection with our cost-efficiency initiatives, offset by graduate hiring. Our corporate titles include managing director, director, vice president, assistant vice president and non-officer staff. The majority of our employees do not belong to unions. We have not experienced any significant strikes, work stoppages or labor disputes in recent years. We consider our relations with our employees to be good.

Information policy

We are committed to an open and fair information policy with our shareholders and other stakeholders. Our Investor Relations and Corporate Communications departments are responsible for inquiries.

All Credit Suisse Group AG shareholders registered in our share register receive an invitation to our AGM including an order form to receive the annual report and other reports. Each registered shareholder also receives a quarterly shareholders’ letter and may elect to receive the quarterly reports on our financial performance.

All of these reports and other information can be accessed on our website at www.credit-suisse.com/investors.

Articles of Association

The summaries below of the material provisions of our AoA and the Swiss Code of Obligations do not purport to be complete and are qualified in their entirety by reference to the Swiss Code of Obligations and the AoA. The Group’s and Bank’s AoA are available on our website at www.credit-suisse.com/articles.

- ▶ Refer to “Shareholders” and “Additional information” for a summary of the material provisions of our AoA and the Swiss Code of Obligations as they relate to our shares.

Indemnification

Neither our AoA nor Swiss statutory law contains provisions regarding the indemnification of directors and officers. According to general principles of Swiss employment law, an employer may, under certain circumstances, be required to indemnify an employee against losses and expenses incurred by such person in the execution of such person’s duties under an employment agreement, unless the losses and expenses arise from the employee’s gross negligence or willful misconduct. It is our policy to indemnify current and former directors and/or employees against certain losses and expenses in respect of service as a director or employee of the Group, one of the Group’s affiliates or another entity that we have approved, subject to specific conditions or exclusions. We maintain directors’ and officers’ insurance for our directors and officers.

SHAREHOLDERS

Capital structure

Our total issued share capital as of December 31, 2013 was CHF 63,844,774 divided into 1,596,119,349 registered shares, with a nominal value of CHF 0.04 per share. Our shares are listed on the SIX and in the form of ADS on the NYSE.

► Refer to "Note 8 – Share capital, conditional, conversion and authorized capital of Credit Suisse Group" in VI – Parent company financial statements – Credit Suisse Group and our AoA (Articles 26, 26b-c and 27) for information on changes to our capital structure during the year.

Shareholder base

We have a broad shareholder base, with the majority of shares owned directly or indirectly by institutional investors outside Switzerland. Through the use of an external global market intelligence firm, we regularly gather additional information on the composition of our shareholder base including information on shares that are

not registered in the share register. According to this data, our shareholder base as of December 31, 2013 was comprised of 8% private investors, 80% institutional investors and 12% other investors. The geographical break down of our institutional investors is as follows: 16% Switzerland, 11% other continental Europe, 14% UK and Ireland, 48% US and 11% the rest of the world.

As of December 31, 2013, 130,736 shareholders were listed in our share register. To the best of our knowledge, there are no agreements in place that could lead to a change in control of the Group. As of December 31, 2013, 37.9 million, or 2.4%, of the issued shares were in the form of ADS. Another 25.3 million, or 1.6%, of the issued shares were registered in the name of US domiciled shareholders (excluding nominees) as of December 31, 2013.

The information provided in the following tables reflects the distribution of Group shares as registered in our share register.

Distribution of Group shares in the share register

end of	2013				2012			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Distribution of Group shares								
Swiss	115,185	88	110,678,408	7	122,564	89	112,106,298	9
Foreign	11,165	9	14,322,072	1	11,427	8	13,464,237	1
Private investors	126,350	97	125,000,480	8	133,991	97	125,570,535	10
Swiss	3,755	3	168,732,633	11	4,030	3	123,232,578	9
Foreign	631	0	774,995,489	49	628	0	620,098,199	47
Institutional investors	4,386	3	943,728,122	59	4,658	3	743,330,777	56
Shares registered in share register	130,736	100	1,068,728,602	67	138,649	100	868,901,312	66
of which Switzerland	118,941	91	279,411,046	18	126,594	91	235,338,876	18
of which Europe	10,590	8	534,716,557	34	10,791	8	420,808,155	32
of which US	184	0	222,433,937	14	191	0	189,766,059	14
of which Other	1,021	1	32,167,062	2	1,073	1	22,988,222	2
Shares not registered in share register	–	–	527,390,747	33	–	–	451,928,610	34
Total shares issued	–	–	1,596,119,349	100	–	–	1,320,829,922	100

Distribution of institutional investors in share register by industry

end of	2013		2012	
	Number of shareholders	%	Number of shares	%
Institutional investors by industry				
Banks	36	0	2,672,727	0
Insurance companies	103	0	9,336,874	1
Pension funds	723	1	43,645,198	3
Investment trusts	392	0	118,122,666	7
Other trusts	746	1	5,473,606	0
Governmental institutions	33	0	7,934,377	0
Other ¹	2,164	2	104,905,938	7
Direct entries	4,197	3	292,091,386	18
Fiduciary holdings	189	0	651,636,736	41
Total institutional investors	4,386	3	943,728,122	59

Rounding differences may occur.

¹ Includes various other institutional investors for which a breakdown by industry type was not available.

Significant shareholders

Under the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX is required to notify the company and the SIX if their holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights entered into the commercial register, whether or not the voting rights can be exercised (that is, notifications must also include certain derivative holdings such as options or similar instruments). Following receipt of such notification, the company has an obligation to inform the public. In addition, pursuant to the Swiss Code of Obligations, a company must disclose in the notes to their annual consolidated financial statements the identity of any shareholders who own in excess of 5% of their shares. The following provides an overview of the holdings of shares of our significant shareholders, including any rights to purchase or dispose of shares, based on the most recent disclosure notifications. In line with the SESTA requirements, the percentages indicated below were calculated in relation to the share capital reflected in the AoA at the time of the disclosure notification. The full text of all notifications can be found on our website at www.credit-suisse.com/shareholders. Each share entitles the holder to one vote.

► Refer to "Note 3 – Business developments, significant shareholders and subsequent events" in V – Consolidated financial statements – Credit Suisse Group for further information on significant shareholders.

The Group also holds positions in its own shares, which are subject to the same disclosure requirements as significant external shareholders. These positions fluctuate and primarily reflect market making, facilitating client orders and satisfying the obligations under our employee compensation plans. Shares held by the Group have no voting rights. As of December 31, 2013, our holdings amounted to 2.15% purchase positions (0.52% registered shares and 1.63% share acquisition rights) and 33.62% sales positions (disposal rights).

Cross shareholdings

The Group has no cross shareholdings in excess of 5% of capital or voting rights with any other company.

Shareholder rights

We are fully committed to the principle of equal treatment of all shareholders and encourage shareholders to participate at our AGM. The following is a summary of shareholder rights at the Group. Refer to our AoA, which is available on our website at www.credit-suisse.com/articles.

Significant shareholders

	Group publication of notification	Number of shares (million)	Approximate shareholding %	Purchase rights %
December 31, 2013 or the most recent notification date				
The Olayan Group (registered entity – Crescent Holding GmbH)	April 6, 2013	88.5	6.7	7.9 ¹
Qatar Investment Authority (registered entity – Qatar Holding LLC)	October 31, 2013	82.0	5.2	16.5 ²
Harris Associates L.P.	November 9, 2013	81.5	5.2	–
Dodge & Cox	December 19, 2012	63.5	5.0	–
Franklin Resources, Inc.	March 12, 2014	57.6	3.6	–
Norges Bank	April 5, 2013	39.8	3.0	1.6 ³
Capital Group Companies, Inc.	January 22, 2013	39.4	3.1	1.0 ⁴
BlackRock Inc.	January 25, 2013	38.6	3.0	–
December 31, 2012 or the most recent notification date				
The Olayan Group (registered entity – Crescent Holding GmbH)	July 24, 2012	78.4	6.1	10.9
Qatar Investment Authority (registered entity – Qatar Holding LLC)	April 30, 2011	76.1	6.2	–
Dodge & Cox	December 19, 2012	63.5	5.0	–
Franklin Resources, Inc.	September 14, 2012	57.3	4.5	–
Capital Group Companies, Inc.	January 22, 2013	39.4	3.1	1.0
BlackRock Inc.	January 25, 2013	38.6	3.0	–
Harris Associates L.P.	May 17, 2012	36.9	3.0	–
Norges Bank	August 3, 2012	28.0	2.2	1.7
December 31, 2011				
The Olayan Group (registered entity – Crescent Holding GmbH)	February 2, 2010	77.8	6.6	–
Qatar Investment Authority (registered entity – Qatar Holding LLC)	April 30, 2011	73.2	6.2	–
Dodge & Cox	December 15, 2011	35.9	3.0	–
Franklin Resources, Inc.	December 15, 2011	35.7	3.0	–

¹ Consists of 7.9% purchase rights relating to The Olayan Group's holdings of USD 1.725 billion 9.5% tier 1 capital instruments (perpetual security with mandatory contingent conversion into shares), which will be converted into shares only in situations where the Group no longer meets specific regulatory capital requirements.

² Consists of 16.3% purchase rights relating to Qatar Holding LLC's holdings of USD 1.72 billion 9.5% tier 1 capital instruments and CHF 2.5 billion 9.0% tier 1 capital instruments (perpetual security with mandatory contingent conversion into shares), which will be converted into shares only in situations where the Group no longer meets specific regulatory capital requirements, and 0.2% purchase rights relating to options.

³ Relates to Norges Bank's holdings of CHF 353 million MACCS, which converted to 21.6 million shares on March 29, 2013 at the conversion price of CHF 16.29. The settlement and delivery of the shares occurred on April 8, 2013.

⁴ Relates to the Capital Group Companies, Inc.'s holdings of CHF 201 million MACCS, that converted to 12.3 million shares on March 29, 2013 at the conversion price of CHF 16.29. The settlement and delivery of the shares occurred on April 8, 2013.

Voting rights and transfer of shares

There is no limitation under Swiss law or the AoA on the right to own Group shares.

In principle, each share represents one vote at the AGM. Shares held by the Group have no voting rights. Shares for which a single shareholder or shareholder group can exercise voting rights may not exceed 2% of the total outstanding share capital, unless one of the exemptions discussed below applies. The restrictions on voting rights do not apply to:

- the exercise of voting rights by the independent proxy as elected by the AGM;
- shares in respect of which the shareholder confirms to us that the shareholder has acquired the shares in the shareholder's name for the shareholder's own account and in respect of which the disclosure requirements in accordance with the SESTA and the relevant ordinances and regulations have been fulfilled; or
- shares that are registered in the name of a nominee, provided that this nominee is willing to furnish us on request the name,

address and shareholding of the person(s) for whose account the nominee holds 0.5% or more of the total share capital and confirms to us that any applicable disclosure requirements under the SESTA have been fulfilled.

In order to execute voting rights, shares need to be registered in the share register directly or in the name of a nominee. In order to be registered in the share register, the purchaser must file a share registration form. The registration of shares in the share register may be requested at any time. Failing such registration, the purchaser may not vote or participate in shareholders' meetings. However, each shareholder, whether registered in the share register or not, receives dividends or other distributions approved at the AGM. The transfer restrictions apply regardless of the way and the form in which the registered shares are kept in the accounts and regardless of the provisions applicable to transfers. The transfer of intermediated securities based on Group shares, and the pledging of these intermediated securities as collateral, is based on the provisions of the

Swiss Federal Intermediated Securities Act. Transfer or pledging as collateral by means of written assignment are not permitted.

Annual General Meeting

Under Swiss law, the AGM must be held within six months of the end of the fiscal year. Notice of an AGM, including agenda items and proposals submitted by the Board and by shareholders, must be published in the Swiss Official Gazette of Commerce at least 20 days prior to the AGM.

Shares only qualify for voting at an AGM if they are entered into the share register with voting rights no later than three days prior to the AGM.

Convocation of shareholder meetings

The AGM is convened by the Board or, if necessary, by the statutory auditors, with 20 days' prior notice. The Board is further required to convene an extraordinary shareholders' meeting (EGM) if so resolved at a shareholders' meeting or if so requested by shareholders holding in aggregate at least 10% of the nominal share capital. The request to call an EGM must be submitted in writing to the Board, and, at the same time, Group shares representing at least 10% of the nominal share capital must be deposited for safekeeping. The shares remain in safekeeping until the day after the EGM.

Request to place an item on the agenda

Shareholders holding shares with an aggregate nominal value of at least CHF 40,000 have the right to request that a specific item be placed on the agenda and voted upon at the AGM. The request to include a particular item on the agenda, together with a relevant proposal, must be submitted in writing to the Board no later than 45 days before the meeting and, at the same time, Group shares with an aggregate nominal value of at least CHF 40,000 must be deposited for safekeeping. The shares remain in safekeeping until the day after the AGM.

Statutory quorums

The AGM may, in principle, pass resolutions without regard to the number of shareholders present at the meeting or represented by proxy. Resolutions and elections generally require the approval of a majority of the votes represented at the meeting, except as otherwise provided by mandatory provisions of law or by the AoA. Shareholders' resolutions that require a vote by a majority of the votes represented include:

- amendments to the AoA, unless a supermajority is required;
- election of directors and statutory auditors;
- approval of the annual report and the statutory and consolidated accounts;
- discharging of the acts of the members of the Board and Executive Board; and
- determination of the appropriation of retained earnings.

A quorum of at least two-thirds of the votes represented is required for resolutions on:

- change of the purpose of the company;
- creation of shares with increased voting powers;
- implementation of transfer restrictions on shares;
- increase in conditional and authorized capital;
- increase of capital by way of conversion of capital surplus or by contribution in kind;
- restriction or suspension of pre-emptive rights;
- change of location of the principal office; and
- dissolution of the company without liquidation.

A quorum of at least half of the total share capital and approval by at least three-quarters of the votes represented is required for resolutions on:

- the conversion of registered shares into bearer shares;
- amendments to the AoA relating to registration and voting rights of nominee holders; and
- the dissolution of the company.

A quorum of at least half of the total share capital and the approval of at least seven eighths of the votes cast is required for amendments to provisions of the AoA relating to voting rights.

Say on pay

In accordance with the Swiss Code of Best Practice for Corporate Governance, the Group submits its compensation report (contained in the Corporate Governance and Compensation section of the annual report) for a consultative vote by shareholders at the AGM. In accordance with the Compensation Ordinance, the Group will submit executive and board pay recommendations for respective binding votes by shareholders for the first time at the AGM in 2015.

Pre-emptive rights

Under Swiss law, any share issue, whether for cash or non-cash consideration or no consideration, is subject to the prior approval of the shareholders. Shareholders of a Swiss corporation have certain pre-emptive rights to subscribe for new issues of shares in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting with a supermajority may, however, limit or suspend pre-emptive rights in certain limited circumstances.

Notices

Notices to shareholders are made by publication in the Swiss Official Gazette of Commerce. The Board may designate further means of communication for publishing notices to shareholders. Notices required under the listing rules of the SIX will either be published in two Swiss newspapers in German and French and sent to the SIX or otherwise communicated to the SIX in accordance with applicable listing rules. The SIX may disseminate the relevant information.

BOARD OF DIRECTORS

Membership and qualifications

The AoA provide that the Board shall consist of a minimum of seven members. The Board currently consists of 13 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an effective and rapid decision-making process. The members are elected at the AGM by our shareholders individually for a period of one year and are eligible for re-election. Shareholders will also elect a member of the Board as the Chairman of the Board (Chairman) and each of the members of the Compensation

Committee for a period of one year. One year of office is understood to be the period of time from one AGM to the close of the next AGM. Our OGR specify that the members of the Board shall generally retire after having served on the Board for 15 years.

The Board has four committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee and the Risk Committee. Except for the Compensation Committee members, the committee members are appointed by the Board for a term of one year. An overview of the Board and committee membership is shown in the following table. The composition of the Boards of the Group and the Bank is identical.

Members of the Board and Board committees

	Board member since	Current term end	Independence	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
December 31, 2013							
Urs Rohner, Chairman	2009	2014	Independent	Chairman	–	–	–
Peter Brabeck-Letmathe, Vice-Chairman	1997	2014	Independent	Member	–	–	–
Jassim Bin Hamad J.J. Al Thani	2010	2014	Not independent	–	–	–	–
Iris Bohnet	2012	2014	Independent	–	–	Member	–
Noreen Doyle	2004	2014	Independent	–	–	–	Member
Jean-Daniel Gerber	2012	2014	Independent	–	Member	–	–
Walter B. Kielholz	1999	2014	Independent	Member	–	Member	–
Andreas N. Koopmann	2009	2014	Independent	–	–	Member	Member
Jean Lanier	2005	2014	Independent	Member	Member	Chairman	–
Kai S. Nargolwala	2013	2014	Independent ¹	–	–	–	Member
Anton van Rossum	2005	2014	Independent	–	–	–	Member
Richard E. Thornburgh	2006	2014	Independent	Member	Member	–	Chairman
John Tiner	2009	2014	Independent	Member	Chairman	–	Member

¹ Kai S. Nargolwala was not independent at the time of his election to the Board due to his former role in the Executive Board, but was considered independent as of the end of October 2013, after a three-year cooling off period.

Retirements and nominations

Robert H. Benmosche, Aziz R.D. Syriani and David W. Syz retired from the Board at the AGM in 2013. Jean Lanier succeeded Aziz R.D. Syriani as chairman of the Compensation Committee. At the AGM in 2013, Kai S. Nargolwala was elected as a new member of the Board. At the AGM on May 9, 2014, Peter Brabeck-Letmathe and Walter B. Kielholz will be retiring from the Board. The Board proposes that all other current members of the Board be re-elected to the Board at the AGM in 2014, proposes the election of Urs Rohner as Chairman and proposes Iris Bohnet, Andreas N. Koopmann, Jean Lanier and Kai S. Nargolwala as members of the Compensation Committee. The Board also proposes the new election of Severin Schwan, CEO of Roche Group, and Sebastian Thrun, Co-Founder and CEO of Udacity, to the Board.

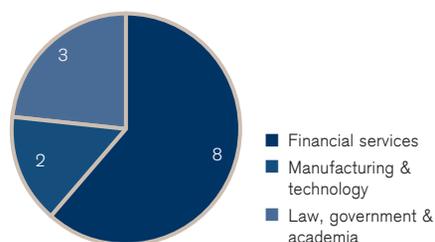
Board composition

The Chairman's and Governance Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Chairman's and Governance Committee recruits and evaluates candidates for Board

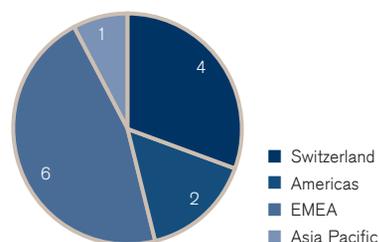
membership based on criteria as set forth by the Corporate Governance Guidelines and the OGR. The Chairman's and Governance Committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Chairman's and Governance Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the Chairman's and Governance Committee takes into account independence, diversity, age, skills and management experience in the context of the needs of the Board to fulfill its responsibilities. The Chairman's and Governance Committee also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group. The background, skills and experience of our Board members are diverse and broad and include holding top management positions at financial services and industrial companies in Switzerland and abroad or having held leading positions in government, academia and international organizations. The Board is composed of individuals with diverse experience, geographical origin and tenure.

Board composition

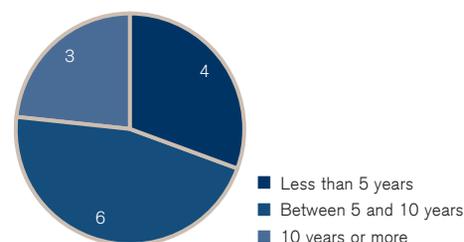
Industry experience



Geographical origin



Length of tenure



To maintain a high degree of diversity and independence in the future, we have a succession planning process in place to identify potential candidates for the Board at an early stage. With this, we are well prepared when Board members rotate off the Board. Besides more formal criteria consistent with legal and regulatory requirements, we believe that other aspects including team dynamics and personal reputation of Board members play a critical role in ensuring the effective functioning of the Board. This is why we place the utmost importance on the right mix of personalities who are also fully committed to making their blend of specific skills and experience available to the Board.

New members

Any newly appointed member participates in an orientation program to become familiar with our organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. The Board and the committees of the Board regularly ask a specialist within the Group to speak about a specific topic to enhance the Board members' understanding of issues that already are, or may become, of particular importance to our business.

Meeting attendance

Meetings

In 2013, the Board held six full-day meetings in person and three additional meetings. In addition, the Board held a one and a half day strategy session. From time to time, the Board may also take certain decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not decided upon by way of written consent.

All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the meetings to ensure effective interaction with the Board. The Board also holds separate private sessions without management present. Minutes are kept of the proceedings and resolutions of the Board.

Meeting attendance

The members of the Board are encouraged to attend all meetings of the Board and the committees on which they serve.

	Board of Directors ¹	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
in 2013					
Total number of meetings held	10	10	11	12	6
Number of members who missed no meetings	10	5	5	3	3
Number of members who missed one meeting	2	1	0	2	2
Number of members who missed two or more meetings	4	1	0	1	1
Meeting attendance, in %	90	88	100	94	88

¹ The Board consisted of 15 members at the beginning of the year and 13 members at the end of the year, with 1 member joining the Board and 3 members leaving the Board as of the 2013 AGM.

Independence

The Board consists solely of non-executive directors within the Group, of which at least the majority must be determined to be independent. In its independence determination, the Board takes into account the factors set forth in the Corporate Governance Guidelines, the OGR, the committee charters and applicable laws and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Chairman's and Governance Committee performs an annual assessment of the independence of each Board member and reports its findings to the Board for the final determination of independence of each individual member. Our definition of independence is in line with the Swiss Code of Best Practice for Corporate Governance and the NYSE and Nasdaq definitions. In general, a director is considered independent if the director:

- is not, and has not been for the prior three years, employed as an executive officer of the Group or any of its subsidiaries;
- is not, and has not been for the prior three years, an employee or affiliate of our external auditor; and
- does not maintain a material direct or indirect business relationship with the Group or any of its subsidiaries.

Whether or not a relationship between the Group or any of its subsidiaries and a member of the Board is considered material depends in particular on the following factors:

- the volume and size of any transactions concluded in relation to the financial status and credit standing of the Board member concerned or the organization in which he or she is a partner, significant shareholder or executive officer;
- the terms and conditions applied to such transactions in comparison to those applied to transactions with counterparties of a similar credit standing;
- whether the transactions are subject to the same internal approval processes and procedures as transactions that are concluded with other counterparties;
- whether the transactions are performed in the ordinary course of business; and
- whether the transactions are structured in such a way and on such terms and conditions that the transaction could be concluded with a third party on comparable terms and conditions.

For Board members serving on the Compensation Committee, the independence determination considers all factors relevant to determining whether a director has a relationship with the Group that is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to:

- the source of any compensation of the Compensation Committee member, including any consulting, advisory or other compensatory fees paid by the Group to such director; and
- whether the Compensation Committee member is affiliated with the Group, any of its subsidiaries or any affiliates of any of its subsidiaries.

Moreover, a Board member is not considered independent if the Board member is, or has been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member. The length of tenure a Board member has served is not a criterion for independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital. Board members with immediate family members who would not qualify as independent are also not considered independent. In addition to measuring Board members against the independence criteria, the Chairman's and Governance Committee also considers whether other commitments of an individual Board member prevent the person from devoting enough time to his or her Board mandate.

While the Group is not subject to such standards, the Board acknowledges that some proxy advisors apply different standards for assessing the independence of our Board members, including the length of tenure a Board member has served, annual compensation levels of Board members within a comparable range to executive pay or a Board member's former executive status further back than three years.

Independence determination

As of December 31, 2013, 12 members of the Board were determined by the Board to be independent.

At the time of his election to the Board in 2010, Mr. Bin Hamad J.J. Al Thani was determined not to be independent due to the scope of various business relationships between the Group and Qatar Investment Authority (QIA), a state-owned company that has close ties to the Al Thani family, and between the Group and the Al Thani family. The Group has determined that these various business relationships could constitute a material business relationship. Mr. Kai S. Nargolwala was determined to be not independent at the time of his election at the AGM in 2013 due to his former role on the Executive Board. He is considered independent as of end of October 2013 after the lapse of the compulsory three-year cooling-off period. As described above, our independence guidelines require that a Board member not have been employed as an executive officer of the Group or any of its subsidiaries for the prior three years.

Chairman of the Board

The Chairman is a non-executive member of the Board, in accordance with Swiss banking law, and performs his role on a full-time basis, in line with the practice expected by our main regulator, FINMA. The Chairman coordinates the work within the Board, works with the committee chairmen to coordinate the tasks of the committees and ensures that the Board members are provided with the information relevant for performing their duties. In particular, the Chairman drives the Board agenda and key Board topics, especially regarding the strategic development of the Group, succession planning, the structure and organization of the Group, corporate governance, as well as compensation and compensation

structure, including the performance evaluation and compensation of the CEO and the Executive Board. He chairs the Board, the Chairman's and Governance Committee and the Shareholder Meetings and takes an active role in representing the Group to key shareholders, investors, regulators and supervisors, industry associations and other stakeholders. The Chairman has no executive function within the Group. With the exception of the Chairman's and Governance Committee, the Chairman is not a member of any of the Board's standing committees. However, he may attend all or parts of selected committee meetings as a guest without voting power.

Segregation of duties

In accordance with Swiss banking law, the Group operates under a dual board structure, which strictly segregates the duties of supervision, which are the responsibility of the Board, from the duties of management, which are the responsibility of the Executive Board. The roles of the Chairman (non-executive) and the CEO (executive) are separate and carried out by two different people.

Lead Independent Director

The Board may appoint a Lead Independent Director. If the Chairman is determined not to be independent by the Board, the Board must appoint a Lead Independent Director. The Lead Independent Director may convene meetings without the Chairman being present.

Board responsibilities

In accordance with the OGR, the Board delegates certain tasks to Board committees and delegates the management of the company and the preparation and implementation of Board resolutions to certain management bodies or executive officers to the extent permitted by law, in particular Article 716a and 716b of the Swiss Code of Obligations, and the AoA.

With responsibility for the overall direction, supervision and control of the company, the Board regularly assesses our competitive position and approves our strategic and financial plans. At each ordinary meeting, the Board receives a status report on our financial results, capital, funding and liquidity situation. In addition, the Board receives, on a monthly basis, management information packages, which provide detailed information on our performance and financial status, as well as quarterly risk reports outlining recent developments and outlook scenarios. Management also provides the Board members with regular updates on key issues and significant events, as deemed appropriate or requested. In order to appropriately discharge their responsibilities, the members of the Board have access to all information concerning the Group.

The Board also reviews and approves significant changes in our structure and organization and is actively involved in significant projects including acquisitions, divestitures, investments and other major projects. The Board and its committees are entitled, without consulting with management and at the Group's expense, to engage external legal, financial or other advisors, as they deem appropriate, with respect to any matters within their authority.

Governance of Group subsidiaries

The Board assumes oversight responsibility for establishing appropriate governance for Group subsidiaries. In accordance with the OGR, the Board appoints or dismisses the chairperson and the members of the boards of the most important subsidiaries of the Group and approves their compensation. A policy naming the subsidiaries in scope and providing guidelines for the nomination and compensation process shall be reviewed by the Board on an annual basis.

Board evaluation

The Board performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in its charter and the Board's objectives and determines future objectives, including any special focus objectives, and a work plan for the coming year. The Chairman does not participate in the discussion of his own performance. As part of the self-assessment, the Board evaluates its effectiveness with respect to a number of different aspects, including board structure and composition, communication and reporting, agenda setting and continuous improvement. From time to time, the Board may also mandate an external advisor to facilitate the evaluation process.

BOARD COMMITTEES

At each Board meeting, the committee chairmen report to the Board about the activities of the respective committees. In addition, the minutes and documentation of the committee meetings are accessible to all Board members.

Chairman's and Governance Committee

The Chairman's and Governance Committee consists of the Chairman, the Vice-Chairman and the chairmen of the committees of the Board and other members appointed by the Board. It may include non-independent Board members. Our Chairman's and Governance Committee consists of six members, all of whom are independent.

The Chairman's and Governance Committee has its own charter, which has been approved by the Board. It generally meets on a monthly basis and the meetings are also attended by the CEO. It is at the Chairman's discretion to ask other members of management or specialists to attend a meeting.

The Chairman's and Governance Committee acts as an advisor to the Chairman and supports him in the preparation of the Board meetings. In addition, the Chairman's and Governance Committee is responsible for the development and review of corporate governance guidelines, which are then recommended to the Board for approval. At least once annually, the Chairman's and Governance Committee evaluates the independence of the Board members and reports its findings to the Board for final determination. The Chairman's and Governance Committee is also responsible for identifying, evaluating, recruiting and nominating new Board members in accordance with the Group's internal criteria, subject to applicable laws and regulations.

In addition, the Chairman's and Governance Committee guides the Board's annual performance assessment of the Chairman, the CEO and the members of the Executive Board. The Chairman's and Governance Committee proposes to the Board the appointment, promotion, dismissal or replacement of members of the Executive Board. The Chairman's and Governance Committee also reviews succession plans for senior executive positions in the Group with the Chairman and the CEO.

The Chairman's and Governance Committee performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Audit Committee

The Audit Committee consists of not fewer than three members, all of whom must be independent. The chairman of the Risk Committee is generally appointed as one of the members of the Audit Committee. Our Audit Committee consists of four members, all of whom are independent.

The Audit Committee has its own charter, which has been approved by the Board. The members of the Audit Committee are subject to independence requirements in addition to those required of other Board members. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from us other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the Audit Committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on our Audit Committee.

In addition, the US Securities and Exchange Commission (SEC) requires disclosure about whether a member of the Audit Committee is an audit committee financial expert within the meaning of SOX. The Board has determined that John Tiner is an audit committee financial expert.

Pursuant to its charter, the Audit Committee holds meetings at least once each quarter, prior to the publication of our consolidated financial statements. Typically, the Audit Committee convenes for a number of additional meetings and workshops throughout the year. The meetings are attended by management representatives, as appropriate, the Head of Internal Audit and senior representatives of the external auditor. A private session with Internal Audit and the external auditors is regularly scheduled to provide them with an opportunity to discuss issues with the Audit Committee without management being present. The Head of Internal Audit reports directly to the Audit Committee chairman.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight role by:

- monitoring and assessing the integrity of the consolidated financial statements as well as disclosures of the financial condition, results of operations and cash flows;

- monitoring the adequacy of the financial accounting and reporting processes and the effectiveness of internal controls over financial reporting;
- monitoring processes designed to ensure compliance by the Group in all significant respects with legal and regulatory requirements, including disclosure controls and procedures;
- monitoring the adequacy of the management of operational risks, jointly with the Risk Committee, including assessing the effectiveness of internal controls that go beyond the area of financial reporting;
- monitoring the adequacy of the management of reputational risks, jointly with the Risk Committee; and
- monitoring the qualifications, independence and performance of the external auditors and of Internal Audit.

The Audit Committee is regularly informed about significant projects aimed at further improving processes and receives regular updates on major litigation matters as well as significant regulatory and compliance matters. The Audit Committee also oversees the work of our external auditor and pre-approves the retention of, and fees paid to, the external auditor for all audit and non-audit services. For this purpose, it has developed and approved a policy that is designed to help ensure that the independence of the external auditor is maintained at all times. The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries in connection with its audit and stipulates certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. The external auditor is required to report periodically to the Audit Committee about the scope of the services it has provided and the fees for the services it has performed to date. Furthermore, the Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including a whistleblower hotline to provide the option to report complaints on a confidential, anonymous basis. The Audit Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Compensation Committee

The Compensation Committee consists of not fewer than three members, all of whom must be independent. Our Compensation Committee consists of four members, all of whom are independent.

The Compensation Committee has its own charter, which has been approved by the Board. Pursuant to its charter, the Compensation Committee holds at least four meetings per year. Additional meetings may be scheduled at any time. The Compensation Committee's duties and responsibilities include reviewing the Group's compensation policy, newly established compensation plans or amendments to existing plans and recommending them to the

Board for approval, as well as reviewing the performance of the businesses and the respective management teams and determining and/or recommending to the Board for approval the overall variable compensation pools and the compensation payable to the members of the Board, the CEO and the Executive Board (upon the CEO's proposal). The meetings are attended by management representatives, as appropriate.

According to its charter, the Compensation Committee is authorized to retain outside consultants, at the Group's expense, to advise the Compensation Committee. The Compensation Committee is assisted in its work by external legal counsel Nobel & Hug and the global compensation consulting firm, Johnson Associates, Inc. Johnson Associates Inc. does not provide other services to the Group other than assisting the Compensation Committee. The Compensation Committee performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

► Refer to "Governance" in Compensation – Executive Board compensation for information on our compensation approach, principles and objectives.

Risk Committee

The Risk Committee consists of not fewer than three members. It may include non-independent members. The chairman of the Audit Committee is generally appointed as one of the members of the Risk Committee. Our Risk Committee consists of six members, all of whom are independent.

The Risk Committee has its own charter, which has been approved by the Board, and holds at least four meetings a year. In addition, the Risk Committee usually convenes for additional meetings throughout the year in order to appropriately discharge its responsibilities. The meetings are attended by management representatives, as appropriate.

The Risk Committee's main duties are to assist the Board in reviewing and assessing the integrity and adequacy of the Group's risk management function, in particular as it relates to market, credit, liquidity and funding risks, reviewing the adequacy of the Group's capital and its allocation to the Group's businesses reviewing certain risk limits and making recommendations to the Board, and reviewing and assessing the Group's risk appetite framework. The Risk Committee also reviews and assesses the adequacy of the management of reputational and operational risks, including the adequacy of the internal control system, jointly with the Audit Committee. The Risk Committee performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

BANKING RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Banking relationships

The Group is a global financial services provider. Many of the members of the Board and the Executive Board or companies associated with them maintain banking relationships with us. The Group

or any of its banking subsidiaries may from time to time enter into financing and other banking agreements with companies in which current members of the Board or the Executive Board have a significant influence as defined by the SEC, such as holding executive and/or board level roles in these companies. With the exception of the transactions described below, relationships with members of the Board or the Executive Board and such companies are in the ordinary course of business and are entered into on an arm's length basis. Also, unless otherwise noted, all loans to members of the Board, members of the Executive Board or companies associated with them were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. As of December 31, 2013, 2012 and 2011, there was no loan exposure to such related parties that was not made in the ordinary course of business and at prevailing market conditions.

► Refer to "Executive Board shareholdings and loans" and "Board shareholdings and loans" in Compensation for a list of the outstanding loans to members of the Executive Board and the Board.

Related party transactions

Exchange of tier 1 capital instruments

In February 2011, we entered into definitive agreements with entities affiliated with QIA and The Olayan Group, each of which has significant holdings of Group shares and other Group financial products, to issue tier 1 high-trigger capital instruments (new Tier 1 Capital Notes). Under the agreements, QIA and The Olayan Group agreed to purchase USD 3.45 billion new Tier 1 Capital Notes and CHF 2.5 billion new Tier 1 Capital Notes in exchange for their holdings of USD 3.45 billion 11% tier 1 capital notes and CHF 2.5 billion 10% tier 1 capital notes issued in 2008 (together, the Tier 1 Capital Notes) or, in the event that the Tier 1 Capital Notes had been redeemed in full, for cash.

In July 2012, we entered into an amendment agreement with the entity affiliated with The Olayan Group to accelerate the exchange of USD 1.725 billion of the 11% tier 1 capital notes for an equivalent principal amount of new Tier 1 Capital Notes. In October 2013, based on the prior agreement with an entity affiliated with QIA, we exchanged such entity's holding of USD 1.72 billion 11% tier 1 capital notes and CHF 2.5 billion 10% tier 1 capital notes into equivalent principal amounts of new Tier 1 Capital Notes. These transactions were approved by FINMA.

Under their terms, the new Tier 1 Capital Notes will be converted into our ordinary shares if our reported common equity tier 1 (CET1) ratio, as determined under ► Basel Committee on Banking Supervision regulations as of the end of any calendar quarter, falls below 7% (or any lower applicable minimum threshold), unless FINMA, at our request, has agreed on or prior to the publication of our quarterly results that actions, circumstances or events have restored, or will imminently restore, the ratio to above the applicable threshold. The new Tier 1 Capital Notes will also be converted if FINMA determines that conversion is necessary, or that we require

public sector capital support, to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances. In addition, conversion of the new Tier 1 Capital Notes issued to the entities affiliated with The Olayan Group will be triggered if, in the event of a request by FINMA for an interim report prior to the end of any calendar quarter, our reported CET1 ratio, as of the end of any such interim period, falls below 5%. The conversion price will be the higher of a given floor price per share (subject to customary adjustments) or the daily volume weighted average sales price of our ordinary shares over a five-day period preceding the notice of conversion. In connection with the July 2012 exchange, the conversion floor price of the new Tier 1 Capital Notes delivered in the exchange as well as the remaining new Tier 1 Capital Notes that were exchanged in October 2013 was adjusted to match the conversion price of the mandatory and contingent convertible securities (MACCS) described below. The new Tier 1 Capital Notes are deeply subordinated, perpetual and callable by us no earlier than 2018 and in certain other circumstances with FINMA approval. Interest is payable on the USD 3.45 billion new Tier 1 Capital Notes and CHF 2.5 billion new Tier 1 Capital Notes at fixed rates of 9.5% and 9.0%, respectively, and will reset after the first call date. Interest payments will generally be discretionary (unless triggered), subject to suspension in certain circumstances and non-cumulative.

At the time of the original transaction, the Group determined that this was a material transaction and deemed QIA and The Olayan Group to be related parties of our current Board member Mr. Bin Hamad J.J. Al Thani and our then Board member Mr. Syriani, respectively, for purposes of evaluating the terms and corporate governance of the original transaction. At that time, the Board (except for Mr. Bin Hamad J.J. Al Thani and Mr. Syriani, who abstained from participating in the determination process) determined that the terms of the original transaction, given its size, the nature of the contingent capital instrument, for which there was no established market, and the terms of the Tier 1 Capital Notes issued in 2008 and held by QIA and The Olayan Group, were fair. As of April 26, 2013, Mr. Syriani retired from the Board and no other person affiliated with The Olayan Group has been elected as a Board member.

Settlement of mandatory and contingent convertible securities

In July 2012, we issued CHF 3.8 billion MACCS that mandatorily converted into 233.5 million shares at a conversion price of CHF 16.29 per share on March 29, 2013. The settlement and delivery of shares occurred on April 8, 2013. Strategic and institutional investors purchased CHF 2.0 billion of MACCS and

shareholders exercised preferential subscription rights for CHF 1.8 billion of MACCS. The conversion price corresponded to 95% of the volume weighted average market price for the two trading days preceding the transaction. Investors in the MACCS included entities affiliated with QIA and The Olayan Group, which also have been deemed by the Group to be related parties of our current Board member Mr. Bin Hamad J.J. Al Thani and our then Board member Mr. Syriani. In addition to QIA and The Olayan Group, a number of other investors of the Group purchased the MACCS, including Norges Bank and the Capital Group Companies, Inc., which like QIA and The Olayan Group, have significant holdings of Group shares. The terms and conditions for the conversion of the MACCS were equally applicable to all purchasers.

► Refer to “Capital issuances and redemptions” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management for further information about the new Tier 1 Capital Notes and the MACCS.

Plus Bonds

In 2013, we awarded Plus Bonds to certain employees as deferred variable compensation in respect of their 2012 compensation. We provided members of the Executive Board who did not participate in the structuring of the Plus Bonds the opportunity to invest their own funds in instruments with substantially the same terms as the Plus Bond awards granted to employees. As a result, certain Executive Board members acquired an aggregate of CHF 9 million in Plus Bond instruments in February 2013.

► Refer to “Plus Bond awards” in Compensation – Discontinued compensation plans for further information.

Loan to Arcapita Bank

In February 2012, the Group downgraded to impaired status a loan with an outstanding principal amount of USD 30 million to Arcapita Bank B.S.C. (Arcapita Bank), an international investment firm headquartered in Bahrain. The financing provided to Arcapita Bank was extended in 2007 on arm’s length terms and at the time, did not involve more than the normal risk of collectability or present other unfavorable features. Arcapita Bank may have been deemed to be a related party entity of the Group because our Board member Mr. Bin Hamad J.J. Al Thani was also a member of the board of directors of Arcapita Bank. Mr. Bin Hamad J.J. Al Thani joined the Arcapita Bank board of directors in October 2008 and our Board in 2010, in both cases after the loan was extended. Arcapita Bank filed for Chapter 11 bankruptcy in the US in March 2012, and the Group subsequently sold its USD 30 million credit position to an unrelated third party. During 2013, Mr. Bin Hamad J.J. Al Thani stepped down from the Arcapita Bank board of directors.

► Refer to “Note 29 – Related parties” in V – Consolidated financial statements – Credit Suisse Group for further information on related party transactions.

Biographies of the Board members



Urs Rohner
Born 1959
Swiss Citizen

Urs Rohner has been Chairman of the Board and the Chairman's and Governance Committee since the 2011 AGM. He was Vice-Chairman of the Board and a member of the Chairman's and Governance and Risk Committees (2009 to 2011). He was a member of the Executive Boards of the Group (2004 to 2009) and Credit Suisse (2005 to 2009) and served as General Counsel of the Group (2004 to 2009), as COO (2006 to 2009) and General Counsel of the Bank (2005 to 2009). His term as a Board member expires at the AGM in 2014. As of that date, Mr. Rohner will be proposed for re-election by our shareholders as a member of the Board and Chairman for a period of one year. The Board has determined him to be independent under the Group's independence standards.

Mr. Rohner served as chairman of the Executive Board and CEO of ProSieben and ProSiebenSat.1 Media AG (2000 to 2004) and CEO of ProSieben Media AG (2000). He was a partner at Lenz & Staehelin (1992 to 1999) and an attorney with the law firms Sullivan & Cromwell LLP in New York (1988 to 1989) and Lenz & Staehelin in Zurich (1990 to 1992, 1983 to 1988). Mr. Rohner graduated with a degree in Law from the University of Zurich, Switzerland, in 1983. He was admitted to the bars of the canton of Zurich in 1986 and the state of New York in 1990.

Mr. Rohner is the chairman and a member of the board of trustees of the Credit Suisse Research Institute and the Credit Suisse Foundation. He serves as a board member or advisory board member for a number of international organizations, including the Institute of International Finance and the Institut International d'Etudes Bancaires, the European Financial Services Round Table, the European Banking Group and the international advisory board of the Moscow International Financial Center and serves on the International Business Leaders Advisory Council of the Mayor of Beijing. Since 2013, Mr. Rohner is a member of the Expert Committee of the Swiss Federal Council regarding the further development of the financial market strategy. He is also a member of the board of trustees of Avenir Suisse and the Alfred Escher Foundation, a board member of Economiesuisse and the International Institute for Management Development Foundation, and the chairman of the advisory board of the University of Zurich's Department of Economics, and he serves as a member of the board of trustees of the Lucerne Festival.



Peter Brabeck-Letmathe
Born 1944
Austrian Citizen

Peter Brabeck-Letmathe has been Vice-Chairman of the Board since 2008, a function he also held from 2000 to 2005. He has been a member of the Board since 1997 and a member of the Chairman's and Governance Committee since 2008. He served on the Compensation Committee (2008 to 2011 and 2000 to 2005) and on the Chairman's and Governance Committee (2003 to 2005). His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Brabeck-Letmathe will be retiring from the Board. The Board has determined him to be independent under the Group's independence standards.

Mr. Brabeck-Letmathe has been the chairman of the board of directors of Nestlé SA since 2005 and vice-chairman of the board of directors (2001 to 2005). He was also CEO of Nestlé SA (1997 to 2008) and since 1987 has been based at Nestlé SA's headquarters in Vevey. He joined Nestlé SA's sales operations in Austria after graduating in 1968. His career at Nestlé SA has included a variety of assignments in several European countries and in Latin America. In addition, he served as member of the board of directors of Roche Holding SA (2000 to 2010) and Gesparal SA Paris, France (1997 to 2004). Mr. Brabeck-Letmathe studied economics at the University of World Trade, Vienna.

Mr. Brabeck-Letmathe has been vice-chairman of the board of directors of L'Oréal SA, Paris, since 1997, and has been a board member of Exxon Mobil Corporation and Delta Topco (Formula 1), both since 2010, and assumed the role of chairman of Delta Topco (Formula 1) in 2012. He is also a member of the foundation board of the World Economic Forum and a member of the European Round Table of Industrialists.



**Jassim Bin Hamad J.J.
Al Thani**
Born 1982
Qatari Citizen



Iris Bohnet
Born 1966
Swiss Citizen

Jassim Bin Hamad J.J. Al Thani has been a member of the Board since 2010. His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Bin Hamad J.J. Al Thani will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined him to be not independent under the Group's independence standards. For further information, refer to "Independence determination".

Since April 2005, Mr. Bin Hamad J.J. Al Thani has been chairman of the board of directors of Qatar Islamic Bank. He is also chairman of: QInvest, the first Islamic investment bank founded in Qatar; Damaan Islamic Insurance Co. (BEEMA); and Q-RE LLC, an insurance and reinsurance company. He is CEO of Al Mirqab Capital LLC, Qatar, a family enterprise, and a member of the board of directors of Qatar Navigation Company and Qatar Insurance Company. Mr. Bin Hamad J.J. Al Thani completed his studies in the State of Qatar and graduated as an Officer Cadet from the Royal Military Academy in England.

Iris Bohnet was elected to the Board at the AGM 2012 and has since served as a member of the Compensation Committee. Her term as a member of the Board expires at the AGM in 2014. As of that date, Ms. Bohnet will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined her to be independent under the Group's independence standards.

Ms. Bohnet has been a professor of public policy at the Harvard Kennedy School, Massachusetts, since 2006, and Academic Dean of the Harvard Kennedy School since 2011. Ms. Bohnet also serves as director of the Women and Public Policy Program at the Harvard Kennedy School. She joined the academic faculty of Harvard University in 1998 as assistant professor of public policy at the Harvard Kennedy School and was named associate professor in 2003. She was a visiting scholar at the Haas School of Business at the University of California at Berkeley (1997 to 1998). Ms. Bohnet received a master's degree in Economic History, Economics and Political Science from the University of Zurich, Switzerland, in 1992, and a doctorate in Economics from the same university in 1997.

Ms. Bohnet is currently a member of the board of the University of Lucerne, a member of the advisory board of the Vienna University of Economics and Business Administration and a member of the Global Agenda Council on Women's Empowerment of the World Economic Forum. Ms. Bohnet is also a member of the advisory board of the Decision Making and Negotiations Journal.



Noreen Doyle
Born 1949
Irish and US Citizen

Noreen Doyle has been a member of the Board since 2004 and a member of the Risk Committee since 2009. She served on the Audit Committee (2007 to 2009) and the Risk Committee (2004 to 2007). Since 2012, Ms. Doyle has also served as a non-executive director and as of 2013 chairs the boards of Credit Suisse International and Credit Suisse Securities Europe Limited, two of the Group's UK subsidiaries. She also chaired the Audit Committee of these two entities (2011 to 2012). Her term as a member of the Board expires at the AGM in 2014. As of that date, Ms. Doyle will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined her to be independent under the Group's independence standards.

Ms. Doyle was first vice president and head of banking of the European Bank for Reconstruction and Development (EBRD) from 2001 to 2005. She became deputy vice president of Risk Management in 1997, was appointed chief credit officer in 1994 and joined the EBRD in 1992 as head of syndications. Prior to joining the EBRD, Ms. Doyle spent 18 years at Bankers Trust Company with assignments in Houston, New York and London. Ms. Doyle received a BA in Mathematics from The College of Mount Saint Vincent, New York, in 1971, and an MBA in Finance from Dartmouth College, New Hampshire, in 1974.

Ms. Doyle currently serves on the boards of directors of the Newmont Mining Corporation and QinetiQ Group Plc., a UK-based defense technology and security company. She is also a member of the advisory panel of the Macquarie European Infrastructure Fund and the Macquarie Renaissance Infrastructure Fund and a member of the advisory board of Sapphire Partners, a UK based executive search firm. Ms. Doyle also chairs the board of governors of the Marymount International School, London, and is a patron of Women in Banking and Finance in London.



Jean-Daniel Gerber
Born 1946
Swiss Citizen

Jean-Daniel Gerber was elected to the Board at the AGM 2012 and has since served as a member of the Audit Committee. His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Gerber will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined him to be independent under the Group's independence standards.

Jean-Daniel Gerber was appointed by the Swiss Federal Council to state secretary in 2004. In this function, he was head of the state secretariat for Economic Affairs, a function from which he retired in 2011. Mr. Gerber was director of the Swiss Federal Office of Migration (1997 to 2004), and served as executive director at the World Bank Group in Washington D.C. (1993 to 1997). Prior to that, he held the positions of head of Economic and Financial Affairs at the Swiss Embassy in Washington D.C. and Swiss representative of the World Trade Organization. Mr. Gerber received a degree in Economics from the University of Berne, Switzerland, in 1972, and was awarded an honorary doctorate from the Faculty of Economics and Social Sciences at the same university in 2007.

Mr. Gerber is a member of the board of directors and the audit committee of the Lonza Group AG and since 2013, he has chaired the nomination and compensation committee. Mr. Gerber is chairman of the board and of the investment committee of the Swiss Investment Fund for Emerging Markets and also president of the Swiss Society for Public Good and a member of the JTI Foundation.



Walter B. Kielholz
Born 1951
Swiss Citizen

Walter B. Kielholz has been a member of the Board since 1999, the Compensation Committee since 2009 and the Chairman's and Governance Committee since 2011. He served as Chairman of the Board and the Chairman's and Governance Committee (2003 to 2009), chairman of the Audit Committee (1999 to 2002) and a member of the Risk Committee (2009 to 2011). His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Kielholz will be retiring from the Board. The Board has determined him to be independent under the Group's independence standards.

Since May 2009, he has served as the chairman of the board of directors of Swiss Re, vice-chairman in 2007, executive vice-chairman of the board of directors of Swiss Re in 2003 and has been a board member since 1998. He was Swiss Re's CEO (1997 to 2002) and became a member of Swiss Re's executive board in 1993. Mr. Kielholz joined Swiss Re, Zurich, in 1989. In 1986, he joined Credit Suisse, responsible for client relations with large insurance groups in the Multinational Services department. Mr. Kielholz's career began at the General Reinsurance Corporation, Zurich, in 1976, and he assumed responsibility for the company's European marketing after working in the US, the UK and Italy. Mr. Kielholz received a degree in Business Finance and Accounting from the University of St. Gallen, Switzerland, in 1976.

Mr. Kielholz serves as chairman of the European Financial Services Roundtable and vice-chairman of the Institute of International Finance. He is also a member of the advisory boards of Corsair Capital Ltd. and the Monetary Authority of Singapore and a member of the World Economic Forum International Business Council. In addition, Mr. Kielholz is a member and former chairman of the supervisory board of Avenir Suisse and a senior advisor to the Credit Suisse Research Institute. He is a member of the board of trustees of the Lucerne Festival and chairman of the Zürcher Kunstgesellschaft (Zurich Art Society), which runs Zurich's Kunsthaus museum.



Andreas N. Koopmann
Born 1951
Swiss Citizen

Andreas N. Koopmann has been a member of the Board since the AGM in 2009 and has since served as a member of the Risk Committee. Mr. Koopmann has been a member of the Compensation Committee since the AGM in 2013. His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Koopmann will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined him to be independent under the Group's independence standards.

From 1982 to 2009, Mr. Koopmann held various leading positions at Bobst Group S.A., Lausanne, one of the world's leading suppliers of equipment and services to packaging manufacturers. He was group CEO (1995 to 2009) and a member of its board of directors (1998 to 2002). Mr. Koopmann received a master's degree in Mechanical Engineering from the Swiss Federal Institute of Technology, Switzerland, in 1976 and an MBA from International Institute for Management Development, Switzerland, in 1978.

Mr. Koopmann is chairman of the board of directors of Georg Fischer AG. Since 2003, Mr. Koopmann has been a member of the board of directors of Nestlé SA, its vice-chairman and a member of its chairman's and corporate governance committee. He is also a member of the board of directors of the CSD Group, an engineering consultancy enterprise in Switzerland, a member of the advisory board of Sonceboz SA, a producer of electric motors, and a member of the advisory board of Spencer Stuart, Switzerland, an executive search firm. Since 2013, Mr. Koopmann is a member of the board of directors of Economiesuisse.



Jean Lanier
Born 1946
French Citizen

Jean Lanier has been a member of the Board and the Audit Committee since 2005 and a member of the Compensation Committee since 2011. Mr. Lanier has served as the chairman of the Compensation Committee and as a member of the Chairman's and Governance Committee since the AGM in 2013. His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Lanier will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined him to be independent under the Group's independence standards.

Mr. Lanier is the former chairman of the managing board and group CEO of Euler Hermes, Paris, and chaired the boards of the principal subsidiaries of the group (1998 to 2004). Prior to that, he was managing director of the Euler Group (1997 to 1998) and COO and managing director of SFAC (1990 to 1997), which became Euler Hermes SFAC. He was managing director of the Pargesa Group based in Paris and Geneva (1988 to 1990) and held the position of President of Lambert Brussels Capital Corporation in New York (1983 to 1989). Mr. Lanier started his career at the Paribas Group in 1970, where he worked until 1983. He held, among others, the functions of senior vice president of the Paribas Group Finance division and senior executive for North America of the Paribas Group in New York. He received a master's degree in Engineering from the Ecole Centrale des Arts et Manufactures, Paris, in 1969, and a Master of Science in Operations Research and Finance from Cornell University, New York, in 1970.

Mr. Lanier is the chairman of the board of directors for the Swiss Re subsidiaries Swiss RE Europe SA, Swiss RE International SE and Swiss RE Europe Holdings SA and also serves on their respective audit and risk committees. He chairs the board of the foundation La Fondation Internationale de l'Arche and is a member of the board of friends of l'Arche Long Island. Mr. Lanier holds the title of Chevalier de la Légion d'Honneur in France.



Kai S. Nargolwala
Born 1950
Singapore Citizen

Kai S. Nargolwala was elected to the Board at the AGM in 2013 and has since served as a member of the Risk Committee. His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Nargolwala will be proposed for re-election by our shareholders as a member of the Board for a period of one year. He was determined to be not independent at the time of his election at the AGM in 2013 due to his former role on the Executive Board, but was considered independent as of the end of October 2013, after the lapse of the compulsory three-year cooling-off period.

Mr. Nargolwala was a member of the Credit Suisse Executive Board and CEO of the Asia Pacific region from 2008 to 2010 and was non-executive chairman of Credit Suisse's Asia-Pacific region from 2010 to 2011. From 1999 to 2007, he worked at Standard Chartered Plc., where he was the main board executive director with responsibility for governance in Asia and the group's global risk and special assets management functions. Prior to that, he spent almost twenty years in a variety of functions at Bank of America, among them the group executive vice president and head of Asia wholesale banking group. He joined Peat Marwick Mitchell & Co. in London after completing his studies, where he worked for six years. Mr. Nargolwala received a BA in Economics from the University of Delhi (1969) and gained a Fellowship (FCA) from the Institute of Chartered Accountants in England and Wales (1974).

Since 2006, Kai S. Nargolwala has been a member of the board of directors (lead independent director since 2009) of Singapore Telecommunications Ltd., Singapore's largest publicly listed company, and since 2012, a member of the board of directors of Prudential Plc., a global financial services company headquartered in the UK, and a member of the board of directors of PSA International Pte. Ltd. in Singapore, one of the world's largest port operators. Mr. Nargolwala is chairman of Clifford Capital Pte. Ltd. since 2012, a company supported by the government of Singapore that provides financing of foreign projects for companies in Singapore and chairman of the governing board of the Duke-NUS Graduate Medical School of Singapore. Mr. Nargolwala is a member of the board of directors of the Casino Regulatory Authority in Singapore and, since February 2014, a member of the Singapore Capital Markets Committee of the Monetary Authority of Singapore.



Anton van Rossum
Born 1945
Dutch Citizen

Anton van Rossum has been a member of the Board since 2005 and a member of the Risk Committee since 2008. He served on the Compensation Committee (2005 to 2008). His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. van Rossum will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined him to be independent under the Group's independence standards.

Mr. van Rossum was CEO of Fortis (2000 to 2004). He was also a member of the board of directors of Fortis and chaired the boards of the principal subsidiaries of the group during this time. Prior to that, Mr. van Rossum worked 28 years with McKinsey and Company, where he led a number of top management consulting assignments, with a focus on the banking and insurance sectors. He was elected principal in 1979 and a director of the firm in 1986. Mr. van Rossum studied Economics and Business Administration at the Erasmus University, Rotterdam, where he obtained a bachelor's degree in 1965 and a master's degree in 1969.

Mr. van Rossum is a member of the supervisory board and audit committee of Munich Re AG, an international re-insurance and primary insurance group, and chairs the supervisory board of Royal Vopak NV, Rotterdam, an international oil, chemicals and liquefied natural gas storage group. In addition, he is a member of the board of directors of Solvay SA, Brussels, an international chemicals and plastics company. He also chairs the board of trustees of the Netherlands Economics Institute and is a member of the advisory board of the Solvay Business School, Brussels. Mr. van Rossum was chairman of the supervisory board of Erasmus University, Rotterdam (2005 to 2013).



Richard E. Thornburgh
Born 1952
US Citizen

Richard E. Thornburgh has been a member of the Board and the Risk Committee since 2006 and chairman of the Risk Committee and a member of the Chairman's and Governance Committee since 2009 and the Audit Committee since 2011. As of 2013, Mr. Thornburgh also serves as a non-executive director of Credit Suisse International and Credit Suisse Securities Europe Limited, two of the Group's UK subsidiaries. His term as a member of the Board expires at the AGM in 2014. As of that date, Mr. Thornburgh will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined him to be independent under the Group's independence standards.

Mr. Thornburgh is currently a senior investment professional at Corsair Capital, New York, a private equity investment company, and previously served as vice-chairman of the board. He was the CRO of Credit Suisse Group (2003 to 2004). In 2004, he was appointed executive vice-chairman of Credit Suisse First Boston. He was CFO of Credit Suisse First Boston (2000 to 2002) and vice-chairman of the executive board of Credit Suisse First Boston (1999 to 2002). Mr. Thornburgh was the CFO of Credit Suisse Group (1997 to 1999). He was appointed a member of the Group Executive Board (1997 to 2005). In 1995, Mr. Thornburgh was appointed chief financial and administrative officer and a member of the executive board of Credit Suisse First Boston. He began his investment banking career in New York with The First Boston Corporation, the predecessor firm of Credit Suisse First Boston. Mr. Thornburgh received a BBA from the University of Cincinnati, Ohio, in 1974, as well as an honorary doctorate in 2009, and an MBA from the Harvard Business School, Massachusetts, in 1976.

Mr. Thornburgh is a member of the board of directors, audit committee and strategic committee of Reynolds American Inc., Winston-Salem, and a board of directors, audit committee and financial policy committee member of McGrawHill Financial, Inc. New York, since 2011. Mr. Thornburgh is also a member of the board of directors and lead director and chair of the risk committee for New Star Financial Inc., Massachusetts. Furthermore, he serves on the executive committee of the University of Cincinnati Foundation and the investment committee of the University of Cincinnati.



John Tiner
 Born 1957
 British Citizen

John Tiner has been a member of the Board and the Audit Committee since the AGM in 2009. He has chaired the Audit Committee and has also been a member of the Chairman's and Governance and Risk Committees since the AGM in 2011. His term as member of the Board expires at the AGM in 2014. As of that date, Mr. Tiner will be proposed for re-election by our shareholders as a member of the Board for a period of one year. The Board has determined him to be independent under the Group's independence standards and a financial expert within the meaning of SOX.

From September 2008 until March 2013, Mr. Tiner was CEO of Resolution Operations LLP, a privately owned advisory firm which provided services to Resolution Ltd., a company listed on the London Stock Exchange. Mr. Tiner was previously CEO of the FSA (2003 to 2007). He joined the FSA in 2001 as managing director of the consumer insurance and investment directorate and was a member of the managing board of the Committee of European Insurance and Occupational Pensions Regulators and chairman of the Committee of European Securities Regulators – Standing Committee on Accounting and Auditing. Before joining the FSA, Mr. Tiner was a managing partner at Arthur Andersen, responsible for its worldwide financial services practice. Mr. Tiner received a degree in 1980 as a UK Chartered Accountant from the Institute of Chartered Accountants in England and Wales and is a fellow of the same institute. He was given an honorary Doctor of Letters at his former college, Kingston University, London, in 2010.

Since March 2013, Mr. Tiner has been a member of the board of Resolution Ltd. and, since 2009, he has served as non-executive member of the board of directors of Friends Life Group plc, a UK insurance company. Mr. Tiner is also a member of the advisory board of Corsair Capital, a private equity investment company. Furthermore, since 2008, he serves as a member of the board of trustees of The Urology Foundation. In recognition of his contribution to the financial services industry, Mr. Tiner was awarded the title of Commander of the British Empire (CBE) in 2008.

Honorary Chairman of Credit Suisse Group

Rainer E. Gut

Born 1932

Swiss Citizen

Rainer E. Gut was appointed Honorary Chairman of Credit Suisse Group in 2000, after he retired as Chairman, a position he had held since 1986. Mr. Gut was a member of the board of directors of Nestlé SA, Vevey, from 1981 to 2005, where he was vice-chairman from 1991 to 2000 and chairman from 2000 to 2005.

As Honorary Chairman, Mr. Gut does not have any function in the governance of the Group and does not attend the meetings of the Board.

Secretaries of the Board

Pierre Schreiber

Joan E. Belzer

EXECUTIVE BOARD

Members of the Executive Board

The Executive Board is responsible for the day-to-day operational management of the Group. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions, regions and in the Shared Services

functions and establishes Group-wide policies. The composition of the Executive Board of the Group and the Bank is identical.

Effective December 31, 2013, Tobias Guldemann stepped down from the Executive Board and his position as Chief Risk Officer (CRO). Effective January 1, 2014, Joachim Oechslin was appointed as CRO and as a member of the Executive Board.

The size of the Executive Board remained stable at nine members throughout 2013.

Members of the Executive Board

	Appointed in	Role
December 31, 2013		
Brady W. Dougan, CEO	2003	Group CEO
Gaël de Boissard, Joint Head of Investment Banking and Regional CEO of EMEA	2012	Divisional & Regional Head
Romeo Cerutti, General Counsel	2009	Shared Services Head
Tobias Guldemann, CRO ¹	2004	Shared Services Head
David R. Mathers, CFO and Head of IT and Operations	2010	Shared Services Head
Hans-Ulrich Meister, Joint Head of Private Banking & Wealth Management and Regional CEO of Switzerland	2008	Divisional & Regional Head
Joachim Oechslin, CRO ²	2013	Shared Services Head
Robert S. Shafir, Joint Head of Private Banking & Wealth Management and Regional CEO of Americas	2007	Divisional & Regional Head
Pamela A. Thomas-Graham, Chief Marketing and Talent Officer and Head of Private Banking & Wealth Management New Markets	2010	Shared Services Head
Eric M. Varvel, Joint Head of Investment Banking and Regional CEO of APAC	2008	Divisional & Regional Head

¹ Left the Executive Board effective December 31, 2013.

² Appointed on June 20, 2013 as a new Executive Board member effective January 1, 2014, succeeding Tobias Guldemann.

Biographies of the Executive Board members



Brady W. Dougan
Born 1959
US Citizen

Brady W. Dougan has held the position of CEO since 2007 and has been a member of the Executive Board since 2003.

Prior to his appointment as CEO of the Group, Mr. Dougan was CEO of the Investment Banking division and CEO of the Americas region. After starting his career in the derivatives group at Bankers Trust, he joined Credit Suisse First Boston in 1990. He was Head of the Equities division for five years before he was appointed Global Head of the Securities division in 2001. From 2002 to July 2004, he was co-president of institutional securities at Credit Suisse First Boston, and from 2004 until 2005, he was CEO of Credit Suisse First Boston and, after the merger with Credit Suisse in May 2005, he was CEO of Investment Banking until 2007.

Mr. Dougan received a BA in Economics in 1981 and an MBA in Finance in 1982 from the University of Chicago, Illinois.

Mr. Dougan has been a member of the board of directors of Humacyte Inc., a biotechnology company, since 2005. He has also been a member of the board of trustees of the University of Chicago since January 2013.



Gaël de Boissard
Born 1967
French Citizen

Gaël de Boissard jointly leads the Investment Banking division together with Eric Varvel with responsibility for the Fixed Income business. He is also CEO of the EMEA region. Gaël de Boissard has been a member of the Executive Board since January 2013.

Prior to his appointment to the Executive Board, Mr. de Boissard spent four years as the Co-Head of Global Securities with responsibility for trading and risk management of Fixed Income products and was previously responsible for Global Rates and Foreign Exchange. Mr. de Boissard joined Credit Suisse First Boston in 2001 from JPMorgan Chase, where he worked in a variety of roles in fixed income, having started in the Paris office in 1990.

Mr. de Boissard graduated with a degree in Mathematics and Civil Engineering from the Ecole Polytechnique in Palaiseau, France, and received a degree in Russian from the University of Volgograd.

From 2009 to 2013, Mr. de Boissard chaired the Association of Financial Markets in Europe, an industry organization that engages with policymakers on financial regulation.



Romeo Cerutti
Born 1962
Swiss and Italian Citizen

Romeo Cerutti has been Group General Counsel and a member of the Executive Board since April 2009.

Prior to that, Mr. Cerutti was General Counsel of the Private Banking division from 2006 to 2009 and global Co-Head of Compliance of Credit Suisse from 2008 to 2009. Before joining Credit Suisse, Mr. Cerutti was a partner of the group holding of Lombard Odier Darier Hentsch & Cie, from 2004 to 2006, and head of corporate finance at Lombard Odier Darier Hentsch & Cie from 1999 to 2006. Prior to that position, Mr. Cerutti was in private practice as an attorney-at-law with Homburger Rechtsanwälte in Zurich from 1995 to 1999 and with Latham and Watkins in Los Angeles from 1993 to 1995.

Mr. Cerutti studied law at the University of Fribourg and obtained his doctorate in 1990. He was admitted to the bar of the canton of Zurich in 1989 and the bar of the state of California in 1992. Mr. Cerutti also holds a Master of Laws from the University of California, School of Law, Los Angeles.

Mr. Cerutti has been a member of the board of trustees of the University of Fribourg since 2006. He also currently represents Credit Suisse on the board of the Swiss Bankers Association since December 2012.



Tobias Guldemann
Born 1961
Swiss Citizen

Tobias Guldemann was CRO of Credit Suisse since 2009 and a member of the Executive Board in the role of Group CRO since 2004 until he stepped down effective December 31, 2013.

Mr. Guldemann joined Credit Suisse's Internal Audit department in 1986 before transferring to Investment Banking in 1990. He later became Head of Derivatives Sales in 1992, Head of Treasury Sales in 1993 and Head of Global Treasury Coordination at Credit Suisse in 1994. In 1997, he became responsible for the management support of the CEO of Credit Suisse First Boston before becoming Deputy CRO of Credit Suisse Group, a function he held from 1998 to 2004. From 2002 to 2004, he also served as Head of Strategic Risk Management at Credit Suisse.

Mr. Guldemann studied Economics at the University of Zurich and received a doctorate from the same university in 1989.

Mr. Guldemann has been a member of the International Financial Risk Institute (IFRI) since 2010 and became a member of the IFRI Executive Committee in 2011. He is also a member of the board of trustees of the Winterthur Art Museum.



David R. Mathers
Born 1965
British Citizen

David Mathers has been CFO of Credit Suisse Group and a member of the Executive Board since October 2010. He is also responsible for the Group's global IT and Operations functions.

Prior to his appointment as CFO, Mr. Mathers was Head of Finance and COO for Investment Banking in New York and London from 2007 to 2010. In this role, he was responsible for Investment Banking Finance, Operations, Expense Management and Strategy. Mr. Mathers started his career as a research analyst at HSBC James Capel in 1987 and became global head of equity research in 1997. He joined Credit Suisse in 1998, working in a number of senior positions in Credit Suisse's Equity business, including Director of European Research and Co-Head of European Equities.

Mr. Mathers holds an MA in Natural Sciences from the University of Cambridge, England. Since 2011, he has also served as a member of the Council of the British-Swiss Chamber of Commerce.



Hans-Ulrich Meister
Born 1959
Swiss Citizen

Hans-Ulrich Meister jointly leads the Private Banking & Wealth Management division together with Robert Shafir, with responsibility for the Private Banking business. He is also CEO of the region Switzerland. Mr. Meister has been a member of the Executive Board since September 2008.

Between 2011 and 2012, Mr. Meister served as CEO of Private Banking and from 2008 onward as CEO of the Swiss region, a role he continues to hold. Before joining Credit Suisse in 2008, Mr. Meister spent 25 years with UBS. Among the roles he had were head of corporate banking region Zurich from 1999 to 2002, head of large corporates and multinationals from 2003 to 2005 and head of business banking from 2005 to 2007. From 2002 to 2003, he worked on group projects in the area of wealth management, based in New York. From 2004 to 2007, Mr. Meister was a member of UBS's group managing board.

Mr. Meister graduated from the University of Applied Sciences in Zurich in 1987, majoring in Economics and Business Administration. In addition, he attended Advanced Management programs at the Wharton School, University of Pennsylvania in 2000 and the Harvard Business School in 2002.

Mr. Meister has been a member of the foundation board of the Swiss Finance Institute since 2008. He has also been a member of the board of directors of the Zurich Chamber of Commerce since 2010. Since 2013, Mr. Meister has served as member of the foundation board of the Zurich Zoo.



Joachim Oechslin
Born 1971
Swiss Citizen



Robert S. Shafir
Born 1958
US Citizen

Joachim Oechslin was appointed CRO and a member of the Executive Board of Credit Suisse as of January 1, 2014.

Mr. Oechslin started his professional career in 1998 as a consultant at McKinsey & Company in Zurich. In 2001, he joined Winterthur Life & Pensions and was subsequently appointed CRO (2003) and a member of the executive committee of Winterthur Group (2006). With the sale of Winterthur to AXA in 2006, he took over the position of deputy CRO at AXA in Paris. In September 2007, he joined Munich Re Group in Munich as CRO and remained in that position until joining Credit Suisse in 2014.

Mr. Oechslin holds a master's degree in Mathematics from the Swiss Federal Institute of Technology in Zurich (1998) and an engineering degree from the Higher Technical Institute in Winterthur (2004).

Mr. Oechslin is a member of the International Financial Risk Institute.

Robert Shafir jointly leads the Private Banking & Wealth Management division together with Hans-Ulrich Meister, with responsibility for Private Banking & Wealth Management Products. He is also CEO of the Americas region. Mr. Shafir has been a member of the Executive Board since August 2007.

From 2008 until 2012, Mr. Shafir was CEO of Asset Management and also held the position of CEO of the Americas region between 2007 and 2010, reappointed to this role in 2012. Mr. Shafir joined Credit Suisse from Lehman Brothers in 2007, where he worked for 17 years, having served as head of equities and a member of their executive committee. He also held other senior roles, including head of European equities and global head of equities trading, and played a key role in building Lehman's equities business into a global, institutionally focused franchise. Prior to that, he worked at Morgan Stanley in the preferred stock business within the fixed income division.

Mr. Shafir received a BA in Economics from Lafayette College, Pennsylvania, in 1980, and an MBA from Columbia University, Graduate School of Business, New York, in 1984.

Mr. Shafir is a member of the board of directors of the Cystic Fibrosis Foundation.



Pamela A. Thomas-Graham
Born 1963
US Citizen

Pamela Thomas-Graham is Chief Marketing and Talent Officer and Head of Private Banking & Wealth Management New Markets. She has been a member of the Executive Board since January 2010.

Prior to joining the Group, Ms. Thomas-Graham was a managing director in the private equity group of Angelo, Gordon & Co., a New York-based investment management firm, from 2008 to 2010. She previously served as group president of Liz Claiborne Inc.'s women's wholesale apparel business from 2005 to 2008. Ms. Thomas-Graham was at NBC for six years from 1999 to 2005, where she served as president, CEO and chairwoman of CNBC television and a director of CNBC International. She also served as president and CEO of CNBC.com. Prior to that, she worked at McKinsey & Company for ten years from 1989 to 1999.

Ms. Thomas-Graham obtained a BA in Economics from Harvard University, Massachusetts, in 1985, a JD from Harvard Law School in 1989 and an MBA from Harvard Business School in 1989.

Ms. Thomas-Graham is a member of the board of directors of the Clorox Company and a member of the board of governors of the Parsons School of Design. She is also a member of the Council on Foreign Relations, the Economic Club of New York, the Trustees Education Committee of the Museum of Modern Art and the Business Committee of the Metropolitan Museum of Art. In addition, she is a member of the board of the New York Philharmonic.



Eric M. Varvel
Born 1963
US Citizen

Eric Varvel jointly leads the Investment Banking division together with Gaël de Boissard, with responsibility for the Equities & Investment Banking business. He is also the CEO of the Asia Pacific region. Eric Varvel has been a member of the Executive Board since February 2008.

From 2010 until 2012, Mr. Varvel was CEO of Investment Banking and served as acting CEO from September 2009 until July 2010. From 2008 until 2010, Mr. Varvel was CEO of the EMEA region. Prior to his appointment to the Executive Board in 2008, he was Co-Head of the Global Investment Banking department and Head of the Global Markets Solutions Group in the Investment Banking division of Credit Suisse for over three years, based in New York. Before that, Mr. Varvel spent 15 years in the Asia Pacific region in a variety of senior roles, including Head of Investment Banking and Emerging Markets Coverage for the Asia Pacific region ex-Japan and Head of Fixed Income Sales and Corporate Derivative Sales. During that time, Mr. Varvel was based in Tokyo, Jakarta and Singapore. Mr. Varvel joined Credit Suisse in 1990. Previously, he worked as an analyst for Morgan Stanley in its investment banking department in New York and Tokyo.

Mr. Varvel holds a BA in Business Finance from Brigham Young University, Utah.

Since 2010, Mr. Varvel has been a member of the board of directors of the Qatar Exchange.

ADDITIONAL INFORMATION

Changes in control and defense measures

Duty to make an offer

Swiss law provides that anyone who, directly or indirectly or acting in concert with third parties, acquires 33⅓% or more of the voting rights of a listed Swiss company, whether or not such rights are exercisable, must make an offer to acquire all of the listed equity securities of such company, unless the AoA of the company provides otherwise. Our AoA does not include a contrary provision. This mandatory offer obligation may be waived under certain circumstances by the Swiss Takeover Board or FINMA. If no waiver is granted, the mandatory offer must be made pursuant to procedural rules set forth in the SESTA and the implementing ordinances.

Clauses on changes in control

Subject to certain provisions in the Group's employee compensation plans, which allow for the Compensation Committee or Board to determine the treatment of outstanding awards for all employees in the case of a change in control, there are no provisions that require the payment of extraordinary benefits in the case of a change in control in the agreements and plans benefiting members of the Board and the Executive Board or any other members of senior management. Specifically, there are no contractually agreed severance payments in the case of a change in control of the Group.

In the case of a change in control, the treatment of outstanding awards for all employees, including Executive Board members, will be determined by the Compensation Committee or the Board. In the case of a change in control, there are no provisions in the employment contracts of Executive Board members that require the payment of any type of extraordinary benefits, including special severance awards.

Internal and external auditors

Auditing forms an integral part of corporate governance at the Group. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Internal Audit

Our Internal Audit function comprises a team of around 240 professionals, substantially all of whom are directly involved in auditing activities. The Head of Internal Audit, Martyn Scrivens, reports directly to the Audit Committee chairman.

Internal Audit performs an independent and objective assurance function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Regulations of Internal Audit approved by the Audit Committee. It regularly and independently assesses the risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining areas of audit concentration and specifying resource requirements for approval by the Audit Committee.

As part of its efforts to achieve best practice, Internal Audit regularly benchmarks its methods and tools against those of its peers. In addition, it submits periodic internal reports and summaries thereof to the management teams as well as the Chairman and the Audit Committee chairman. The Head of Internal Audit reports to the Audit Committee at least quarterly and more frequently as appropriate. Internal Audit coordinates its operations with the activities of the external auditor for maximum effect.

External auditors

Our statutory auditor is KPMG AG (KPMG), Badenerstrasse 172, 8004 Zurich, Switzerland. The mandate was first given to KPMG for the business year 1989/1990. The lead Group engagement partners are Anthony Anzevino, Global Lead Partner (since 2012) and Simon Ryder, Group Engagement Partner (since 2010).

In addition, we have mandated BDO AG, Fabrikstrasse 50, 8031 Zurich, Switzerland, as special auditor for the purposes of

issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations, mainly relating to the valuation of companies in consideration of the qualified capital increases involving contributions in kind.

The Audit Committee monitors and pre-approves the fees to be paid to KPMG for its services.

Fees paid to external auditors

	2013	2012	% change
Fees paid to external auditors (CHF million)			
Audit services ¹	36.7	39.7	(8)
Audit-related services ²	6.4	6.5	(2)
Tax services ³	4.9	5.6	(13)

¹ Audit fees include the integrated audit of the Group's consolidated and statutory financial statements, interim reviews and comfort and consent letters. Additionally they include all assurance and attestation services related to the regulatory filings of the Group and its subsidiaries.

² Audit-related services are primarily in respect of: (i) reports related to the Group's compliance with provisions of agreements or calculations required by agreements; (ii) accounting advice; (iii) audits of private equity funds and employee benefit plans; and (iv) regulatory advisory services.

³ Tax services are in respect of tax compliance and consultation services, including: (i) preparation and/or review of tax returns of the Group and its subsidiaries; (ii) assistance with tax audits and appeals; and (iii) confirmations relating to the Qualified Intermediary status of Group entities.

KPMG attends all meetings of the Audit Committee and reports on the findings of its audit and/or interim review work. The Audit Committee reviews on an annual basis KPMG's audit plan and evaluates the performance of KPMG and its senior representatives in fulfilling its responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the external auditor, subject to shareholder approval as required by Swiss law.

KPMG provides a report as to its independence to the Audit Committee at least once a year. In addition, our policy on the engagement of public accounting firms, which has been approved by the Audit Committee, strives to further ensure an appropriate

degree of independence of our external auditor. The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries in connection with its audit and stipulates certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. In accordance with this policy and as in prior years, all KPMG non-audit services provided in 2013 were pre-approved. KPMG is required to report to the Audit Committee periodically regarding the extent of services provided by KPMG and the fees for the services performed to date.

American Depositary Share fees

Fees and charges for holders of ADS

In accordance with the terms of the Deposit Agreement, Deutsche Bank Trust Company Americas, as depositary for the ADS (Depositary), may charge holders of our ADS, either directly or indirectly, fees or charges up to the amounts described below.

Fees and charges for holders of ADS

Fees	
USD 5 (or less) per 100 ADS (or portion thereof)	For the issuance of ADS, including issuances resulting from a distribution of shares, share dividends, share splits and other property; for ADS issued upon the exercise of rights; and for the surrender of ADS for cancellation and withdrawal of shares.
USD 2 per 100 ADS	For any distribution of cash to ADS registered holders, including upon the sale of rights or other entitlements.
Registration or transfer fees	For the transfer and registration of shares on our share register to or from the name of the Depositary or its agent when the holder deposits or withdraws shares.
Charges	
Expenses of the Depositary	For cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); and for converting foreign currency to US dollars.
Taxes and other governmental charges	Paid, as necessary, to the Depositary or the custodian who pays certain charges on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or applicable interest or penalty thereon.
Other charges	Paid, as necessary, to the Depositary or its agents for servicing the deposited shares.

The Depositary collects its fees for the delivery and surrender of ADS directly from investors depositing shares or surrendering ADS for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to holders by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee services until its fees for those services are paid.

Amounts paid by the Depositary to the Group

In accordance with the Group's engagement letter, in 2013 the Depositary made payments to the Group of USD 1.6 million, including for the reimbursement of expenses relating to its American Depositary Receipt (ADR) program. The Depositary has also contractually agreed to provide certain ADR program-related services free of charge.

Under certain circumstances, including removal of the Depositary or termination of the ADR program by the Group, the Group is

required to repay certain amounts paid to the Group and to compensate the Depositary for payments made or services provided on behalf of the Group.

Liquidation

Under Swiss law and our AoA, we may be dissolved at any time by a shareholders' resolution which must be passed by:

- a supermajority of at least three-quarters of the votes cast at the meeting in the event we are to be dissolved by way of liquidation; and
- a supermajority of at least two-thirds of the votes represented and an absolute majority of the par value of the shares represented at the meeting in other events.

Dissolution by court order is possible if we become bankrupt. Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up par value of shares held.

Compensation

Dear shareholders

During 2013, the Board of Directors, Compensation Committee and management continued to refine and evolve our compensation approach to take into account changes in the environment and the concerns of shareholders.

We believe that the purpose of compensation is to attract, motivate and retain employees who share our values of achieving results with integrity and fairness. We are proactive in adapting our compensation to the changing business and regulatory environment while being mindful of the competitive environment. The new regulatory landscape has a significant influence on our strategy and that of many of our competitors and has increased the challenge of delivering high returns on capital in the banking industry. In that context, we must listen to our shareholders' concerns and ensure our compensation policy and practices achieve an appropriate balance between the interests of our shareholders and those of our employees.

In addition, we continue to monitor and ensure we comply with new regulations pertaining to compensation, in particular the Swiss Ordinance Against Excessive Compensation and the Capital Requirements Directive IV rules, as well as regulations governing material risk takers and controllers in the UK and the US.

Key developments in 2013

One area we addressed in 2013 relates to the potential dilution to existing shareholders resulting from granting share-based awards as part of variable incentive compensation. To replace a portion of our share-based awards, we have introduced a new deferred compensation award referred to as Contingent Capital Awards (CCA). The CCA have rights and risks similar to the high-trigger capital instruments issued by Credit Suisse in the market (also known as CoCos) and help to strengthen further the regulatory capital base of the Group. However, unlike the instruments issued to the market, the CCA would not convert into equity upon a trigger event, but would be written down to zero. We intend to grant CCA as part of our annual deferred variable compensation awards in the future.

As a consequence of these changes to the variable compensation structure, our deferred compensation awards represent a set of instruments that supports our regulatory capital requirements and is consistent with instruments available to our investors.

In response to the Swiss Ordinance Against Excessive Compensation published in November 2013, while maintaining the advisory vote on overall compensation, we are preparing for the

introduction of a binding vote on compensation for members of the Executive Board and Board of Directors at the 2015 Annual General Meeting. As a result, this Compensation Report is structured into three distinct sections, addressing the compensation of Group employees, the Executive Board and the Board of Directors, respectively.

Compensation decisions in 2013

In determining the overall Group variable compensation pools, the Compensation Committee took into consideration the improved financial performance of Credit Suisse in 2013 compared to the prior year, including relative performance compared to peers, as well as qualitative achievements and market compensation trends.

In seeking to achieve the appropriate balance between the interests of our shareholders and those of our employees, the Compensation Committee primarily focuses on economic contribution measured as income before taxes and variable incentive compensation expense, after deducting a charge for capital usage. Therefore, this metric considers the profitability of the Group and the capital utilized to achieve this profitability. The continued management focus on our cost-efficiency programs was evidenced by the 9% decline in total Group compensation and benefits expenses compared to the previous year, with the Group's overall compensation-to-revenue ratio declining to 44% in 2013, from 52% in 2012. Total compensation awarded for the performance year 2013 declined by 4% compared to 2012, and the Group variable incentive compensation pool for 2013 increased by 5%, reflecting the improved financial performance achieved, with underlying pre-tax income for 2013 increasing by 15%.

Variable incentive compensation awarded to our Executive Board members totaled CHF 47.4 million for performance in 2013, CHF 2.5 million or 5% lower than the CHF 49.9 million awarded in 2012, partly due to the reduction in the number of Executive Board members and resultant reassignment of previously separate executive responsibilities to other Executive Board members. Given the specific achievements related to the attainment of capital targets, improved control and compliance measures and market conditions, the incentive compensation awarded to the Executive Board members was, on average, 17% above the applicable target amounts and 31% below the individual caps.

Compensation to the members of the Board of Directors in 2013 was in line with previous years.

Focus areas in 2014

In terms of Executive Board compensation, we have made refinements to the performance criteria and targets as well as to the vesting period of awards.

For the 2014 performance evaluation, which will be used to determine the amount of incentive compensation, new financial performance criteria, such as wind-down targets for non-strategic positions have been introduced. This reflects the Group's emphasis on freeing up resources from non-strategic assets to grow our strategic and high-returning businesses. Financial criteria will have a weighting of 60%, whereas non-financial criteria will represent 40% of the overall performance evaluation of all Executive Board members. The non-financial performance component includes pre-specified qualitative criteria, of which 15% will be linked to pre-defined milestones to measure progress in strategy execution, delivery of major projects and infrastructure development. We believe these modifications ensure that our Executive Board members are assessed on a broader range of measures that better reflect the strategy of the Group.

The structure for Executive Board compensation has been slightly amended for 2014. In particular, the vesting period for the deferred short-term share-based awards to Executive Board members has been extended. Under the revised structure, no awards for the performance year 2014 will vest before the third anniversary of the date of grant, and the final vesting of awards will occur five years after the date of grant. In addition, the long-term incentive award will be delivered in a combination of shares and CCA, rather than cash and CCA, in response to shareholder feedback.

The Compensation Committee will continue to ensure full compliance with regulatory requirements as they develop and evolve, and we will monitor market trends to maintain our compensation

structure in line with best practice. One particular area of focus for 2014 will be a review of our use of malus and clawback provisions in comparison to industry developments in this area, to further enhance the alignment of compensation with risk and performance. Emphasis will be placed on the time period during which variable compensation may be recovered, in light of emerging regulatory demands to extend this time period significantly beyond the vesting date. We will continue to assess the implications of the Capital Requirements Directive IV and intend to align compensation structures for affected employees in EU locations towards a ratio of 2:1 for variable compared to fixed compensation, in line with market practice.

Finally, the Compensation Committee is satisfied that this Compensation Report reflects the review process and determination of compensation for 2013. This Compensation Report is in line with the specific remuneration disclosure requirements issued by the Swiss Financial Market Supervisory Authority FINMA. The activities of the Compensation Committee were executed in accordance with its mandate under the Credit Suisse Organizational Guidelines and Regulations and the Compensation Committee charter.



Jean Lanier
Chairman of the Compensation Committee
Member of the Board of Directors
April 2014

GROUP COMPENSATION

Compensation policy and objectives

The objectives of the Group's compensation policy include attracting and retaining employees, and motivating them to achieve results with integrity and fairness. The compensation policy is designed to support a performance culture which fosters teamwork and collaboration. Furthermore, it aims to promote effective risk management practices consistent with the Group's compliance and control framework. The compensation policy takes into account the capital position and long-term performance of the Group and balances the fixed and variable compensation components to reflect the value and responsibility of the roles that employees perform. The objectives of the compensation policy are framed to achieve an appropriate balance between the interests of employees and shareholders in order to create sustainable value for the Group.

The compensation policy applies to all employees and compensation plans of the Group. It contains a detailed description of the Group's compensation principles and objectives as well as the compensation programs. It also sets out the standards and processes relating to the development, management, implementation and governance of compensation. The compensation policy adheres to the compensation principles set out by the Group's regulator in Switzerland, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the Group's other main regulators.

The compensation policy is reviewed regularly and endorsed by the independent Compensation Committee. The compensation policy, as well as periodic updates and revisions, is approved by the Board of Directors (Board). The compensation policy is accessible to all employees and is published at www.credit-suisse.com/compensation.

Compensation Committee

The Compensation Committee of the Board (Compensation Committee) is the supervisory and governing body for compensation policy, practices and plans. It is responsible for determining, reviewing and proposing compensation for approval by the Board. The Compensation Committee consists of at least three members of the Board, all of whom must be independent. The current members are Jean Lanier (chairman), Iris Bohnet, Walter B. Kielholz, and Andreas N. Koopmann. The Board has applied the independence criteria of the Swiss Code of Best Practice for Corporate Governance and the rules of the New York Stock Exchange and the Nasdaq Stock Market in determining that all of these individuals are independent.

► Refer to "Independence" in Corporate Governance – Board of Directors for more information on how the Group determines the independence of its Board members.

Advisors to the Compensation Committee

The Compensation Committee is authorized to retain outside consultants, at the Group's expense, for the purposes of providing guidance to the Compensation Committee as it carries out its responsibilities. Johnson Associates, a compensation consulting firm, assists the Compensation Committee in ensuring that the

Group's compensation program remains competitive, responsive to regulatory developments and in line with the compensation policy. Johnson Associates does not provide any services to the Group other than those it provides to the Compensation Committee. The law firm Nobel & Hug acts as external legal counsel to the Compensation Committee.

Compensation Committee meetings and annual performance review

The Chairman of the Board (Chairman) and the Chief Executive Officer (CEO) may attend the Compensation Committee meetings, and the Compensation Committee chairman determines the attendance of other Executive Board members, senior management, compensation consultants and external legal counsel, as appropriate.

In January of each year, the Compensation Committee meets, with the Chairman present, for the primary purpose of reviewing the performance of the Group, businesses and the respective management teams for the previous year. This provides the basis for a recommendation of the overall compensation pools for the business divisions and shared services functions and the compensation payable to the CEO and other Executive Board members for approval by the Board.

During its annual performance review, the Compensation Committee considers input from the chairmen of the Risk and Audit Committees, who may also attend the Compensation Committee meeting in January. The Risk Committee provides input to the Compensation Committee with respect to risk considerations and the Audit Committee provides input with respect to internal control considerations. The Compensation Committee approves the compensation for the Head of Internal Audit after consulting with the Audit Committee chairman.

The Compensation Committee also considers input from the Group's internal control functions. Specifically this includes contributions from Risk Management, Legal and Compliance and Internal Audit, regarding control and compliance issues and any breaches of relevant rules and regulations or the Group's Code of Conduct. The Compensation Committee reviews the impact on the recommended amount of variable compensation of individuals who have been subject to the Group's disciplinary process.

To meet regulatory guidelines regarding employees engaged in risk-taking activities, the Compensation Committee reviews and approves the compensation for employees identified as Material Risk Takers and Controllers (MRTC) as defined on page 181. The Risk Committee is involved in the review process for MRTC.

During 2013, the Compensation Committee held 12 meetings, with the following focus areas:

- assessing the performance of the Group and determining the divisional compensation pools for recommendation to the Board;
- reviewing the level and composition of compensation for Executive Board members and other senior employees, taking into account the key issues raised by shareholders and emerging best practice among peer companies;

- monitoring global regulatory and market trends with respect to compensation at financial institutions and assessing the obligations imposed by the Swiss Ordinance Against Excessive Compensation;
- introducing a new form of deferred compensation award to address shareholder concerns regarding dilution; and
- further enhancing the compensation process for Covered Employees (which include MRTC as well as certain other employees, as defined below) in line with regulatory guidance.

The Compensation Committee chairman maintains an active dialogue with the Group's principal regulators about compensation governance and plans. In addition, he engages with shareholders and their representatives regarding the compensation policy and plans.

Approval authority

The approval authorities for setting compensation policy and compensation for different groups of employees are defined in the Group's Organizational Guidelines and Regulations (OGR) and the Compensation Committee charter (available at www.credit-suisse.com/governance).

Board approval, based on the recommendation of the Compensation Committee, is required to:

- establish or amend the Group's compensation policy;
- establish or amend the compensation plans;
- determine the variable compensation pools for the Group and divisions;
- determine compensation for the Executive Board members, including the CEO; and
- determine compensation of the Board, including the Chairman.

Compensation Committee approval is required for compensation decisions with respect to:

- the head of Internal Audit (in consultation with the Audit Committee chairman);
- MRTC; and
- other selected members of management.

Impact of regulation on compensation

Many of the Group's regulators, including FINMA, focus on compensation. The requirements of FINMA are set out in FINMA's Circular on Remuneration Schemes (Circular). The requirements of this Circular apply to the Group globally, while the requirements of other regulators generally only apply in respect of operations in the relevant jurisdictions. Several regulators, including those in the US, the EU and the UK, impose requirements that differ from, or supplement, the FINMA requirements. Therefore, the Group's plans comply globally with the Circular and, to the extent local requirements differ from or supplement those standards, local plans are adapted accordingly. This generally results in additional terms, conditions and processes being implemented in the relevant locations.

The Compensation Committee is assessing the implications of the Capital Requirements Directive (CRD) IV and intends to align compensation structures for affected employees in EU locations

towards a ratio of 2:1 for variable compared to fixed compensation, in line with market practice.

Determination of variable compensation pools

In determining the variable compensation pools (pools) the Compensation Committee aims to balance the distribution of the Group's profits between shareholders and employees. For this purpose, the Compensation Committee uses a measure of economic contribution to assess profitability. Economic contribution is measured at both the Group and divisional levels as underlying income before taxes and variable incentive compensation expense, after deducting a capital usage charge that is calculated based on allocated capital, which is defined as 10% of average ◦ Basel III ◦ risk-weighted assets. This measure of economic contribution considers the profitability of the Group and the capital utilized to achieve this profitability. The Compensation Committee intends to achieve an equal distribution of economic contribution between employees and shareholders over the longer-term, subject to Group performance and market conditions.

The performance-based pools are determined on an annual basis, and accruals for the divisional and Group-wide pools are made throughout the year. The Compensation Committee regularly reviews the accruals and related financial information and applies its discretion to make adjustments to ensure that the overall size of the pools is consistent with the Group's compensation objectives.

As in the case for the Group, the primary measure of performance for determining the pools of the business divisions is divisional economic contribution. The methodology to determine the divisional pools also takes into account divisional key performance indicators (KPIs) and certain non-financial criteria, including risk control, compliance and ethical considerations and relative performance compared to peers, as well as the market and regulatory environment.

The total amount of the Shared Services pool is determined based on Group-wide financial performance, measured in the form of Group economic contribution and qualitative measures and is not linked to the performance of the particular divisions that the Shared Services employees support. Therefore, Shared Services employees, including those performing control functions, are remunerated independently from the performance of the businesses they oversee and support. As with the business divisions, risk, control, compliance and ethical considerations and relative performance compared to peers, as well as the market and regulatory environment, are taken into account. After the pool has been determined for the Shared Services functions, a deduction is applied to the pool of each business division, following a consistent allocation approach, to fund the pool for the employees of the Shared Services functions.

Once the pools have been set at the Group and divisional levels, each business division allocates its pool to its business areas, based on the same or similar factors as used to determine the divisional pool. Capital usage and risk are factored into the pools as they are allocated within business areas. Through this process, business area managers recognize that capital usage is a significant factor in determining

the pool for the business area under their responsibility. The pools are allocated to line managers who award variable compensation to employees based on individual and business area performance, subject to the constraints of the pool size. The Shared Services pool is allocated to the various functions within Shared Services based on factors such as the achievement of performance objectives, compliance with policies and regulations, and market conditions.

Competitive benchmarking

The assessment of the economic and competitive environment is another important element of the compensation process as the

Group strives for market-informed, competitive compensation levels. Internal expertise and the services of compensation consulting firms are used to benchmark compensation levels against relevant peers, taking into account geographical variations. The peer groups and relevant metrics used are reviewed annually in April by the Compensation Committee and tracked throughout the year.

The peer groups used in 2013 for the Group and the divisions are shown in the following table, along with the specific performance criteria used for assessing relative performance. Most of these peer companies mention Credit Suisse as one of their peers for the purposes of compensation benchmarking.

2013 peer groups and performance criteria¹

Credit Suisse Group

Peer group	Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley, Nomura, Société Générale and UBS
Performance criteria	
Profitability and efficiency	Return on equity, pre-tax income margin and compensation/revenue ratio
Growth	Earnings per share growth, net revenue growth, net new assets growth and total assets under management growth
Capital and risk	Tier 1 ratio, Look-through CET1 ratio, leverage ratio, Value-at-Risk and risk-weighted assets development
Shareholder satisfaction	Total shareholder return over one year, total shareholder return over two years and book value per share growth

Private Banking & Wealth Management

Peer group	Allianz, Barclays, BlackRock, Deutsche Bank, Goldman Sachs, HSBC, Julius Bär Group, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	Pre-tax income margin, pre-tax income on assets under management and gross margin
Growth	Net revenue growth, pre-tax income growth and net new assets growth

Investment Banking

Peer group	Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	Pre-tax return on economic risk capital, pre-tax income margin and compensation/revenue ratio
Growth	Net revenue growth and pre-tax income growth
Capital and risk	Net revenue/Value-at-Risk

¹ The peer groups and performance criteria were reviewed and reaffirmed by the Compensation Committee in April 2013.

Focus on risk and control

Risk and control considerations are an integral part of the performance assessment and compensation processes. This ensures that the Group's approach to compensation includes a focus on risk and internal control matters and discourages excessive risk taking.

Role of control functions

In addition to the annual performance assessment conducted by their line managers, employees who have breached any of the Group's policies or procedures are subject to a review process by the Group's control functions, which impacts decisions about individual variable compensation awards. The control functions are independent from the businesses and include Legal and

Compliance, Risk Management, Finance, Human Resources and Internal Audit. Regional disciplinary review committees assess the input of the Group's control functions and make recommendations on disciplinary measures, as necessary. Such measures can include the reduction or elimination of the employee's variable compensation award for the current year and deferred compensation awards from prior years. The Board's Audit and Risk Committees are periodically provided with information on the disciplinary cases and may give directional input regarding the appropriateness of disciplinary outcomes. The results of the disciplinary review committees' assessment and any disciplinary measures are communicated to the Compensation Committee, together with details of any impact on variable compensation.

Material Risk Takers and Controllers

MRTC include employees who, either individually or as a part of a group, are considered to have a potentially material impact on the Group's risk profile. The criteria for classifying individuals as MRTC for the Group are approved by the Board upon recommendation by the Compensation and Risk Committees.

Employees meeting one or more of the following criteria are identified as MRTC:

- members of the Executive Board;
- employees who report directly to a member of the Executive Board: i) in the business divisions, these include employees responsible for managing significant lines of business of the Group and members of divisional management committees; and ii) in the Shared Services functions of Internal Audit, Finance, Risk Management, Legal and Compliance and Talent, Branding and Communications, these include senior control personnel who are responsible for monitoring individuals or groups of individuals who manage material amounts of risk for the Group;
- employees, either individually or as part of a group, with the ability to put material amounts of the Group's capital at risk. These include traders, and others who are authorized to manage, supervise or approve risk exposure that could have a material or significant effect on the Group's financial results;
- the top 150 paid employees across the Group (based on total compensation), regardless of seniority or function;
- employees, who based on the significance of their functions in the UK and the potential impact of their risk-taking activities on the UK entities meet the definition of the Group's UK regulator, the Prudential Regulation Authority (PRA), of "UK Code Staff"; and
- other individuals, whose roles, individually or as part of a group, have been identified as having a potential impact on market, reputational or operational risk of the Group.

Compensation process for MRTC

MRTC are subject to heightened levels of scrutiny over their performance and compensation. Managers of MRTC are required to incorporate risk considerations in their performance evaluations. This includes specifying the types of risk applicable to the individual employee when reviewing performance. The types of risk considered vary by role and include reputational, credit, market, operational, liquidity, legal and compliance risks. Risk is assessed in the context of both realized and potential risk outcomes.

Covered Employees

In response to requirements of the US Federal Reserve, the Group has identified two additional groups of US-based employees,

who are also subject to the compensation processes that apply for MRTC. The broader group is collectively known as Covered Employees, and is comprised of:

- MRTC;
- all US-based revenue producers in Investment Banking; and
- all branch managers of the US Wealth Management Clients business within the Private Banking & Wealth Management division.

Malus and performance-based clawback provisions

All deferred compensation awards contain provisions that enable the Group to reduce or cancel the awards of employees whose individual behavior has had a materially detrimental impact on the Group.

Additional provisions apply to Covered Employees that can be triggered in cases where the behavior or performance of the individual causes, or could cause:

- a material downturn in the financial performance or regulatory capital base of the Group, or any of its divisions or regions;
- a material failure of risk management, reputational harm, or other similar events; or
- a combination of the above, as determined by the Board at its sole discretion.

Performance share awards contain further clawback provisions that enable a downward adjustment or cancellation of the full balance of deferred awards, in the event of future negative business performance.

▶ Refer to "Compensation design" for further information on deferred compensation.

▶ Refer to "Performance share awards" for details of these awards and the performance-based clawback provisions and to the table "Potential downward adjustments of performance share and STI awards" for specific downward adjustments that may be applied.

Compensation design

The Group's total compensation approach comprises fixed and variable compensation. Fixed compensation includes base salary, which reflects seniority, experience, skills and market practice. Variable compensation is awarded annually and is dependent on Group, divisional and individual performance. The percentage mix between fixed and variable compensation varies according to the employee's seniority, business and location.

Variable compensation for 2013 was awarded primarily in the form of unrestricted cash, share-based awards and Contingent Capital Awards (CCA). Share-based awards and CCA are deferred variable compensation instruments that vest after the grant date over different time periods, depending on the award, and as described further below.

Employee categories and components of total compensation for 2013

Employee category	Total compensation				
	Fixed compensation	Variable compensation			
		Unrestricted cash	Share awards	Performance share awards	Contingent Capital Awards
Managing directors and directors who are MRTC			30%	50%	20%
Other directors			80%		20%
Other MRTC			50%	50%	
Other employees with total compensation above CHF/USD 250,000			100%		
Employees with total compensation below CHF/USD 250,000					

¹ Deferred compensation is applicable to employees with total compensation of CHF/USD 250,000 or higher.

Base salaries

All employees are paid a base salary. Salary levels are based on the skills, qualifications and relevant experience of the individual, the responsibilities required by the role and external market factors.

Variable compensation and deferral rates

For 2013, variable compensation was paid in unrestricted cash unless the total compensation awarded to an employee for 2013 was more than or equal to CHF 250,000 (or USD 250,000 or the local currency equivalent), in which case a portion was paid in unrestricted cash and the balance was deferred, vesting at a later date. The deferred portion was defined by a deferral table whereby the portion of deferred compensation increased with higher levels of total compensation. The deferral portion for 2013 ranged from 17.5% to 90% of variable compensation, unchanged from 2012, and the amount of variable compensation paid as unrestricted cash for 2013 was capped at CHF 2 million (or USD 2 million or the local currency equivalent) per employee. For 2013, 41,723 employees received variable compensation, representing 91% of total employees, of which 503 were classified as MRTC.

▶ Refer to "Number of employees awarded variable and other compensation" for further information.

Unrestricted cash

Generally, employees receive the cash portion of their variable compensation as unrestricted cash at a regular payroll settlement date close to the grant date.

Blocked share awards

To comply with EU requirements, employees who hold key roles in respect of certain Group subsidiaries in the EU receive shares

that are subject to transfer restrictions for 50% of the amount that would have been paid to them as unrestricted cash. These shares are vested at the time of grant but remain blocked, that is, subject to transfer restrictions, for six months to three years from the date of grant, depending on location.

Deferred variable compensation instruments

Share awards

Each share award entitles the holder of the award to receive one Group share at the delivery date. Share awards are designed to align the interests of employees and shareholders, as well as comply with the expectations of regulators that a substantial portion of variable compensation should be granted in this form.

Share awards vest over three years with one third of the award vesting on each of the three anniversaries of the grant date (ratable vesting), subject to malus provisions. The number of share awards granted was determined by dividing the value of the deferred component of the variable compensation to be granted as share awards by the average share price over the twelve business days ending on January 15, 2014. The final value of the share awards is solely dependent on the share price at the time of delivery. Share awards granted after January 1, 2014 do not include the right to receive dividend equivalents during the vesting period. A total of 7,563 employees received share awards for 2013.

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 explicit performance-related clawback provisions. For employees in the business divisions the clawback provision is a negative adjustment in the

event of a divisional loss or a negative return on equity (ROE) of the Group, whichever results in a larger clawback. For employees in Shared Services, the negative adjustment only applies in the event of a negative ROE of the Group, and is not linked to the performance of the divisions. The basis for the ROE calculation may vary from year to year, depending on the Compensation Committee's determination for the year in which the performance shares are granted. Performance shares awarded for 2013 were based on ROE calculated on an underlying basis.

► Refer to "Underlying results" in Executive Board compensation for reconciliation between reported and underlying results.

The amount of the potential negative adjustment for loss at the divisional level, which is applicable to all outstanding performance share awards (including the short term incentive (STI) awards of Executive Board members who lead business divisions), is shown in the following table.

Potential downward adjustments of performance share and STI awards

Downward adjustment if division incurs a loss	
Division pre-tax loss (in CHF billion)	Adjustment on award balance (in %)
(1.00)	(15%)
(2.00)	(30%)
(3.00)	(45%)
(4.00)	(60%)
(5.00)	(75%)
(6.00)	(90%)
(6.67)	(100%)

As in the case of share awards, performance share awards granted after January 1, 2014 do not include the right to receive dividend equivalents during the vesting period. A total of 1,691 employees received performance share awards for 2013. Managing directors and almost all employees classified as MRTC received at least 50% of their deferred variable compensation in the form of performance share awards.

Contingent Capital Awards (CCA)

CCA are a new form of deferred award that were granted as part of 2013 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by the Group in the market, such as the high-trigger contingent capital instruments referred to as contingent convertible instruments (CoCos). CCA provide a conditional right to receive semi-annual cash payments of interest equivalents at a rate of 4.75% per annum over the six-month Swiss franc ► London Interbank Offered Rate (LIBOR) or 5.33% per annum over the six-month US dollar LIBOR, for Swiss franc and US dollar-denominated awards, respectively, until settlement. This rate was set in line with market conditions at the time of grant and with existing high-trigger and low-trigger contingent capital instruments that the Group has

issued. CCA are not traded in the debt markets. Employees who received compensation in Swiss francs could elect to receive CCA denominated in Swiss francs or US dollars, and all other employees received CCA denominated in US dollars.

CCA are scheduled to vest on the third anniversary of the grant date and will be expensed over three years from grant. However, because CCA qualify as additional tier 1 capital of the Group, the timing and form of distribution upon settlement is subject to approval by FINMA. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the ► fair value of the CCA. The fair value will be determined by the Group. In the case of a cash settlement, the CCA award currency denomination will be converted into the local currency of each respective employee. The Group intends in future years to continue to grant CCA as one of its annual deferred variable compensation awards.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written-down to zero and canceled if any of the following trigger events were to occur:

- the Group's reported common equity tier 1 (CET1) ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that the Group requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

These terms are similar to those of the outstanding tier 1 high-trigger capital instruments that the Group has issued since 2011. However, unlike the Group's outstanding tier 1 high-trigger instruments, the CCA would not convert into common equity, but would be written down to zero upon a trigger event.

CCA will be utilized to align compensation with the maintenance of strong capital ratios, provide additional tier 1 capital, and reduce dilution to existing share capital that would otherwise be incurred with the issuance of share-based deferred compensation awards.

The total CCA awarded had a fair value of CHF 391 million and a total of 5,679 employees received CCA for 2013.

Other awards

The Group may employ other long-term incentive (LTI) compensation plans or programs to facilitate competitive hiring practices and to support the retention of talent. These variations from the standard approach apply to a small population of employees where specific circumstances justify special compensation arrangements.

For 2013, this applied to approximately 345 employees, including certain employees engaged in the Investment Banking and Private Banking & Wealth Management divisions, and in the Credit Suisse Hedging-Griffo Investimentos S.A. subsidiary. All variations from the standard approach must be approved by the Compensation Committee.

The Group also pays commissions to employees operating in specific areas of the business, in line with market practice. These

commissions are calculated based on formulas, and are reviewed regularly to ensure that they remain at competitive levels.

Limitations on share-based awards

The Group prohibits employees from entering into transactions to hedge the value of outstanding share-based awards. Employee pledging of unvested share-based awards is also prohibited, except with the express approval of the Compensation Committee. The Group applies minimum share ownership requirements for members of the divisional and regional management committees as follows:

- Executives responsible for Private Banking & Wealth Management and Investment Banking: 50,000 shares; and
- Executives responsible for Shared Services functions: 20,000 shares.

► Refer to "Minimum share ownership requirements" in Executive Board compensation for further information on minimum share ownership requirements for Executive Board members.

Total compensation awarded

The following table shows the value of total compensation awarded to employees for 2013 and 2012.

Total compensation awarded

For	2013			2012 ¹		
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
Fixed compensation (CHF million)						
Salaries	5,525	–	5,525	6,063	–	6,063
Social security	778	–	778	769	–	769
Other	800 ²	–	800	837 ²	–	837
Total fixed compensation	7,103	–	7,103	7,669	–	7,669
Variable incentive compensation (CHF million)						
Unrestricted cash	1,570	–	1,570	1,202	–	1,202
Share awards	18	827	845	6	950 ³	956
Performance share awards	–	663	663	–	660	660
Contingent Capital Awards	–	391	391	–	–	–
Plus Bond awards	–	–	–	–	187	187
Restricted Cash Awards	–	–	–	–	299	299
Other cash awards	–	142	142	–	119	119
Total variable incentive compensation	1,588	2,023	3,611	1,208	2,215	3,423
Other variable compensation (CHF million)						
Cash severance awards	113	–	113	251	–	251
Sign-on awards	18	62	80	10	79	89
Cash-based commissions	198	–	198	157	–	157
Total other variable compensation	329	62	391	418	79	497
Total compensation awarded (CHF million)						
Total compensation awarded	9,020	2,085	11,105	9,295	2,294	11,589
of which guaranteed bonuses	–	–	55 ⁴	–	–	69 ⁴

¹ Represents awards made in 2012, not adjusted for discontinued operations.

² Includes pension and other post-retirement expense of CHF 490 million and CHF 532 million in 2013 and 2012, respectively.

³ Includes the notional value of CHF 38 million of share awards that was reallocated to Plus Bond awards as a part of the voluntary employee reallocation offer that took place subsequent to the grant date.

⁴ Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

Total compensation awarded for 2013 was CHF 11.1 billion, down 4% compared to 2012, with headcount levels decreasing 3% and total compensation awarded per capita decreasing 1%. Total variable incentive compensation awarded for 2013 was CHF 3.6 billion, higher by 5% compared to 2012, reflecting the improved performance of the Group in 2013. Of the total variable incentive compensation awarded across the Group for 2013, 56% was

deferred and subject to future service, performance, market and clawback criteria.

Cash severance awards relating to terminations of employment of CHF 255 million and CHF 215 million were paid in 2013 and 2012 to 2,141 and 3,065 employees, respectively. Sign-on awards of CHF 18 million and CHF 10 million were paid to 83 and 159 employees in 2013 and 2012, respectively.

Number of employees awarded variable and other compensation

	MRTC ¹	Other employees	2013 Total	MRTC ¹	Other employees	2012 Total
Number of employees awarded variable compensation						
Variable compensation	503	41,220	41,723	523	41,959	42,482
of which unrestricted cash	503	41,220	41,723	235	39,935	40,170
of which share awards	486	7,077	7,563	508	7,084	7,592
of which performance share awards	461	1,230	1,691	481	1,234	1,715
of which Contingent Capital Awards	470	5,209	5,679	–	–	–
of which Plus Bond awards	–	–	–	298	1,976	2,274
of which Restricted Cash Awards	–	–	–	285	1,976	2,261
or which other cash awards	62	283	345	41	48	89
Number of employees awarded other variable compensation						
Cash severance awards	3	2,138	2,141 ²	9	3,056	3,065 ²
Sign-on awards	6	166	172	6	190	196
Cash-based commissions	0	369	369	0	370	370
Guaranteed bonuses	9	132	141	5	200	205

¹ Excludes individuals who may have been classified as MRTC according to regulatory requirements of jurisdictions outside of Switzerland, particularly US-based revenue producers in Investment Banking and branch managers of the US Wealth Management Clients business within the Private Banking & Wealth Management division, who were classified as covered employees by the US Federal Reserve, and UK Code Staff.

² Includes employees who received cash severance awards for termination of employment as of December 31, 2013 and 2012.

Compensation awarded to Material Risk Takers and Controllers (MRTC)

The 503 employees classified as MRTC were awarded total compensation of CHF 1,355 million for 2013 and total variable

incentive compensation of CHF 1,102 million for 2013, of which CHF 964 million, or 87%, was deferred. MRTC received 50% of their deferred compensation for 2013 in the form of performance share awards, which are subject to clawback provisions.

Compensation awarded to Material Risk Takers and Controllers (MRTC)

For	Unrestricted	Deferred	2013 Total	Unrestricted	Deferred	2012 Total
Fixed compensation (CHF million)						
Total fixed compensation	247	–	247	275	–	275
Variable incentive compensation (CHF million)						
Unrestricted cash	138	–	138	77	–	77
Share awards	–	255	255	–	313	313
Performance share awards	–	407	407	–	404	404
Contingent Capital Awards	–	177	177	–	–	–
Plus Bond awards	–	–	–	–	107	107
Restricted Cash Awards	–	–	–	–	57	57
Other cash awards	–	125	125	2	33	35
Total variable incentive compensation	138	964	1,102	79	914	993
Other variable compensation (CHF million)						
Cash severance awards	1	–	1	5	–	5
Sign-on awards	0	5	5	0	9	9
Cash-based commissions	0	–	0	0	–	0
Total other variable compensation	1	5	6	5	9	14
Total compensation (CHF million)						
Total compensation	386	969	1,355	359	923	1,282
of which guaranteed bonuses ¹	3	11	14	1	4	5

¹ Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

Group compensation and benefits expense

Compensation and benefits expenses recognized in the current year income statement include salaries, variable compensation, benefits and employer taxes on compensation. Variable compensation expense mainly reflects the unrestricted cash compensation for the current year, amortization of deferred compensation awards granted in prior years, and severance, sign-on and commission payments. Deferred variable compensation granted for the

current year is expensed in future periods during which it is subject to future service, performance, market and clawback criteria and other restrictive covenants.

In 2013, total compensation and benefits expenses decreased 9% compared to 2012, primarily due to lower variable compensation expense, related to lower amortization expense from deferred compensation awards granted in prior years, and lower salary expense, reflecting the reduction of headcount during the year.

Group compensation and benefits expense

in	2013			2012		
	Current compensation	Deferred compensation	Total	Current compensation	Deferred compensation	Total
December 31						
Fixed compensation expense (CHF million)						
Salaries	5,525	–	5,525	5,923	–	5,923
Social security ¹	778	–	778	769	–	769
Other	800 ²	–	800	817 ²	–	817
Total fixed compensation expense	7,103	–	7,103	7,509	–	7,509
Variable incentive compensation expense (CHF million)						
Unrestricted cash	1,570	–	1,570	1,202	–	1,202
Share awards	18	814 ³	832	6	786 ³	792
Performance share awards	–	590	590	–	366	366
Plus Bond awards ⁴	–	37	37	187	–	187
2011 Partner Asset Facility awards ⁵	–	77	77	–	677	677
Adjustable Performance Plan share awards	–	31	31	–	74	74
Adjustable Performance Plan cash awards	–	4	4	–	286	286
Restricted Cash Awards	–	145	145	–	165	165
Scaled Incentive Share Units	–	41	41	–	97	97
Incentive Share Units ⁶	–	(3)	(3)	–	62	62
2008 Partner Asset Facility awards ⁵	–	93	93	–	173	173
Other cash awards	–	434	434	–	362	362
Discontinued operations	(6)	(21)	(27)	(44)	(23)	(67)
Total variable incentive compensation expense	1,582	2,242	3,824	1,351	3,025	4,376
Other variable compensation expense (CHF million)						
Severance payments	113	–	113	251	–	251
Sign-on payments	18	–	18	10	–	10
Commissions	198	–	198	157	–	157
Total other variable compensation expense	329	–	329	418	–	418
Total compensation expense (CHF million)						
Total compensation expense	9,014	2,242	11,256⁷	9,278	3,025	12,303⁷

¹ Represents the Group's portion of employees' mandatory social security.

² Includes pension and other post-retirement expense of CHF 490 million and CHF 532 million in 2013 and 2012, respectively.

³ Includes CHF 23 million and CHF 32 million of compensation expense associated with other share awards granted in 2013 and 2012, respectively.

⁴ The Plus Bond awards granted to Investment Banking employees were fully vested and expensed on December 31, 2012. The Plus Bond awards provided to certain employees outside the Investment Banking division through a voluntary reallocation offer will vest on the third anniversary of the grant date in 2016 and will be expensed over the vesting period. Changes in the underlying fair value of the instruments may have an impact on deferred compensation expense in future periods.

⁵ Includes the change in the underlying fair value of the indexed assets during the period.

⁶ Includes forfeitures.

⁷ Includes severance and other compensation expense relating to headcount reductions of CHF 218 million and CHF 456 million in 2013 and 2012, respectively.

Group estimated unrecognized compensation expense

The following table shows the estimated compensation expense that has not yet been recognized through the income statement for deferred compensation awards granted for 2013 and prior years that were outstanding as of December 31, 2013, with comparative

information for 2012. These estimates were based on the fair value of each award on the grant date, taking into account the current estimated outcome of relevant performance criteria and estimated future forfeitures. No estimate has been included for future mark-to-market adjustments.

Group estimated unrecognized compensation expense

in	Deferred compensation		2013 Total	Deferred compensation		2012 Total
	For 2013	For prior-year awards		For 2012	For prior-year awards	
Estimated unrecognized compensation expense (CHF million)						
Share awards	823	804 ¹	1,627	935	706 ¹	1,641
Performance share awards	660	221	881	677	161	838
Contingent Capital Awards	433	–	433	–	–	–
Plus Bond awards ²	–	18	18	37	–	37
Adjustable Performance Plan share awards	–	11	11	–	42	42
Adjustable Performance Plan cash awards	–	13	13	–	54	54
Restricted Cash Awards	–	136	136	299	–	299
Scaled Incentive Share Units	–	–	–	–	73	73
Other cash awards	136	111	247	118	72	190
Estimated unrecognized compensation expense	2,052	1,314	3,366	2,066	1,108	3,174

¹ Includes CHF 39 million and CHF 47 million of estimated unrecognized compensation expense associated with other share awards granted to new employees in 2013 and 2012, respectively, not related to prior years.

² Represents share awards reallocated to Plus Bond awards through the employee voluntary reallocation offer, with vesting in 2016, after consideration of estimated future forfeitures.

► Refer to “Discontinued compensation plans” for descriptions of the awards granted in years prior to 2013 on page 203.

Impact of share-based compensation on shareholders' equity

In general, the income statement expense recognition of share-based awards on a pre-tax basis has a neutral impact on shareholders' equity because the reduction to shareholders' equity from the expense recognition is offset by the obligation to deliver shares, which is recognized as an increase to equity by a corresponding amount. Shareholders' equity includes, as additional paid-in capital, the tax benefits associated with the expensing and subsequent settlement of share-based awards.

Prior to 2011, the Group covered its share delivery obligations to employees primarily by purchasing shares in the market. When the Group purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price.

The practice of purchasing shares in the market was suspended in 2011 while the Group focused on meeting the increased regulatory capital requirements under the Basel III framework and the Swiss “Too Big to Fail” legislation and regulations. Beginning in 2011, the Group started issuing new shares from conditional capital to settle outstanding share-based awards and in 2013 it issued 37.8 million shares to meet its share delivery obligations. With the attainment of its capital targets, the Group resumed in the second half of 2013 its policy of acquiring a portion of the

necessary shares in the market. The Group envisages that the majority of such future obligations will be met through acquisitions in the market.

Share-based awards outstanding

At the end of 2013, there were 134.7 million share-based awards outstanding, including 72.9 million share awards, 41.4 million performance share awards, and 14.5 million Adjustable Performance Plan awards. The remaining balance consisted of other awards relating to prior years that are no longer part of current compensation plans.

The number of shares issued as of the end of 2013 was 1,596 million. Additionally, the Group had 550 million shares available to support contingent capital instruments, including 499 million shares relating to certain contingent capital notes convertible into equity that have already issued in the market. These instruments increase loss-absorbing regulatory capital without diluting shareholders' equity at the time of their issuance. The number of outstanding share-based awards represented 6.3% of shares both issued and potentially issuable in respect of contingent capital instruments as of the end of 2013. The Group intends to continue to use CCA in future years as part of its compensation program, partly in lieu of share-based awards. Over the next three years, this is expected to reduce the number of outstanding share-based awards. The extent of this reduction will depend on the size of future variable compensation pools, the amount of deferral and other key assumptions including the share price. However, the

Group's intention is to decrease the number of outstanding share-based awards to approximately 5% of shares issued and potentially issuable over the long term.

Subsequent activity

In early 2014, the Group granted approximately 30.2 million new share awards and 24.2 million new performance share awards with respect to performance in 2013. In lieu of granting additional share awards in 2014, the Group awarded CHF 391 million of deferred variable compensation in the form of CCA (equivalent to approximately 13.6 million share-based awards, had they been granted).

In the first half of 2014, the Group plans to settle 54.5 million deferred awards from prior years, including 26.8 million share awards, 15.9 million performance share awards, 7.2 million Adjustable Performance Plan share awards, and 4.6 million other awards. The Group plans to meet this delivery obligation through market purchases and share issuances, including the issuance of 11 million shares from current conditional capital. At the Annual General Meeting (AGM) on May 9, 2014, the Board will propose to increase conditional capital by 30 million shares. It is the Group's intention that the newly created conditional capital should only be used to support the equity position of the Group in the event that the Look-through CET1 ratio appears likely to fall short of the Basel III capital requirements as implemented by the "Swiss Too Big to Fail" legislation.

► Refer to "Look-through CET1 ratio" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Capital metrics under Basel III for more information.

Value changes of outstanding deferred awards

Employees experience changes to the value of their deferred compensation awards during the vesting period due to both implicit and explicit value changes. Implicit value changes primarily reflect market driven effects, such as changes in the Group share price, changes in the value of the underlying 2008 Partner Asset Facility (PAF), 2011 Partner Asset Facility (PAF2) and Plus Bond assets or foreign exchange rate movements. Explicit value changes reflect risk adjustments triggered by clawback provisions related to negative performance in the performance share awards, positive or negative performance for the Adjustable Performance Plan share awards or the malus provisions in all deferred awards. The final value of an award will only be determined at settlement.

► Refer to "Discontinued compensation plans" for further information on PAF, PAF2, Plus Bond and Adjustable Performance Plan awards.

The following table provides a comparison of the fair values of outstanding deferred compensation awards at the end of 2012 and 2013, respectively, indicating the value of changes due to implicit and explicit adjustments. For 2013, the change in fair value for all outstanding deferred compensation awards was primarily due to implicit adjustments driven by changes in the Group share price, foreign exchange rate movements and changes in the value of the underlying PAF and PAF2 assets during the period.

Fair value of outstanding deferred compensation awards

in / end	Change in value			2013
	2012	Implicit	Explicit	
Share-based awards (CHF per unit)				
Scaled Incentive Share Units granted for 2009	22.3	5.0	0.0	27.3
Share awards granted for 2010 ¹	22.3	5.0	0.0	27.3
Share awards granted for 2011 ²	22.3	5.0	0.0	27.3
Share awards granted for 2012 ³	24.6	2.7	0.0	27.3
Performance share awards granted for 2011 ²	22.3	5.0	0.0	27.3
Performance share awards granted for 2012 ³	24.6	2.7	0.0	27.3
Adjustable Performance Plan share awards	23.3	5.0	1.9	30.2
Cash-based awards (CHF per unit)				
2008 Partner Asset Facility awards (PAF)	1.80	0.21	0.00	2.01
Adjustable Performance Plan cash awards granted for 2010	1.06	(0.09)	0.08	1.05
2011 Partner Asset Facility awards (PAF2)	0.90	(0.05)	0.00	0.85
Plus Bond awards granted for 2012	1.00	0.02	0.00	1.02

¹ Represents awards granted in January 2011 for 2010.

² Represents awards granted in January 2012 for 2011.

³ Represents awards granted in January 2013 for 2012.

EXECUTIVE BOARD COMPENSATION

Governance

Compensation payable to the Executive Board members, including the CEO, is approved by the Board upon recommendation by the Compensation Committee. In determining its recommendation to the Board, the Compensation Committee assesses the performance of the Executive Board members and the CEO based on actual performance compared to pre-defined individual objectives and targets.

Basis of determining compensation for Executive Board members

For 2013, the Compensation Committee defined individual target levels of incentive compensation, expressed as a multiple of base salary, and individual caps limiting the total amount of compensation that can be awarded. The Compensation Committee also established quantitative and qualitative performance criteria for each Executive Board member, including the CEO, which were published in the 2012 Compensation Report.

In determining the compensation targets and caps, competitive market levels of compensation for each individual role, with reference to a group of peers, were taken into account. The market data on executive compensation levels was provided to the Compensation Committee by its compensation advisor, Johnson Associates.

▶ Refer to "Competitive benchmarking" in Group compensation for a list of peer groups.

The criteria used to assess the individual performance of the Executive Board members consist of pre-defined objective financial measures consistent with the Group's KPIs, as well as qualitative factors. The Compensation Committee has discretion to recommend to the Board that the incentive awards resulting from this performance assessment be adjusted by a factor of up to plus or minus 20%. The Board is committed to aligning incentive compensation with challenging performance criteria, and this element of flexibility enables the Board to determine the final individual awards after taking into account prevailing market conditions. This discretion is limited by the individual cap levels described above, and total Executive Board incentive compensation is also subject to the overall cap of 2.5% of Group underlying net income.

Performance evaluation for 2013

In January 2014, the Compensation Committee completed its performance evaluation for the 2013 financial year for the Group and the individual assessments of the Executive Board members. The Compensation Committee compared the outcome of the financial measurements to the pre-defined targets for 2013 as set out in the 2012 Compensation Report and considered the qualitative assessment of each Executive Board member. This qualitative assessment took into account financial performance in areas that did not specifically form part of the pre-defined quantitative financial targets, as well as non-financial elements of performance at the Group and divisional levels.

Key features of Executive Board compensation – 2013

Approach	Composition	Vesting timeline (payout in year after grant)	Key features
<ul style="list-style-type: none"> Compensation decisions are based on pre-defined quantitative and qualitative performance criteria Individual target and cap levels for incentive compensation Cap on aggregate incentive compensation awarded to Executive Board members (2.5% of Group underlying net income) 90% deferred and final amounts subject to performance-based vesting criteria and malus provisions 	50% STI awards Cash: 10% Performance share award: 40%	Full award at grant	Unrestricted cash
			In addition to malus provisions, a negative formula-based adjustment is applied to all outstanding awards, subject to the profitability of the Group and divisions
	50% LTI awards Cash-based award: 30% Contingent Capital Award (CCA): 20%		The amount payable at vesting for all LTI awards ranges from 0 to 200% of the grant value and is determined based on: <ul style="list-style-type: none"> Total shareholder return relative to peers, based on a rolling average over three years (primary metric) Average underlying ROE compared to targets (secondary metric)
			The CCA tranche is loss-absorbing and subject to write-down based on the Group's capital position

Group performance evaluation

For 2013, the Compensation Committee considered that underlying results would be the most appropriate reflection of the Group's operating results. Therefore, the underlying results were selected as the measure for evaluating the Executive Board's contribution to the Group's financial performance for compensation purposes. The primary difference between the Group's reported and underlying results for 2013 included the impact of charges to the income statement arising from changes in the fair value of the Group's debt which resulted from improvements in the Group's credit spreads, realignment costs and certain litigation provisions. Underlying results are non-GAAP financial measures and the tables beginning with "Underlying results" below provide a reconciliation of the Group and divisional underlying results to the most directly comparable US GAAP measures.

► Refer to "Core results", "Private Banking & Wealth Management", "Investment Banking" and "Corporate Center" in II – Operating and financial review for discussions of the individual line items.

The Group's results in 2013 improved over the previous year, with underlying pre-tax income increasing to CHF 5.7 billion from CHF 5.0 billion in 2012. Notwithstanding this improvement, underlying ROE was 10.0% compared to the target of 11.0% in 2013, and compared to 10.4% in 2012, reflecting the Group's focus on a strengthened capital base. The Look-through CET1 ratio was 10.0% at the end of 2013 compared to 8.0% in 2012. The Group's underlying cost/income ratio for the full year 2013 was 76.9% compared to 79.5% in 2012, reflecting continued progress towards the target cost/income ratio of 70.0% with the implementation of cost-efficiency measures.

Underlying results

in	Net revenues		Total operating expenses		Core pre-tax income		Net income attributable to shareholders	
	2013	2012	2013	2012	2013	2012	2013	2012
Overview of significant items (CHF million)								
Reported results	25,217	23,251	21,546	21,193	3,504	1,888	2,326¹	1,349¹
Cost/income ratio (%)	–	–	–	–	85.4	91.1	–	–
Reported return on equity attributable to shareholders (%)	–	–	–	–	–	–	5.7	3.9
Reconciling items								
Fair value losses/(gains) from movement in own credit spreads	296	2,912	(19)	(27)	315	2,939	261	2,261
Realignment costs	0	15	(394)	(665)	394	680	290	477
IT architecture simplification	0	0	(128)	0	128	0	103	0
Certain litigation provisions	0	0	(1,365)	(363)	1,365 ²	363 ³	1,038 ²	230 ³
Business disposals	13	(388)	4	0	9 ⁴	(388) ⁵	(96) ⁴	(336) ⁵
Impairment and other losses	86	68	(12)	0	98 ⁶	68 ⁷	63 ⁶	41 ⁷
Gain on sale of real estate	(68)	(533)	0	0	(68)	(533)	(61)	(445)
UK deferred tax asset reduction ⁸	0	0	0	0	0	0	173	160
Underlying results	25,544	25,325	19,632	20,138	5,745	5,017	4,097	3,737
Underlying cost/income ratio (%)	–	–	–	–	76.9	79.5	–	–
Underlying return on equity attributable to shareholders (%)	–	–	–	–	–	–	10.0	10.4

¹ The reclassification of the revenues and expenses from the segment results to discontinued operations for reporting at the Group level is effected through the Corporate Center. Refer to "Discontinued operations" in II – Operating and financial review – Credit Suisse for further information.

² Includes i) litigation provisions in Investment Banking related to the March 2014 agreement with the Federal Housing Finance Agency (FHFA) to settle certain litigation relating to residential mortgage-backed securities (RMBS) of CHF 467 million (CHF 275 million after tax); ii) litigation provisions in Investment Banking in connection with certain mortgage-related matters of CHF 298 million (after tax CHF 176 million); and iii) litigation provisions in Private Banking & Wealth Management in connection with the US tax matter of CHF 600 million (CHF 587 million after tax), including CHF 175 million (CHF 162 million after tax) in connection with the settlement with the SEC in February 2014.

³ Includes i) litigation provisions related to National Century Financial Enterprises, Inc. of CHF 227 million (CHF 134 million after tax); and ii) significant Investment Banking litigation provisions of CHF 136 million (CHF 96 million after tax).

⁴ Includes i) net gain on the sale of Strategic Partners of CHF 79 million, net of expenses of CHF 12 million (CHF 35 million after tax); ii) expenses in connection with the sale of Customized Fund Investment Group (CFG) of CHF 56 million (CHF 32 million after tax); iii) net gain on the sale of the Group's ETF business of CHF 135 million, net of expenses of CHF 11 million (CHF 114 million after tax); iv) net gains on private equity disposals of CHF 34 million, net of expenses of CHF 6 million (CHF 20 million after tax); v) loss on the sale of JO Hambro of CHF 53 million (CHF 38 million after tax); and vi) reclassifications to discontinued operations through the Corporate Center of CHF 144 million, net of expenses of CHF 93 million (CHF 108 million after tax) primarily related to the sale of the ETF business, Strategic Partners and CFG.

⁵ Includes i) gain on the sale of the Group's ownership interest in Aberdeen Asset Management (Aberdeen) of CHF 384 million (CHF 326 million after tax); ii) gain on the sale of Wincasa of CHF 45 million (CHF 45 million after tax); iii) gain on the sale of a non-core business from the integration of Clariden Leu of CHF 41 million (CHF 37 million after tax); and iv) losses on private equity disposals of CHF 82 million (CHF 72 million after tax).

⁶ Includes i) impairment related to Asset Management Finance LLC (AMF) and other losses of CHF 86 million (CHF 51 million after tax); and ii) goodwill impairment relating to the set-up of Private Banking & Wealth Management's non-strategic unit of CHF 12 million (CHF 12 million after tax).

⁷ Reflects the impairment related to AMF and other losses.

⁸ Reflects the corporate income tax reduction enacted in the UK.

The Compensation Committee noted that the Group largely completed its capital plan announced in July 2012. The Group also reduced leverage exposure by CHF 275 billion compared to the third quarter of 2012, to CHF 1,130 billion as of 2013, which was below the original year-end target. In terms of improved operating efficiency, the Group achieved cost reductions of CHF 3.1 billion for the full year 2013, compared to the adjusted run rate cost base for the first half of 2011, measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and current year variable compensation expense. The qualitative factors taken into consideration

included the strong focus on, and maintenance of, the control environment, with a positive trend in Internal Audit results, a further improvement of supervisory control ratings and careful risk management in accordance with the Board's risk appetite policy. The Compensation Committee also considered the developments in the area of human capital, which saw an increase in internal hiring and management development across functional areas, and continued progress in diversity and inclusion. In respect of Corporate Citizenship, new initiatives were implemented in the areas of employee engagement in volunteering events, global education and micro-finance capacity building.

Underlying results – Private Banking & Wealth Management

in	Net revenues		Total operating expenses		Pre-tax income ¹		Cost/income ratio (%)	
	2013	2012	2013	2012	2013	2012	2013	2012
Overview of significant items (CHF million)								
Reported results	13,442	13,474	10,050	9,517	3,240	3,775	74.8	70.6
Reconciling items								
Certain litigation provisions	0	0	(600)	0	600 ²	0	–	–
Business disposals	(305)	(388)	(89)	0	(216) ³	(388) ⁴	–	–
Impairment and other losses	86	68	(12)	0	98 ⁵	68 ⁶	–	–
Underlying results	13,223	13,154	9,349	9,517	3,722	3,455	70.7	72.4

¹ The gains and expenses related to the business disposals are included in the segment's non-strategic results. Refer to "Discontinued operations" in II – Operating and financial review – Credit Suisse for further information.

² Reflects litigation provisions in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC.

³ Includes i) net gain on the sale of Strategic Partners of CHF 79 million, net of expenses of CHF 12 million; ii) expenses in connection with the sale of CFGI of CHF 56 million; iii) net gain on the sale of the Group's ETF business of CHF 135 million, net of expenses of CHF 11 million; iv) gain on private equity disposals of CHF 34 million, net of expenses of CHF 6 million; and v) net gain on the sale of JO Hambro of CHF 28 million.

⁴ Includes i) gain on the sale of the Group's ownership interest in Aberdeen of CHF 384 million; ii) gain on the sale of Wincasa of CHF 45 million; iii) gain on the sale of a non-core business from the integration of Clariden Leu of CHF 41 million; and iv) losses on private equity disposals of CHF 82 million.

⁵ Includes i) impairment related to AMF and other losses of CHF 86 million; and ii) goodwill impairment relating to the set-up of Private Banking & Wealth Management's non-strategic unit of CHF 12 million.

⁶ Reflects the impairment of AMF and other losses.

Underlying results – Investment Banking

in	Net revenues		Total operating expenses		Pre-tax income		Return on allocated capital (%)	
	2013	2012	2013	2012	2013	2012	2013	2012
Overview of significant items (CHF million)								
Reported results	12,565	12,558	10,833	10,568	1,719	2,002	6.8	7.2
Reconciling items								
Certain litigation provisions	0	0	(765)	(136)	765 ¹	136 ²	–	–
Underlying results	12,565	12,558	10,068	10,432	2,484	2,138	9.8³	7.7³

¹ Includes i) litigation provisions related to the March 2014 FHFA settlement of CHF 467 million (CHF 275 million after tax); and ii) litigation provisions in connection with certain mortgage-related matters of CHF 298 million (after tax CHF 176 million).

² Reflects the significant Investment Banking litigation provisions.

³ Calculated using underlying income after tax denominated in US dollars and assumes tax rates of 27% in 2013 and 25% in 2012 and that capital is allocated at 10% of average Basel III risk-weighted assets and 2.4% of average Swiss leverage exposure.

Divisional performance evaluation

In Private Banking & Wealth Management, the Compensation Committee acknowledged improvement in the key financial indicators relevant to the division. Underlying pre-tax income for 2013 was CHF 3.7 billion compared to CHF 3.5 billion in 2012, and the underlying cost/income ratio improved to 70.7% compared

to the target of 70.0%, from 72.4% in 2012, reflecting stronger cost efficiency discipline. With regard to the qualitative assessment, the Compensation Committee considered the continued strong asset gathering momentum ahead of most peers for net new assets in targeted markets, particularly in emerging markets and the ultra-high-net-worth individual client business. It also

noted the successful restructuring and improved profitability of the Asset Management business, which mainly reflected the continued focus on alternative investment strategies, including emerging markets, and core investments, both in asset allocation and traditional products.

In Investment Banking, the Compensation Committee recognized the improvement in its key financial indicators, with underlying pre-tax income of CHF 2.5 billion for the full year 2013 compared to CHF 2.1 billion in 2012, and an underlying return on allocated capital of 9.8% compared to the target of 11.0% and compared to 7.7% achieved in 2012. For the purposes of determining compensation, the performance criteria of underlying return on allocated capital is measured as the after-tax return on capital calculated as the average of 10% of ◻ Basel III ◻ risk-weighted assets and 2.4% of leverage exposure. With regards to the qualitative assessment, the Compensation Committee noted the successful alignment of the business model to new market and regulatory requirements, the strong market share maintained by the Equities business and the significant turnaround in profitability of the Asia Pacific region. In addition, Investment Banking risk-weighted assets under Basel III

were reduced from USD 187 billion at year-end 2012 to USD 176 billion at year-end 2013, compared to the target level of less than USD 175 billion by year-end 2013.

For Shared Services functions, the Compensation Committee acknowledged the robust control and support environment combined with cost discipline compared to budget and efficiency gains, while transitioning the business to new regulatory requirements.

2013 targets and caps for Executive Board members

	Target levels		Cap levels	
	Range for Executive Board members	CEO	Range for Executive Board members	CEO
Multiples of base salaries				
Short-term awards				
Unrestricted cash	0.2 – 0.4	0.3	0.3 – 0.7	0.4
Short-term incentive award	0.6 – 1.7	1.1	1.2 – 2.9	1.6
Long-term incentive award	0.8 – 2.1	1.3	1.5 – 3.5	2.0

Executive Board compensation for 2013

in	Base salary	Unrestricted cash	Value of STI awards	Value of LTI awards	Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation⁴
2013 (CHF million, except where indicated)								
9 members	14.08	3.93	21.86 ⁵	21.58	0.58	2.74	–	64.77
% of total compensation	22%	6%	34%	33%				
of which CEO:								
Brady W. Dougan	2.50	0.69	2.77	3.46	0.01	0.36	–	9.79
% of total compensation	26%	7%	28%	35%				

¹ Other benefits consist of housing allowances, lump sum expenses and child allowances.

² Share awards granted prior to January 1, 2014 carry the right to an annual payment equal to the dividend payable on each Group share. The dividend equivalents were paid in respect of awards granted in prior years and were delivered in a combination of cash and shares, consistent with dividends paid on actual shares.

³ During 2013, there were no payments made to Executive Board members for contractual agreements.

⁴ Does not include CHF 4.8 million of charitable contributions made by the Group for which the CEO and three other Executive Board members are able to make recommendations.

⁵ Short-term incentive awards for 2013 comprise CHF 20.56 million performance shares as well as CHF 1.3 million granted as blocked shares and performance shares to the Executive Board members who were categorized as UK Code Staff under the regulations of the PRA and the Executive Board member that stepped down. The applicable Group share price for all share awards was CHF 28.78.

Compensation decisions

Based on this evaluation of the Group, divisional and individual performance, the Board agreed with the Compensation Committee's conclusion that overall, the Executive Board members had exceeded their challenging performance targets for 2013 and approved the Compensation Committee's recommendations on the amount of incentive compensation to be awarded. The quantitative financial assessment resulted in the grant of awards averaging 12% below the target amounts for these components of compensation, while compensation linked to the qualitative assessment of the Executive Board members was, on average, 37% above the target amounts. On average, the variable compensation amounts as determined from the formulaic assessment were adjusted upward by approximately 10%. In applying its discretion to adjust

the amount of variable incentive compensation awarded to individual Executive Board members, the Compensation Committee recognized specific achievements in reaching targeted capital levels ahead of schedule, strong relative performance compared to peers, an improved level of control and compliance and adjustments to take into account market levels of compensation for comparable roles at peer firms.

The variable incentive compensation awarded totaled CHF 47.4 million, CHF 2.5 million or 5% lower than the CHF 49.9 million in 2012, partly due to the reduction in the number of Executive Board members and resultant reassignment of previously separate executive responsibilities to other Executive Board members. Variable incentive compensation awarded to the Executive Board was, on average, 17% above the individual target amounts and 31% below

the individual caps. The aggregate pool awarded to all members of the Executive Board was less than half the amount of the overall cap set at CHF 102.4 million, or 2.5% of Group underlying net income. The components of the awards granted are shown in the "Executive Board compensation for 2013" table.

2013 total compensation of the CEO and highest paid Executive Board member

In its recommendation to the Board regarding incentive compensation for the CEO Mr. Dougan, who was also the highest paid Executive Board member, the Compensation Committee, in consultation with the Chairman, considered the improved financial position of the Group in 2013. This was reflected in underlying pre-tax income of CHF 5.7 billion, compared to CHF 5.0 billion in the prior year, and an underlying cost/income ratio of 76.9% in 2013 compared to 79.5% in 2012. The Compensation Committee considered the achievement of capital requirement targets and the progress made in transitioning the business to the challenging new regulatory and market environment. In particular under Mr. Dougan's leadership, the Group strengthened its capital position,

increasing its Look-through CET1 ratio of 10.0% as of the end of 2013, from 8.0% in 2012. Further, the Group reduced its leverage exposure to CHF 1,130 billion as of the end of 2013, from CHF 1,276 billion as of the end of 2012, and achieved a Look-through Swiss leverage ratio of 3.7%, compared to the FINMA requirement of 4.0% applicable in 2019. The Compensation Committee also recognized the steady progress made towards meeting the Group's challenging target of achieving more than CHF 4.5 billion in cost reductions by year-end 2015. In terms of strategy execution, the Compensation Committee noted the creation of non-strategic units within the business divisions, to accelerate the shift of resources to focus on growth in high-returning businesses. Given the strong performance of Mr. Dougan during 2013 and his achievements in positioning the firm for the future, the Board approved the recommendation of the Compensation Committee to award Mr. Dougan unrestricted cash of CHF 0.69 million, a short-term incentive (STI) award of CHF 2.77 million and a long-term incentive (LTI) award of CHF 3.46 million, representing, in aggregate, 103% of his target compensation set for 2013.

Executive Board compensation for 2012

in	Base salary	Unrestricted cash	Value of STI awards	Value of LTI awards	Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation ⁴
2012 (CHF million, except where indicated)								
13 members ⁵	17.75	13.56 ⁶	20.95 ⁷	15.40	4.28	2.18	–	74.12
% of total compensation	24%	18%	28%	21%				
of which highest paid: Robert Shafir	1.40	0.70	3.50	2.80	1.91 ⁸	0.28	–	10.59
% of total compensation	13%	7%	33%	26%				
of which CEO: Brady W. Dougan	2.50	0.50	2.50	2.00	0.04	0.23	–	7.77
% of total compensation	32%	6%	32%	26%				

¹ Other benefits consist of housing allowances, lump sum expenses, child allowances and carried interest.

² Share awards carry the right to an annual payment equal to the dividend payable on each Group share. The dividend equivalents were paid in respect of awards granted in prior years.

³ During 2012, there were no payments made to Executive Board members for contractual agreements.

⁴ Does not include CHF 3.9 million of charitable contributions made by the Group for which the CEO and a former Executive Board member are able to make recommendations.

⁵ Of the 13 members, 5 left the Executive Board during 2012: Karl Landert and Antonio Quintella stepped down from the Executive Board effective April 30, 2012 and May 31, 2012, respectively, and Osama Abbasi, Walter Berchtold and Fawzi Kyriakos-Saad left the Executive Board effective November 30, 2012. The base salary and incentive compensation for these individuals has been pro rated accordingly. These individuals were paid incentive compensation in the form of unrestricted cash and STI awards for their performance in their respective roles on the Executive Board in 2012.

⁶ Includes pro rated unrestricted cash of CHF 10.2 million paid to the five individuals who left the Executive Board during 2012.

⁷ All short-term incentive awards for 2012 were granted as performance shares. The applicable Group share price for the performance share awards was CHF 24.62.

⁸ CHF 1.87 million of this amount was granted as carried interest in 2012. In addition, in connection with his role at the time as CEO of the Asset Management division, in 2008 Mr. Shafir received a carried interest award in certain alternative investment funds. The value realized over time depends on the investment performance of the funds over their lifetime up to fifteen years. The initial value of the award is determined by making assumptions about the return that will be realized on the funds. The aggregate theoretical value of these awards was approximately USD 10 million assuming an estimated 9 percent return on all fund investments over their projected lifetime, and reducing this estimated return by 25 percent to reflect potential underperformance in some of the funds.

2013 compensation structure

The annual 2013 base salary was CHF 2.5 million for the CEO, CHF 1.5 million for Executive Board members based in Switzerland and USD 1.5 million for Executive Board members based in the US and the UK, which remained unchanged from the prior year.

In 2013, the incentive compensation granted to each Executive Board member generally consisted of:

- 10% as unrestricted cash payment;
- 40% as STI awards in the form of a deferred performance share award; and
- 50% as LTI awards in the form of deferred cash and CCA.

An overview of the vesting timeline for the Executive Board short-term and long-term award plans is shown in the chart “Key features of Executive Board compensation – 2013”. These awards are described in more detail below.

In 2013, three Executive Board members were categorized as UK Code Staff and were therefore subject to the UK Prudential Regulation Authority (PRA) Remuneration Code requirements to have at least 50% of variable compensation awarded in the form of equity instruments. Two of the current members were awarded 50% of their variable compensation as STI awards, 40% as LTI awards, 5% as cash and 5% as vested Group shares that were subject to a six-month holding period.

The third member, Tobias Guldemann, stepped down from the Executive Board and his position as Chief Risk Officer (CRO) effective December 31, 2013 and was replaced by Joachim Oechslin, effective January 1, 2014. Mr. Guldemann was awarded variable compensation in respect of 2013, however as he was no longer a member of the Executive Board at the time of grant, the form of variable compensation awarded to him was consistent with the PRA Code Staff requirements applicable to managing directors.

Types of awards

All deferred Executive Board compensation awards are subject to malus provisions as well as the additional provisions that apply to Covered Employees. In addition, there are performance-based clawback provisions for the STI award and specific performance targets for the LTI award.

► Refer to “Malus and performance-based clawback provisions” in Group compensation for more information.

Unrestricted cash

Unrestricted cash awards are payable in cash after grant. The awards are intended to recognize the Executive Board members' performance for the most recent prior year.

Short-term incentive (STI) award

STI awards are granted in the form of performance share awards, which are deferred over three years with one third of the award vesting on each of the three anniversaries of the grant date (ratable vesting), subject to the same performance conditions as the performance share awards granted to managing directors and MRTC.

► Refer to “Performance share awards” in Group compensation for performance-based adjustment criteria.

More specifically, for the heads of the divisions reporting a pre-tax loss, the full balance of unvested STI awards are reduced by 15% per CHF 1 billion of loss and the calculation of the reduction is performed on a pro-rata basis, based on the actual loss amount.

In the case of both a negative underlying ROE and a divisional pre-tax loss, the negative adjustment applied will be equal to the negative underlying ROE, or 15% per CHF 1 billion of pre-tax loss, whichever results in a larger adjustment.

For the CEO and Executive Board members who lead a Shared Services function, the clawback for negative performance will affect outstanding awards only if the Group has a negative underlying ROE.

The final number of STI awards delivered to Executive Board members is subject to the occurrence of malus and clawback events during the vesting periods. There are, however, no circumstances under which the outstanding STI awards are increased.

► Refer to “Potential downward adjustments of performance shares and STI awards” in Group compensation for specific downward adjustments to be applied.

Long-term incentive (LTI) award

LTI awards are deferred over a period of five years and vest in three equal tranches, one on each of the third, fourth and fifth anniversaries of the date of grant, subject to pre-defined performance vesting conditions. The amount due at vesting is determined based on the following performance criteria and conditions, which are measured on a tranche-by-tranche basis over the three calendar years preceding the year in which vesting occurs:

- Average of the Relative Total Shareholder Return (RTSR) achieved during each of the three years prior to vesting, calculated by reference to the average total shareholder return achieved by a group of peer firms, is the primary performance metric; and
- Average underlying ROE achieved during the three years prior to vesting compared to the underlying ROE targets set for the respective years acts as a further adjustment, increasing or decreasing the amount payable by up to 25%.
- The amount payable at vesting of each tranche is subject to a cap of 200% of the initial LTI award value for that tranche.

RTSR is the Group's total shareholder return compared to the average total shareholder return of peers. Total shareholder return is equal to the appreciation or depreciation of a particular share, plus any dividends, over a given three-year period, expressed as a percentage of the share's value at the beginning of the three-year measurement period. The peer group used for the RTSR calculation is the same group of twelve peer firms shown in the “2013 peer groups and performance criteria” table. The RTSR achievement level can increase or decrease the amount scheduled to vest on a sliding scale basis and is subject to a cap as follows:

- Achievement of average RTSR of 150% (where the Group RTSR is 50% greater than that of the peer group) or greater results in a maximum upward adjustment of 100% (cap);
- Achievement of average RTSR of 100% (where the Group RTSR is the same as that of the peer group) results in an LTI payout that equals the grant value (no upward or downward adjustment);
- Achievement of RTSR of 50% (where the Group RTSR falls 50% below that of the peer group) or below results in the forfeiture of the respective LTI awards (downward adjustment of 100%); and
- Achievement of average RTSR between 50% and 150% of that of the peer group results in an upward or downward

adjustment between negative 100% and positive 100%, applied on a sliding scale basis.

Following the RTSR calculation above, the amount payable is subject to a further upward or downward adjustment of up to 25%, depending on the average underlying ROE achieved during the three years prior to vesting compared to the pre-defined underlying ROE targets for the corresponding three-year period. The maximum upward adjustment of 25% applies if the average underlying ROE achieved is 200% of the target. The ROE adjustment, however, cannot increase the amount payable beyond two times the initial award.

For 2013, 60% of the LTI (or 30% of total variable incentive compensation) was structured as a deferred cash award. The Group retains the right to settle the cash portion of the LTI awards in shares at its discretion. In such a case, the amount of shares delivered in the year of vesting is based on the Group share price at the time of settlement.

For 2013, 40% of the LTI (or 20% of total variable incentive compensation) was delivered as CCA. This element of the LTI has the same terms as CCA awarded to managing directors and directors, except for the vesting and performance metrics, which are the same as those applicable to cash-based LTI awards described above. LTI awards granted as CCA entitle recipients to semi-annual cash payments of interest-equivalents until settlement, but would be written down to zero if the CCA trigger events described above occur. At the time of settlement, the Group, at its discretion, may deliver a contingent capital instrument or a cash payment based on the fair value of the CCA.

Other aspects of Executive Board compensation

Charitable contributions

Consistent with the prior three years, a portion of the Executive Board incentive compensation pool for 2013 was approved by the Compensation Committee to fund charitable contributions by the Group. The total amount approved for charitable contributions was CHF 4.8 million for 2013. The contributions will benefit eligible registered charities. The CEO and three other Executive Board members are able to make recommendations in respect of the allocation of the 2013 contributions to various specific charities.

Minimum share ownership requirements

The Group applies minimum share ownership requirements for members of the Executive Board as follows:

- CEO: 350,000 shares; and
- Other Executive Board members: 150,000 shares.

The thresholds include all Group shares held by or on behalf of these executive employees, including unvested share-based awards. All affected executive employees are restricted from selling shares, or from receiving their share-based awards in the form of cash, until they fulfill the minimum share ownership requirements. The Group prohibits all employees from entering into

transactions to hedge the value of unvested share-based awards. Pledging of unvested deferred awards by Executive Board members is also not permitted unless expressly approved by the Compensation Committee.

Amendment to share plans

The terms of all past and future share-based awards granted to the Executive Board were amended in 2014 to enable election of settlement in cash or shares. The amendments permit Executive Board members to elect once a year, at a predefined date in advance of settlement, to receive their vested share-based awards in the form of shares, cash or 50% in the form of shares and 50% in cash, in each case based on the Group share price at the time of settlement. An election to receive cash is subject to reversal if the Group share price falls by more than 25% between election and settlement. The timing and pricing of settlement will be the same as under the previous award plan and as under the plans of the non-Executive Board population. This change does not affect deferred share-based awards to non-Executive Board members, which will continue to be settled in the form of Group shares.

Contract lengths, change in control and termination provisions

All members of the Executive Board have employment contracts with the Group which are valid until terminated. The notice period for termination of employment by either the Group or the respective Executive Board member is six months. There are no other contracts, agreements or arrangements with the members of the Executive Board that provide for payments or benefits in connection with termination of employment that are not generally available to other employees of the Group. For example, in the event of a termination of employment, pre-defined conditions apply to the balances of outstanding compensation awards, depending on whether the termination of employment was voluntary, involuntary or the result of a change in control.

In the case of a change in control, the treatment of outstanding awards for all employees, including Executive Board members, will be determined by the Board upon recommendation of the Compensation Committee with the aim of maximizing shareholder value, subject to circumstances and prevailing market conditions. There are no provisions in the employment contracts of Executive Board members or any other pre-determined arrangements that require the payment of any type of extraordinary benefits, including special severance awards, in the case of a change in control.

Former Executive Board members

Generally, former members of the Group's most senior executive body who no longer provide services to the Group are still eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Executive Board who no longer provide services to the Group during 2013.

Executive Board shareholdings and loans

Executive Board shareholdings

The table "Executive Board holdings and values of deferred share-based awards by individual" discloses the shareholdings of the Executive Board members, their immediate family and companies in which they have a controlling interest, as well as the value of the unvested share-based compensation awards held by Executive Board members as of December 31, 2013.

The value of share-based compensation awards granted to Executive Board members in prior years varies depending on the Group share price and other factors influencing the fair value of the award. The cumulative value of these unvested share-based

awards as of December 31, 2013 was on average 4% higher than at the grant date value of the awards.

The remaining cash-based deferred compensation awards granted to certain Executive Board members in prior years are the 2008 Partner Asset Facility (PAF), the 2011 Partner Asset Facility (PAF2) and the Plus Bond awards. The cumulative value of such cash-based awards at their grant dates was CHF 16.7 million compared to CHF 30.5 million as of December 31, 2013. The value of these awards varies depending upon the value of the underlying portfolios linked to the PAF, PAF2 and Plus Bond awards and the length of the remaining deferral period.

Executive Board holdings and values of deferred share-based awards by individual

end of	Number of owned shares ¹	Number of unvested share awards	Number of owned shares and unvested share awards	Number of unvested SISUs	Number of options	Value of unvested awards at grant (CHF)	Current value of unvested awards (CHF)
December 31, 2013							
Brady W. Dougan	1,221,334	416,540	1,637,874	38,051	–	12,176,651	12,396,697
Gaël de Boissard	107,329	536,014	643,343	31,283	–	16,187,272	15,470,189
Romeo Cerutti	136,344	231,491	367,835	11,636	–	6,128,891	6,630,073
Tobias Guldemann	–	258,127	258,127	14,545	–	6,907,523	7,435,765
David R. Mathers	17,469	387,642	405,111	7,565	–	9,422,493	10,777,295
Hans-Ulrich Meister	189,478	417,112	606,590	23,273	–	11,248,886	12,009,299
Robert S. Shafir	617,053	532,112	1,149,165	31,160	–	14,344,561	15,360,428
Pamela A. Thomas-Graham	–	216,875	216,875	7,191	–	5,461,314	6,110,280
Eric M. Varvel	–	286,098	286,098	27,735	–	9,597,358	8,558,226
Total	2,289,007	3,282,011	5,571,018	192,439	–	91,474,949	94,748,252
December 31, 2012							
Brady W. Dougan	906,929	666,068	1,572,997	76,102	–	18,945,613	19,815,939
Romeo Cerutti	80,279	320,261	400,540	23,272	–	8,446,679	9,172,331
Tobias Guldemann	57,763	375,725	433,488	29,090	–	9,964,935	10,808,561
David R. Mathers	0	461,439	461,439	15,130	1,095 ²	11,174,895	12,724,392
Hans-Ulrich Meister	178,198	550,776	728,974	46,546	–	14,848,594	15,948,497
Robert S. Shafir	387,544	736,377	1,123,921	62,320	–	19,807,159	21,325,210
Pamela A. Thomas-Graham	4,583	239,137	243,720	14,382	–	6,342,875	6,768,957
Eric M. Varvel	62,169	454,785	516,954	55,470	–	13,996,715	13,623,809
Total	1,677,465³	3,804,568	5,482,033	322,312	1,095	103,527,465	110,187,696

¹ Includes shares that were initially granted as deferred compensation and have vested.

² Consists of options with an expiration date of January 22, 2013 and an exercise price of CHF 30.60.

³ In addition to the number of owned shares shown, the following Executive Board members held an aggregate number of 2,320 mandatory and contingent convertible securities (MACCS): Brady Dougan (1,336), Romeo Cerutti (60), Hans-Ulrich Meister (262), Robert Shafir (571), Eric Varvel (91); these securities were converted into an aggregate number of 143,033 shares on March 29, 2013 at a conversion price of CHF 16.29 and were settled and delivered in April 2013.

Executive Board loans

The majority of loans outstanding to Executive Board members are mortgages or loans against securities. Such loans are made on the same terms available to employees under the Group's employee benefit plans. As of December 31, 2013, 2012 and 2011, outstanding loans to Executive Board members amounted to CHF 10 million, CHF 8 million and CHF 22 million, respectively. The number of individuals with outstanding loans at the beginning and the

end of 2013 was three and four, respectively, and the highest loan outstanding was USD 5 million to Eric Varvel.

All mortgage loans to Executive Board members are granted either with variable or fixed interest rates over a certain period. Typically, mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin, and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans

granted to other employees. The same credit approval and risk assessment procedures apply to Executive Board members as for other employees. Unless otherwise noted, all loans to Executive Board members were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and in consideration of the terms which apply to all Group employees. These loans did not involve more than the normal risk of collectability or present other unfavorable features.

► Refer to “Banking relationships and related party transactions” in Corporate Governance for further information.

2014 targets, caps and performance criteria

The targets, caps and performance criteria to be applied in 2014 are based on the framework and approach introduced for the 2013 performance year. The overall targets and caps expressed as multiples of base salaries for 2014 remain the same as for 2013, however the composition of the awards has been modified for 2014, as shown in the table “2014 targets and caps for Executive Board members” and described further below.

In early 2014, the Compensation Committee also refined the criteria applicable to the 2014 performance review to reflect broader measurements of performance. The criteria for 2014 encompass the achievement of profitability and cost targets, as well as progress towards the wind-down of non-strategic positions in light of the current operating environment. The progress of the wind-down of non-strategic units will be measured based on

the achievement of reduction targets for risk-weighted assets and leverage exposure, as well as the attainment of non-strategic pre-tax income targets. The Compensation Committee has introduced further measures relating to the execution of the Group’s strategy, development of the business, delivery of major infrastructure projects and other specific performance measures for each individual. These performance criteria and the respective weightings to be applied in relation to the CEO and other members of the Executive Board appear in the table “2014 performance criteria for the Executive Board”. The overall cap on total Executive Board incentive compensation in 2014 will be 2.5% of adjusted Group net income, based on reported results adjusted for fair value losses or gains from movement in own credit spreads and certain litigation provisions as determined by the Compensation Committee.

2014 targets and caps for Executive Board members

	Target levels		Cap levels	
	Range for Executive Board members	CEO	Range for Executive Board members	CEO
Multiples of base salaries				
Short-term awards				
Unrestricted cash	0.3 – 0.8	0.5	0.6 – 1.4	0.8
Short-term incentive award	0.5 – 1.3	0.8	0.9 – 2.1	1.2
Long-term incentive award	0.8 – 2.1	1.4	1.5 – 3.5	2.0

2014 performance criteria for the Executive Board

	CEO	Divisional head		Shared Services head		Performance objectives to meet target
		PB&WM	IB	CFO	Other	
Financial performance criteria (60% weighting)						
Group ROE (after tax) – strategic results ¹	30%	30%	30%	25%	25%	12.5% Group ROE based on strategic results
Group cost/income ratio – strategic results ¹	20%	–	–	15%	20%	71.0% Group cost/income based on strategic results
Wind-down of non-strategic units ²	10%	10%	10%	10%	–	35.0% year-on-year reduction of risk-weighted assets and leverage exposure (2.5% weighting for each metric) and achievement of budgeted non-strategic pre-tax income (5% weighting) ^{3,4}
Divisional return on allocated capital ^{5,6}	–	–	20%	–	–	11.5% return on allocated capital
Divisional cost/income ratio ⁵	–	20%	–	–	–	69.0% divisional cost/income
Divisional total operating expenses ⁵	–	–	–	10%	15%	2014 budget expenses on a foreign exchange neutral basis
Non-financial criteria (40% weighting)						
Business and infrastructure development	15%	15%	15%	15%	15%	Compensation Committee assessment of strategy execution, business development, performance of subdivisions and regions and delivery of major projects
Other performance	25%	25%	25%	25%	25%	Compensation Committee assessment of capital strength, human capital management, control/operational/reputational risk management, involvement in client activities, partnership and firm focused behavior

PB&WM – Private Banking & Wealth Management; IB – Investment Banking

¹ Refer to “Core Results” in II – Operating and financial review for further information on strategic results.

² Performance measured at the Group level for the CEO and the CFO and at the respective divisional non-strategic unit level for the divisional heads.

³ Risk-weighted assets are adjusted to exclude methodology changes.

⁴ Budgeted non-strategic pre-tax income is based on reported results, excluding the impact of changes in the fair value of own debt and certain substantial litigation provisions as determined by the Compensation Committee.

⁵ Based on reported results, excluding certain substantial litigation provisions as determined by the Compensation Committee.

⁶ Calculated using income after tax denominated in US dollars, assuming that allocated capital is measured as the average of 10% of average Basel III risk-weighted assets and 2.4% of average leverage exposure.

Key features of Executive Board compensation – 2014

Refinements in 2014	Composition	Vesting timeline (payout in year after grant)	Key features	
<ul style="list-style-type: none"> ■ Additional financial performance criteria related to the wind-down of non-strategic units ■ Additional non-financial performance criteria related to strategy execution, business development and project delivery ■ Short-term incentive (STI) awards to cliff vest after three years (previously ratable vesting over three years) ■ Long-term incentive (LTI) awards delivered partly as share-based awards rather than cash 	50% STI awards Cash: 20% Performance share award: 30%	Full award at grant	Unrestricted cash, except for UK Code Staff, who will receive 10% in unrestricted cash and 10% in blocked share awards	
		Full award cliff vested	In addition to malus provisions, a negative formula-based adjustment is applied to all outstanding awards, subject to the profitability of the Group and divisions	
	50% LTI awards Share-based award: 25% Contingent Capital Award (CCA): 25%	$\frac{1}{3}$	$\frac{1}{3}$	The amount payable at vesting for all LTI awards ranges from 0 to 200% of the grant value and will be determined based on relative total shareholder return (primary metric) and average ROE based on strategic results ¹ (secondary metric)
		$\frac{1}{3}$	$\frac{1}{3}$	The CCA tranche is loss-absorbing and subject to write-down based on the Group's capital position
		Year 1 2 3 4 5		

¹ Subject to adjustments for significant litigation items as determined by the Compensation Committee.

2014 compensation structure

The annual base salary in 2014 will be CHF 2.5 million for the CEO, CHF 1.5 million for Executive Board members based in Switzerland and USD 1.5 million for Executive Board members based in the US and the UK, which is unchanged from the prior year. As of December 31, 2013, two of the Executive Board members qualify as UK Code Staff for 2014 and will therefore, in accordance with the rules introduced by CRD IV, be subject to the relevant variable award compensation caps applicable to UK Code Staff. Consistent with market practice in the UK, the Group intends to award these individuals a fixed allowance during 2014 based on their roles and responsibilities. The targets and caps on total compensation will not be affected by this fixed allowance.

In 2014, slight amendments to the structure of incentive compensation have been made compared to 2013. The variable compensation granted to each Executive Board member will consist of:

- 20% as unrestricted cash payment, except for UK Code Staff, who will receive 10% in the form of unrestricted cash and 10% in the form of blocked share awards;

- 30% as STI awards in the form of a deferred performance share award, with cliff vesting after three years; and
- 50% as LTI awards in the form of share-based awards and CCA in equal portions, with vesting on the third, fourth and fifth anniversaries of the grant date, subject to pre-defined performance vesting conditions.

The above changes to the compensation structure for 2014 extend the vesting period for the short-term deferred awards, reflecting the Compensation Committee's responsiveness to emerging market trends. Under the 2014 structure, no awards will vest before the third anniversary of the date of grant and the final vesting of awards will occur five years after the date of grant. In addition, the long-term incentive award will be delivered in a combination of shares and CCA, rather than cash and CCA. As a result, the portion of deferred share-based awards will be increased to 55%.

BOARD OF DIRECTORS COMPENSATION

Governance

Compensation to members of the Board is determined by the Articles of Association, OGR and the Compensation Committee Charter. The annual compensation paid to members of the Board, including the Chairman, is set by the Board based on the recommendation of the Compensation Committee for the 12-month period from the current AGM to the following year's AGM. In the case of the Chairman's compensation and the additional fees for the committee chairmen, the Board member concerned does not participate in the decision involving his or her own compensation.

Basis of determining compensation for the Board

All members of the Board receive a base board fee plus a committee fee or other additional fee that reflects the respective Board member's role, time commitment and scope of responsibility on the Board. The full-time Chairman, the Vice-Chairman and the three committee chairmen assume the greatest responsibility and dedicate the most time to fulfilling their board duties. As such, these individuals receive a higher annual base board fee than other board members and may receive additional fees which reflect the additional time commitment and responsibility assumed for their specific role. Members of the Board without designated leadership responsibilities (eight individuals) each received an annual base board fee for 2013 of CHF 250,000. Board members serving on the Audit, Risk or Compensation Committees also received an annual committee fee. The committee fees were CHF 150,000 for the Audit Committee, CHF 100,000 for the Risk Committee and CHF 100,000 for the Compensation Committee. Members of the Chairman's and Governance Committee do not receive a committee fee. The base and committee fee amounts are set at levels to attract and retain highly qualified and experienced individuals and take into consideration levels at comparable leading Swiss companies.

Fees paid to Board members are in the form of cash and Group shares, which are blocked for a period of four years. This ensures that the interests of Board members are closely aligned to the interests of shareholders.

Compensation of the Chairman

The Chairman is paid a base board fee plus an additional fee. The additional fee is paid in consideration of the Chairman's performance with respect to his Board responsibilities and is not linked to the Group's financial performance. Total compensation awarded to the Chairman reflects his full-time status and active role in shaping the Group's strategy, governing the Group's affairs and engaging with shareholders. The Chairman coordinates the Board's activities, works with the committee chairmen to coordinate the tasks of the committees and ensures that Board members are provided with sufficient information to perform their duties. The Chairman drives the Board agenda on key topics such as the strategic development of the Group, succession planning and the structure and

organization of the Group. The Chairman also steers the agenda on compensation and compensation structure, including the performance evaluation and compensation of the CEO and the Executive Board. He chairs the Board, the Chairman's and Governance Committee and the shareholder meetings and takes an active role in representing the Group to key shareholders, investors, regulators and supervisors, industry associations and other stakeholders.

For 2013, Chairman Urs Rohner received total compensation of CHF 4.9 million, which consisted of CHF 4.75 million from board fees (CHF 2.5 million base board fee and CHF 2.25 million additional fee) and CHF 0.15 million in other compensation. Of the CHF 4.75 million, CHF 3.6 million was awarded in cash and CHF 1.1 million was awarded in Group shares, blocked for a period of four years. The Chairman's total compensation for 2013 reflected the improved strategic and capital position of the Group and Mr. Rohner's performance. This included Mr. Rohner's leadership of the Board, his impact in closely steering and monitoring the strategic development of the Group, the transition to the challenging new capital requirements, the alignment of business structure and organization to emerging regulatory requirements, as well as his active engagement with key stakeholders and regulators and representation of the Group in a variety of industry associations.

Compensation of the Vice-Chairman and the committee chairmen

Peter Brabeck-Letmathe, in the role of Vice-Chairman, received an annual base board fee of CHF 400,000 but no committee or additional fees. Jean Lanier, Richard E. Thornburgh and John Tiner, each in the role of committee chairman of the Compensation, Risk and Audit Committees, respectively, received an annual base board fee for 2013 of CHF 400,000 plus an additional fee, reflecting the greater responsibility and time commitment required to perform the role of a committee chairman, which is considered to be a significant part-time role. This additional fee is not linked to the Group's financial performance. For 2013, the additional fee was CHF 400,000 for the chairman of the Compensation Committee and CHF 1 million each for the chairmen of the Risk and Audit Committees. The compensation for Jean Lanier takes into account that he began serving as chairman of the Compensation Committee following last year's AGM. In addition to the greater time commitment required to prepare and lead the committee work, the additional fees consider the engagement of the three committee chairmen throughout the year with global regulators, shareholders, the business divisions and Shared Services functions and other stakeholders. Regulatory developments in the banking industry in recent years have put increasing demands on the Risk and Audit Committee chairmen, in particular, increasing the frequency of interaction with the Group's main regulators on internal control, risk, capital and other matters under the supervision of these committees. Furthermore, the greater focus of shareholders on compensation has resulted in an increased number of engagements between the Compensation Committee

chairman and large shareholders and shareholder groups. The additional fees paid to the Compensation, Risk and Audit Committee chairmen also reflected the additional time commitment required to serve as regular members on other Board committees, which they do not chair.

► Refer to "Members of the Board and Board committees" in Corporate Governance – Board of Directors for further information.

Former members of the Board

Two former members of the Board are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Board or related parties during 2013.

Board compensation for 2013

in	Base board fee	Committee fee	Additional fees ¹	Other compensation categories ²	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ³
2013/2014 (CHF)										
Urs Rohner, Chairman ⁴	2,500,000	–	2,250,000	153,260	4,903,260	3,778,260	77%	1,125,000	23%	39,090
Peter Brabeck-Letmathe, Vice-Chairman ⁵	400,000	–	–	–	400,000	200,000	50%	200,000	50%	7,455
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	4,659
Iris Bohnet ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Noreen Doyle ⁵	250,000	100,000	294,000	–	644,000	469,000	73%	175,000	27%	6,523
Jean-Daniel Gerber ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	7,455
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Andreas N. Koopmann ⁵	250,000	200,000	–	–	450,000	225,000	50%	225,000	50%	8,387
Jean Lanier, Chairman of the Compensation Committee ⁴	400,000	–	400,000	–	800,000	600,000	75%	200,000	25%	6,950
Kai S. Nargolwala ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	17,374
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	17,374
Total	6,100,000	850,000	4,944,000	153,260	12,047,260	8,097,260	67%	3,950,000	33%	141,359

¹ Includes the additional fees for the full-time Chairman and the three committee chairmen as well as the additional fees of CHF 294,000 (GBP 200,000) paid to Noreen Doyle in 2013 as a non-executive director and chair of the boards of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities Europe Limited. The additional fees of CHF 400,000 were awarded to Jean Lanier as Chairman of the Compensation Committee in 2013, a role to which he was appointed as of the 2013 AGM on April 26, 2013.

² Other compensation for the Chairman included pension benefits, lump sum expenses and child and health care allowances.

³ The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period.

⁴ The Chairman and the three committee chairmen received an annual base board fee paid in cash. They also received additional fees paid in cash and/or shares as determined by the Board in the course of the regular compensation process. The additional fees paid to the three committee chairmen covered their regular memberships in other committees that they do not chair. The additional fees awarded to these four individuals for 2013 were paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 28.78.

⁵ Except for the Chairman and the three committee chairmen, members of the Board were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 26, 2013 to May 9, 2014. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for each of the Risk and Compensation Committees. For 2013, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2013 AGM was CHF 26.83.

Board compensation for 2012

in	Base board fee	Committee fee	Additional fees ¹	Other compensation categories ²	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ³
2012/2013 (CHF)										
Urs Rohner, Chairman ⁴	2,500,000	–	2,500,000	234,881	5,234,881	3,984,881	76%	1,250,000	24%	50,772
Peter Brabeck-Letmathe, Vice-Chairman ⁵	400,000	–	–	–	400,000	200,000	50%	200,000	50%	9,026
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	5,641
Robert H. Benmosche ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Iris Bohnet ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Noreen Doyle ⁵	250,000	100,000	182,600	–	532,600	357,600	67%	175,000	33%	7,898
Jean-Daniel Gerber ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Andreas N. Koopmann ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Jean Lanier ⁵	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	11,282
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Aziz R.D. Syriani, Chairman of the Compensation Committee ⁴	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	9,241
David W. Syz ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
Total	6,550,000	1,150,000	5,082,600	234,881	13,017,481	8,514,981	65%	4,502,500	35%	192,020

¹ Includes the additional fees for the full-time Chairman and the three committee chairmen as well as the additional fees paid to Noreen Doyle in 2012 as a non-executive director of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities Europe Limited. The additional fees of CHF 182,600 for Noreen Doyle corresponded to the annual fees of GBP 125,000 which Noreen Doyle received in 2012 as a non-executive director (annual fee of GBP 100,000) and audit committee chair (additional fee of GBP 25,000) of Credit Suisse International and Credit Suisse Securities Europe Limited.

² Other compensation for the Chairman included lump sum expenses, child and health care allowances and pension benefits.

³ The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period.

⁴ The Chairman and the three committee chairmen received an annual base board fee paid in cash. They also received additional fees paid in cash and/or share awards as determined by the Board in the course of the regular compensation process. The additional fees awarded to these four individuals for 2012 were paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 24.62.

⁵ Except for the Chairman and the three committee chairmen, members of the Board were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 26, 2012 to April 27, 2013. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for each of the Risk and Compensation Committees. For 2012, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2012 annual general meeting was CHF 22.16.

Board shareholdings and loans

Board shareholdings

The table below discloses the shareholdings of the Board members, their immediate family and companies in which they have a controlling interest. As of December 31, 2013, there were no Board members with outstanding options.

Board shareholdings by individual

in	2013	2012
December 31 (shares)¹		
Urs Rohner	230,402	244,422
Peter Brabeck-Letmathe	144,186	120,999
Jassim Bin Hamad J.J. Al Thani	17,918	11,790
Iris Bohnet	15,464	7,898
Noreen Doyle	49,014	41,324
Jean-Daniel Gerber	17,701	9,826
Walter B. Kielholz	316,675	292,424
Andreas N. Koopmann	42,569	30,469
Jean Lanier	44,951	43,881
Kai S. Nargolwala	114,666	–
Anton van Rossum	56,464	48,598
Richard E. Thornburgh	212,530	218,456
John Tiner	48,471	24,799
Total	1,311,011	1,094,886^{2,3}

¹ Includes Group shares that are subject to a blocking period of up to four years.

² In addition to the shareholdings shown, the following Board members held an aggregate number of 1,519 mandatory and contingent convertible securities (MACCS): Urs Rohner (395), Peter Brabeck-Letmathe (175), Jassim Bin Hamad J.J. Al Thani (17), Iris Bohnet (11), Walter Kielholz (431), Andreas Koopmann (44), Aziz R.D. Syriani (113), Richard Thornburgh (297) and John Tiner (36); these securities were converted into an aggregate number of 93,247 shares on March 29, 2013 at a conversion price of CHF 16.29 and were settled and delivered in April 2013.

³ Excludes 30,872, 76,774 and 92,745 shares held by Robert H. Benmosche, Aziz R.D. Syriani and David W. Syz, respectively, as of December 31, 2012, who stepped down from the Board as of April 26, 2013.

Board loans

The majority of loans outstanding to members of the Board are mortgages or loans against securities. Such loans are made to Board members on the same terms available to third-party clients. As of December 31, 2013, 2012 and 2011, outstanding loans to

Board members amounted to CHF 55 million, CHF 41 million and CHF 34 million, respectively.

Board members with loans do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Board members who were previously employees of the Group may still have outstanding loans, which were provided at the time that employee conditions applied to them. Unless otherwise noted, all loans to Board members are made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Such loans do not involve more than the normal risk of collectability or present other unfavorable features. In addition to the loans listed below, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current Board members have a significant influence as defined by the US Securities and Exchange Commission (SEC). Examples include holding executive and/or board level roles in these companies. Unless otherwise noted, loans extended by the Group to such companies are also made in the ordinary course of business and at prevailing market conditions. As of December 31, 2013, 2012 and 2011, there was no loan exposure to such related party companies that was not made in the ordinary course of business and at prevailing market conditions.

► Refer to "Banking relationships and related party transactions" in Corporate Governance for further information.

Board loans by individual

in	2013	2012
December 31 (CHF)		
Urs Rohner	4,968,270	5,034,157
Peter Brabeck-Letmathe	40,631,650	27,520,527
Walter B. Kielholz	4,000,000	4,200,000
Andreas N. Koopmann	4,933,650	2,775,000
Richard E. Thornburgh	222,756	–
Total¹	54,756,326	39,529,684²

¹ Includes loans to immediate family members.

² Excludes a loan of CHF 1,500,000 held by David W. Syz as of December 31, 2012, who stepped down from the Board as of April 26, 2013.

DISCONTINUED COMPENSATION PLANS

The Group has discontinued compensation instruments with leverage components. A summary of the principal forms of awards granted in prior years, which have since been discontinued but are still outstanding, is shown in the following overview. For certain plans, the Group retains the right to settle the instruments in cash or in shares at its discretion.

Principal outstanding deferred variable compensation plans

Restricted Cash Awards

- Basis: cash-based;
- Vesting start: 2013;
- Vesting end: 2016;
- Applied to: performance in 2012, which included managing directors in Investment Banking;
- General award conditions: vesting ratably over three years and other restrictive covenants and provisions. Paid in the first quarter of 2013;
- Other award conditions or restrictions: subject to repayment in part or in full if a clawback event occurs, such as voluntary termination or termination for cause during the vesting period;
- Program objective/rationale: promoting retention of senior management.

Plus Bond awards

- Basis: cash-based;
- Vesting start: 2012;
- Vesting end: 2012/2016;
- Applied to: performance in 2012 for managing directors and directors in Investment Banking. Other managing directors and directors were allowed to reallocate a portion of the share awards into Plus Bond awards. Mandatory Plus Bond awards for managing directors and directors in the Investment Banking division were fully vested on grant, subject to cancellation in the event of a termination with cause or where settlement conditions are violated. Vesting in 2016 for employees who elected to reallocate a portion of their share awards to Plus Bond awards;
- General award conditions: awards are linked to the future performance of a portfolio or unrated and sub-investment grade asset-backed securities that are held in inventory by various trading desks in Investment Banking;
- Other award conditions or restrictions: Plus Bond award holders will receive semi-annual cash payments at the rate of ◐ LIBOR plus 7.875% per annum. Holders of Plus Bond awards are subject to a non-compete/non-solicit provision;
- Program objective/rationale: providing employees with a fixed income strategy while transferring risk from the Group to employees thereby contributing to a reduction of ◐ risk-weighted assets.

2011 Partner Asset Facility (PAF2)

- Basis: cash-based;
- Vesting start: 2012;
- Vesting end: March 31, 2012;
- Applied to: performance in 2011, which included managing directors and directors and certain members of the Executive Board;
- General award conditions: the contractual term of a PAF award is four years, but it may be extended to nine years at the election of either the Group or the holders acting collectively. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in the Group's derivative activities. The value of the award (for both the interest accrual and the final redemption) will be reduced if the amount of realized credit losses from a specific reference portfolio exceeds a pre-defined threshold. The Group will bear the first USD 500 million of such losses and the PAF2 holders will bear any losses in excess of USD 500 million, up to the full amount of the deferred compensation awarded;
- Other award conditions or restrictions: PAF2 holders will receive a semi-annual cash interest payment equivalent to an annual return of 5% per annum (Swiss franc-denominated awards) or 6.5% per annum (US dollar-denominated awards) applied to the then current balance of the units. PAF2 holders are subject to a non-compete/non-solicit provision;
- Program objective/rationale: providing employees with a fixed income strategy while transferring risk from the Group to employees thereby contributing to risk reduction and capital efficiency;
- Subsequent activity: PAF2 awards were linked to a portfolio of the Group's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be available. As a result, the Group restructured the awards in March 2014, requiring PAF2 holders to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to one of the following options, or a combination thereof: i) Capital Opportunity Facility: participants elect for their award to be referenced to a Capital Opportunity Facility (COF). The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions to be entered into with the Group chosen by the COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants who elect the COF will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021; and ii) CCA: participants elect to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards. The principal differences between the two forms of CCA are that these CCA are expected to settle approximately one year earlier and provide semi-annual cash payments of interest equivalents at slightly lower rates (4.51% per annum over the six-month Swiss franc LIBOR or 5.07% per annum

over the six-month US dollar LIBOR). Settlement is expected to occur in February 2016, subject to regulatory approvals.

► Refer to [Contingent Capital Awards \(CCA\)](#) in Group compensation for further information.

Adjustable Performance Plan awards

- Basis: cash and share-based;
- Vesting start: 2011;
- Vesting end: 2015;
- Applied to: performance in 2010, which included the Executive Board, managing directors and directors;
- General award conditions: Adjustable Performance Plan awards link awards to future performance through positive and negative adjustments. Vesting ratably over a four-year period;
- Other award conditions or restrictions: for revenue-generating employees in the divisions, Adjustable Performance Plan awards are linked to the financial performance of the specific business areas in which the employees work and the Group reported ROE. For employees in Shared Services and other support functions and all Executive Board members, the awards are linked to the Group's adjusted profit or loss and the Group reported ROE;
- Program objective/rationale: promoting retention of Executive Board members, managing directors and directors.

Scaled Incentive Share Unit (SISU)

- Basis: share-based;
- Vesting start: 2010;
- Vesting end: 2014;
- Applied to: performance in 2009, which included half of the variable compensation awarded to all managing directors and directors across all divisions and Shared Services;
- General award conditions: vesting ratably over a four-year period;
- Other award conditions or restrictions: an SISU is similar to other share-based awards, but offers additional upside depending on the development of the Group share price and the Group reported ROE;
- Program objective/rationale: promoting retention of managing directors and directors.

2008 Partner Asset Facility (PAF)

- Basis: cash-based;
- Vesting start: 2008, 66.7% vested upon grant;
- Vesting end: 33.3% vested in March 2009;
- Applied to: performance in 2008, which included all managing directors and directors in Investment Banking;
- General award conditions: the contractual term of a PAF award is eight years. PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in Investment Banking. The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool as of December 31, 2008, and those assets cannot be substituted throughout the contractual term of the award or until liquidated;
- Other award conditions or restrictions: PAF holders will receive a semi-annual cash interest payment of the LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. They will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool;
- Program objective/rationale: designed to incentivize senior managers in Investment Banking to effectively manage assets which were a direct result of risk taking in Investment Banking during this period. As a result of the PAF program, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

► Refer to ["Note 28 – Employee deferred compensation"](#) in V – Consolidated financial statements – Credit Suisse Group for more information.

V

Consolidated financial statements – Credit Suisse Group

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Report of the Independent Registered Public Accounting Firm

Credit Suisse Group AG, Zurich

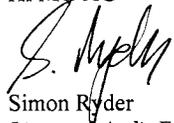
We have audited the accompanying consolidated balance sheets of Credit Suisse Group AG and subsidiaries (the “Group”) as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Group's management and the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 3, 2014 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

KPMG AG


 Simon Ryder
 Licensed Audit Expert
 Auditor in Charge


 Anthony Anzevino
 Global Lead Partner

Zurich, Switzerland
 April 3, 2014

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Consolidated financial statements

Consolidated statements of operations

	Reference to notes	2013	2012	in 2011
Consolidated statements of operations (CHF million)				
Interest and dividend income	6	19,556	22,090	22,976
Interest expense	6	(11,441)	(14,947)	(16,550)
Net interest income	6	8,115	7,143	6,426
Commissions and fees	7	13,226	12,724	12,638
Trading revenues	8	2,739	1,196	5,021
Other revenues	9	1,776	2,548	1,806
Net revenues		25,856	23,611	25,891
Provision for credit losses	10	167	170	187
Compensation and benefits	11	11,256	12,303	13,001
General and administrative expenses	12	8,599	7,246	7,293
Commission expenses		1,738	1,702	1,939
Total other operating expenses		10,337	8,948	9,232
Total operating expenses		21,593	21,251	22,233
Income from continuing operations before taxes		4,096	2,190	3,471
Income tax expense	27	1,276	465	656
Income from continuing operations		2,820	1,725	2,815
Income/(loss) from discontinued operations, net of tax	4	145	(40)	(25)
Net income		2,965	1,685	2,790
Net income attributable to noncontrolling interests		639	336	837
Net income/(loss) attributable to shareholders		2,326	1,349	1,953
of which from continuing operations		2,181	1,389	1,978
of which from discontinued operations		145	(40)	(25)
Basic earnings per share (CHF)				
Basic earnings per share from continuing operations	13	1.14	0.82	1.34
Basic earnings/(loss) per share from discontinued operations	13	0.08	(0.03)	(0.02)
Basic earnings per share	13	1.22	0.79	1.32
Diluted earnings per share (CHF)				
Diluted earnings per share from continuing operations	13	1.14	0.82	1.34
Diluted earnings/(loss) per share from discontinued operations	13	0.08	(0.03)	(0.02)
Diluted earnings per share	13	1.22	0.79	1.32

Consolidated statements of comprehensive income

		2013	2012	in 2011
Comprehensive income (CHF million)				
Net income		2,965	1,685	2,790
Gains/(losses) on cash flow hedges		18	37	(33)
Foreign currency translation		(1,021)	(1,114)	(263)
Unrealized gains/(losses) on securities		(32)	(15)	(18)
Actuarial gains/(losses)		1,044	(50)	(615)
Net prior service credit/(cost)		(95)	248	395
Other comprehensive income/(loss), net of tax		(86)	(894)	(534)
Comprehensive income		2,879	791	2,256
Comprehensive income attributable to noncontrolling interests		525	211	882
Comprehensive income attributable to shareholders		2,354	580	1,374

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets

	Reference to notes	2013	end of 2012
Assets (CHF million)			
Cash and due from banks		68,692	61,763
of which reported at fair value		527	569
of which reported from consolidated VIEs		952	1,750
Interest-bearing deposits with banks		1,515	1,945
of which reported at fair value		311	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	14	160,022	183,455
of which reported at fair value		96,587	113,664
of which reported from consolidated VIEs		1,959	117
Securities received as collateral, at fair value		22,800	30,045
of which encumbered		17,964	17,767
Trading assets, at fair value	15	229,413	256,399
of which encumbered		72,976	70,948
of which reported from consolidated VIEs		3,610	4,697
Investment securities	16	2,987	3,498
of which reported at fair value		2,987	3,498
of which reported from consolidated VIEs		100	23
Other investments	17	10,329	12,022
of which reported at fair value		7,596	8,994
of which reported from consolidated VIEs		1,983	2,289
Net loans	18	247,054	242,223
of which reported at fair value		19,457	20,000
of which encumbered		638	535
of which reported from consolidated VIEs		4,207	6,053
allowance for loan losses		(869)	(922)
Premises and equipment	19	5,091	5,618
of which reported from consolidated VIEs		513	581
Goodwill	20	7,999	8,389
Other intangible assets	21	210	243
of which reported at fair value		42	43
Brokerage receivables		52,045	45,768
Other assets	22	63,065	72,912
of which reported at fair value		31,518	37,275
of which encumbered		722	1,495
of which reported from consolidated VIEs		14,330	14,536
Assets of discontinued operations held-for-sale		1,584	–
Total assets		872,806	924,280

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets (continued)

	Reference to notes	2013	end of 2012
Liabilities and equity (CHF million)			
Due to banks	23	23,108	31,014
of which reported at fair value		1,450	3,413
Customer deposits	23	333,089	308,312
of which reported at fair value		3,252	4,643
of which reported from consolidated VIEs		265	247
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	14	94,032	132,721
of which reported at fair value		76,104	108,784
Obligation to return securities received as collateral, at fair value		22,800	30,045
Trading liabilities, at fair value	15	76,635	90,816
of which reported from consolidated VIEs		93	125
Short-term borrowings		20,193	18,641
of which reported at fair value		6,053	4,513
of which reported from consolidated VIEs		4,286	9,582
Long-term debt	24	130,042	148,134
of which reported at fair value		63,369	65,384
of which reported from consolidated VIEs		12,992	14,532
Brokerage payables		73,154	64,676
Other liabilities	22	51,447	57,637
of which reported at fair value		21,973	26,871
of which reported from consolidated VIEs		710	1,228
Liabilities of discontinued operations held-for-sale		1,140	–
Total liabilities		825,640	881,996
Common shares		64	53
Additional paid-in capital		27,853	23,636
Retained earnings		30,261	28,171
Treasury shares, at cost		(139)	(459)
Accumulated other comprehensive income/(loss)	25	(15,875)	(15,903)
Total shareholders' equity		42,164	35,498
Noncontrolling interests		5,002	6,786
Total equity		47,166	42,284
Total liabilities and equity		872,806	924,280

	Reference to notes	2013	end of 2012
Additional share information			
Par value (CHF)		0.04	0.04
Authorized shares ¹		2,269,616,660	2,118,134,039
Common shares issued	25	1,596,119,349	1,320,829,922
Treasury shares	25	(5,183,154)	(27,036,831)
Shares outstanding	25	1,590,936,195	1,293,793,091

¹ Includes issued shares and unissued shares (conditional, conversion and authorized capital).

Consolidated statements of changes in equity

	Attributable to shareholders							Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	
2013 (CHF million)								
Balance at beginning of period	53	23,636	28,171	(459)	(15,903)	35,498	6,786	42,284
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	216	–	–	–	216	(22)	194
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{1,2}	–	–	–	–	–	–	(2,467)	(2,467)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ²	–	–	–	–	–	–	438	438
Net income/(loss)	–	–	2,326	–	–	2,326	651 ³	2,977
Total other comprehensive income/(loss), net of tax	–	–	–	–	28	28	(114)	(86)
Issuance of common shares	11	4,222	–	–	–	4,233	–	4,233
Sale of treasury shares	–	(50)	–	10,360	–	10,310	–	10,310
Repurchase of treasury shares	–	–	–	(10,202)	–	(10,202)	–	(10,202)
Share-based compensation, net of tax	–	213 ⁴	–	162	–	375	–	375
Financial instruments indexed to own shares ⁵	–	(93)	–	–	–	(93)	–	(93)
Dividends paid	–	(269) ⁶	(236)	–	–	(505)	(59)	(564)
Changes in redeemable noncontrolling interests	–	(13)	–	–	–	(13)	–	(13)
Changes in scope of consolidation, net	–	–	–	–	–	–	(211)	(211)
Other	–	(9)	–	–	–	(9)	–	(9)
Balance at end of period	64	27,853	30,261	(139)	(15,875)	42,164	5,002	47,166
2012 (CHF million)								
Balance at beginning of period	49	21,796	27,053	(90)	(15,134)	33,674	7,411	41,085
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	44	–	–	–	44	(4)	40
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(809)	(809)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	116	116
Net income/(loss)	–	–	1,349	–	–	1,349	347	1,696
Total other comprehensive income/(loss), net of tax	–	–	–	–	(769)	(769)	(125)	(894)
Issuance of common shares	4	1,926	–	–	–	1,930	–	1,930
Sale of treasury shares	–	(3)	–	8,358	–	8,355	–	8,355
Repurchase of treasury shares	–	–	–	(8,859)	–	(8,859)	–	(8,859)
Share-based compensation, net of tax	–	932	–	132	–	1,064	–	1,064
Financial instruments indexed to own shares	–	(9)	–	–	–	(9)	–	(9)
Dividends paid	–	(1,011)	(231)	–	–	(1,242)	(54)	(1,296)
Changes in redeemable noncontrolling interests	–	(7)	–	–	–	(7)	–	(7)
Changes in scope of consolidation, net	–	–	–	–	–	–	(96)	(96)
Other	–	(32)	–	–	–	(32)	–	(32)
Balance at end of period	53	23,636	28,171	(459)	(15,903)	35,498	6,786	42,284

¹ Distributions to owners in funds include the return of original capital invested and any related dividends.

² Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

³ Net income attributable to noncontrolling interests excludes CHF (12) million due to redeemable noncontrolling interests.

⁴ Includes a net tax charge of CHF 24 million from the excess recognized compensation expense over fair value of shares delivered.

⁵ The Group had purchased certain call options on its own shares to economically hedge share-based compensation awards. In accordance with US GAAP, these call options were designated as equity instruments and, as such, were initially recognized in shareholders' equity at their fair values and not subsequently remeasured.

⁶ Paid out of reserves from capital contributions.

Consolidated statements of changes in equity (continued)

	Attributable to shareholders							Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	
2011 (CHF million)								
Balance at beginning of period	47	23,026	25,316	(552)	(14,555)	33,282	9,733	43,015
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	6	–	–	–	6	(106)	(100)
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(3,042)	(3,042)
Sale of subsidiary shares to noncontrolling interests, changing ownership	–	(7)	–	–	–	(7)	7	–
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	522	522
Net income/(loss)	–	–	1,953	–	–	1,953	788	2,741
Total other comprehensive income/(loss), net of tax	–	–	–	–	(579)	(579)	45	(534)
Issuance of common shares	2	1,125	–	–	–	1,127	–	1,127
Sale of treasury shares	–	(102)	–	11,955	–	11,853	–	11,853
Repurchase of treasury shares	–	–	–	(11,790)	–	(11,790)	–	(11,790)
Share-based compensation, net of tax	–	(145)	–	297	–	152	–	152
Financial instruments indexed to own shares	–	164	–	–	–	164	–	164
Dividends paid	–	(1,646)	(216)	–	–	(1,862)	(86)	(1,948)
Changes in redeemable noncontrolling interests	–	(625)	–	–	–	(625)	(140)	(765)
Changes in scope of consolidation	–	–	–	–	–	–	(310)	(310)
Balance at end of period	49	21,796	27,053	(90)	(15,134)	33,674	7,411	41,085

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows

in	2013	2012	2011
Operating activities of continuing operations (CHF million)			
Net income	2,965	1,685	2,790
(Income)/loss from discontinued operations, net of tax	(145)	40	25
Income from continuing operations	2,820	1,725	2,815
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)			
Impairment, depreciation and amortization	1,345	1,294	1,196
Provision for credit losses	167	170	187
Deferred tax provision/(benefit)	695	(255)	170
Share of net income/(loss) from equity method investments	34	80	(45)
Trading assets and liabilities, net	13,961	(14,348)	39,134
(Increase)/decrease in other assets	(6,902)	(1,146)	(7,755)
Increase/(decrease) in other liabilities	9,992	(4,772)	5,859
Other, net	(38)	4,584	(2,939)
Total adjustments	19,254	(14,393)	35,807
Net cash provided by/(used in) operating activities of continuing operations	22,074	(12,668)	38,622
Investing activities of continuing operations (CHF million)			
(Increase)/decrease in interest-bearing deposits with banks	538	184	(732)
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	17,120	46,952	(15,221)
Purchase of investment securities	(677)	(480)	(1,542)
Proceeds from sale of investment securities	176	936	2,118
Maturities of investment securities	832	1,626	2,462
Investments in subsidiaries and other investments	(1,792)	(2,039)	(1,782)
Proceeds from sale of other investments	3,737	3,104	6,784
(Increase)/decrease in loans	(9,126)	(11,022)	(17,237)
Proceeds from sales of loans	1,483	1,090	689
Capital expenditures for premises and equipment and other intangible assets	(903)	(1,242)	(1,739)
Proceeds from sale of premises and equipment and other intangible assets	9	26	11
Other, net	122	3,683	222
Net cash provided by/(used in) investing activities of continuing operations	11,519	42,818	(25,967)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows (continued)

in	2013	2012	2011
Financing activities of continuing operations (CHF million)			
Increase/(decrease) in due to banks and customer deposits	22,463	(12,567)	27,740
Increase/(decrease) in short-term borrowings	6,002	(7,840)	4,098
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(36,347)	(39,958)	7,182
Issuances of long-term debt	39,090	38,405	34,234
Repayments of long-term debt	(55,135)	(55,936)	(37,127)
Issuances of common shares	976	1,930	1,127
Sale of treasury shares	9,764	8,355	11,853
Repurchase of treasury shares	(10,202)	(8,859)	(11,790)
Dividends paid	(564)	(1,296)	(1,948)
Other, net	(468)	394	(2,508)
Net cash provided by/(used in) financing activities of continuing operations	(24,421)	(77,372)	32,861
Effect of exchange rate changes on cash and due from banks (CHF million)			
Effect of exchange rate changes on cash and due from banks	(1,216)	(1,242)	(632)
Net cash provided by/(used in) discontinued operations (CHF million)			
Net cash provided by/(used in) discontinued operations	(1,027)	(346)	222
Net increase/(decrease) in cash and due from banks (CHF million)			
Net increase/(decrease) in cash and due from banks	6,929	(48,810)	45,106
Cash and due from banks at beginning of period	61,763	110,573	65,467
Cash and due from banks at end of period	68,692	61,763	110,573

Supplemental cash flow information

in	2013	2012	2011
Cash paid for income taxes and interest (CHF million)			
Cash paid for income taxes	833	1,073	1,099
Cash paid for interest	11,876	15,004	17,238
Assets acquired and liabilities assumed in business acquisitions (CHF million)			
Fair value of assets acquired	4	2,418	0
Fair value of liabilities assumed	0	2,418	0
Assets and liabilities sold in business divestitures (CHF million)			
Assets sold	374	0	0
Liabilities sold	170	0	0

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The accompanying consolidated financial statements of Credit Suisse Group AG (the Group) are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). The financial year for the Group ends on December 31. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation which had no impact on net income/(loss) or total shareholders' equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the ◻ fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the evaluation of variable interest entities (VIEs), the impairment of assets other than loans, recognition of deferred tax assets, tax uncertainties, pension liabilities, as well as various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

Principles of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries. The Group's subsidiaries are entities in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Group consolidates limited partnerships in cases where it is the general partner or is a limited partner with substantive rights to kick out the general partner or dissolve the partnership and participate in significant decisions made in the ordinary course of business. The Group also consolidates VIEs where the Group is the primary beneficiary in accordance with Accounting Standards Codification (ASC) Topic 810 – Consolidation. The effects of material intercompany transactions and balances have been eliminated.

Where a Group subsidiary is a separate legal entity and determined to be an investment company as defined by ASC Topic 946 – Financial Services – Investment Companies, interests in other entities held by this Group subsidiary are not consolidated and are carried at fair value.

Group entities that qualify as broker-dealer entities as defined by ASC Topic 940 – Financial Services – Brokers and Dealers do not consolidate investments in voting interest entities that would otherwise qualify for consolidation when the investment is held on a temporary basis for trading purposes. In addition, subsidiaries that are strategic components of a broker-dealers' operations are consolidated regardless of holding intent.

Foreign currency translation

Transactions denominated in currencies other than the functional currency of the related entity are recorded by remeasuring them in the functional currency of the related entity using the foreign exchange rate on the date of the transaction. As of the dates of the consolidated balance sheets, monetary assets and liabilities, such as receivables and payables, are reported using the year-end spot foreign exchange rates. Foreign exchange rate differences are recorded in the consolidated statements of operations. Non-monetary assets and liabilities are recorded using the historic exchange rate.

For the purpose of consolidation, the assets and liabilities of Group companies with functional currencies other than Swiss francs are translated into Swiss franc equivalents using year-end spot foreign exchange rates, whereas revenues and expenses are translated using the weighted average foreign exchange rate for the year. Translation adjustments arising from consolidation are included in accumulated other comprehensive income/(loss) (AOCI) within total shareholders' equity. Cumulative translation adjustments are released from AOCI and recorded in the consolidated statements of operations when the Group disposes and loses control of a consolidated foreign subsidiary.

Fair value measurement and option

The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. The fair value option creates an alternative measurement treatment for certain financial assets and financial liabilities. The fair value option can be elected at initial acquisition of the eligible item or at the date when the Group enters into an agreement which gives rise to an eligible item (e.g., a firm commitment or a written loan commitment). If not elected at initial recognition, the fair value option can be applied to an item upon certain triggering events that give rise to a new basis of accounting for that item. The application of the fair value option to a financial asset or a financial liability does not change its classification on the face of the balance sheet and the election is irrevocable. Changes in fair value resulting from the election are recorded in trading revenues.

► Refer to "Fair value option" in Note 34 – Financial instruments for further information.

Cash and due from banks

Cash and due from banks consists of currency on hand, demand deposits with banks or other financial institutions and cash equivalents. Cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less, which are held for cash management purposes.

Reverse repurchase and repurchase agreements

Purchases of securities under resale agreements (◻ reverse repurchase agreements) and securities sold under agreements to repurchase substantially identical securities (◻ repurchase agreements)

do not constitute economic sales and are therefore treated as collateralized financing transactions and are carried in the consolidated balance sheet at the amount of cash disbursed or received, respectively. Reverse repurchase agreements are recorded as collateralized assets while repurchase agreements are recorded as liabilities, with the underlying securities sold continuing to be recognized in trading assets or investment securities. The fair value of securities to be repurchased and resold is monitored on a daily basis, and additional collateral is obtained as needed to protect against credit exposure.

Assets and liabilities recorded under these agreements are accounted for on one of two bases, the accrual basis or the fair value basis. Under the accrual basis, interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are reported in interest and dividend income and interest expense, respectively. The fair value basis of accounting may be elected pursuant to ASC Topic 825 – Financial Instruments, and any resulting change in fair value is reported in trading revenues. Accrued interest income and expense are recorded in the same manner as under the accrual method. The Group has elected the fair value basis of accounting on some of its agreements.

Reverse repurchase and repurchase agreements are netted if they are with the same counterparty, have the same maturity date, settle through the same clearing institution and are subject to the same master netting agreement.

Securities lending and borrowing transactions

Securities borrowed and securities loaned that are cash-collateralized are included in the consolidated balance sheets at amounts equal to the cash advanced or received. If securities received in a securities lending and borrowing transaction as collateral may be sold or repledged, they are recorded as securities received as collateral in the consolidated balance sheet and a corresponding liability to return the security is recorded. Securities lending transactions against non-cash collateral in which the Group has the right to resell or repledge the collateral received are recorded at the fair value of the collateral initially received. For securities lending transactions, the Group receives cash or securities collateral in an amount generally in excess of the market value of securities lent. The Group monitors the fair value of securities borrowed and loaned on a daily basis with additional collateral obtained as necessary.

Fees and interest received or paid are recorded in interest and dividend income and interest expense, respectively, on an accrual basis. In the case where the fair value basis of accounting is elected, any resulting change in fair value is reported in trading revenues. Accrued interest income and expense are recorded in the same manner as under the accrual method.

Transfers of financial assets

The Group transfers various financial assets, which may result in the sale of these assets to special purpose entities (SPEs), which in turn issue securities to investors. The Group values its beneficial interests at fair value using quoted market prices, if such positions

are traded on an active exchange or financial models that incorporate observable and unobservable inputs.

► Refer to “Note 33 – Transfers of financial assets and variable interest entities” for further information on the Group’s transfer activities.

Trading assets and liabilities

Trading assets and liabilities include debt and equity securities, derivative instruments, certain loans held in broker-dealer entities, commodities and precious metals. Items included in the trading portfolio are carried at fair value and classified as held for trading purposes based on management’s intent. Regular-way security transactions are recorded on a trade-date basis. Unrealized and realized gains and losses on trading positions are recorded in trading revenues.

Derivatives

Freestanding ◊ derivative contracts are carried at fair value in the consolidated balance sheets regardless of whether these instruments are held for trading or risk management purposes. Commitments to originate mortgage loans that will be held for sale are considered derivatives for accounting purposes. When derivative features embedded in certain contracts that meet the definition of a derivative are not considered clearly and closely related to the host contract, either the embedded feature is accounted for separately at fair value or the entire contract, including the embedded feature, is accounted for at fair value. In both cases, changes in fair value are recorded in the consolidated statements of operations. If separated for measurement purposes, the derivative is recorded in the same line item in the consolidated balance sheets as the host contract.

Derivatives classified as trading assets and liabilities include those held for trading purposes and those used for risk management purposes that do not qualify for hedge accounting. Derivatives held for trading purposes arise from proprietary trading activity and from customer-based activity. Realized gains and losses, changes in unrealized gains and losses and interest flows are included in trading revenues. Derivative contracts designated and qualifying as fair value hedges, cash flow hedges or net investment hedges are reported as other assets or other liabilities.

The fair value of exchange-traded derivatives is typically derived from observable market prices and/or observable market parameters. Fair values for ◊ over-the-counter (OTC) derivatives are determined on the basis of proprietary models using various input parameters. Derivative contracts are recorded on a net basis per counterparty, where an enforceable master netting agreement exists. Where no such agreement exists, fair values are recorded on a gross basis.

Where hedge accounting is applied, the Group formally documents all relationships between hedging instruments and hedged items, including the risk management objectives and strategy for undertaking hedge transactions. At inception of a hedge and on an ongoing basis, the hedge relationship is formally assessed to determine whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or

cash flows of hedged items attributable to the hedged risk. The Group discontinues hedge accounting prospectively in the following circumstances:

- (i) the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including forecasted transactions);
- (ii) the derivative expires or is sold, terminated or exercised;
- (iii) the derivative is no longer designated as a hedging instrument because it is unlikely that the forecasted transaction will occur; or
- (iv) the designation of the derivative as a hedging instrument is otherwise no longer appropriate.

For derivatives that are designated and qualify as fair value hedges, the carrying value of the underlying hedged items is adjusted to fair value for the risk being hedged. Changes in the fair value of these derivatives are recorded in the same line item of the consolidated statements of operations as the change in fair value of the risk being hedged for the hedged assets or liabilities to the extent the hedge is effective. The change in fair value representing hedge ineffectiveness is recorded separately in trading revenues.

When the Group discontinues fair value hedge accounting because it determines that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried in the consolidated balance sheets at its fair value, and the hedged asset or liability will no longer be adjusted for changes in fair value attributable to the hedged risk. Interest-related fair value adjustments made to the underlying hedged items will be amortized to the consolidated statements of operations over the remaining life of the hedged item. Any unamortized interest-related fair value adjustment is recorded in the consolidated statements of operations upon sale or extinguishment of the hedged asset or liability, respectively. Any other fair value hedge adjustments remain part of the carrying amount of the hedged asset or liability and are recognized in the consolidated statements of operations upon disposition of the hedged item as part of the gain or loss on disposition.

For hedges of the variability of cash flows from forecasted transactions and floating rate assets or liabilities, the effective portion of the change in the fair value of a designated derivative is recorded in AOCI. These amounts are reclassified into the line item in the consolidated statements of operations in which the hedged item is recorded when the variable cash flow from the hedged item impacts earnings (for example, when periodic settlements on a variable rate asset or liability are recorded in the consolidated statements of operations or when the hedged item is disposed of). The change in fair value representing hedge ineffectiveness is recorded separately in trading revenues.

When hedge accounting is discontinued on a cash flow hedge, the net gain or loss will remain in AOCI and be reclassified into the consolidated statements of operations in the same period or periods during which the formerly hedged transaction is reported in the consolidated statements of operations. When the Group discontinues hedge accounting because it is probable that a forecasted

transaction will not occur within the specified date or period plus two months, the derivative will continue to be carried in the consolidated balance sheets at its fair value, and gains and losses that were previously recorded in AOCI will be recognized immediately in the consolidated statements of operations.

For hedges of a net investment in a foreign operation, the change in the fair value of the hedging derivative is recorded in AOCI to the extent the hedge is effective. The change in fair value representing hedge ineffectiveness is recorded in trading revenues. The Group uses the forward method of determining effectiveness for net investment hedges, which results in the time value portion of a foreign currency forward being reported in AOCI to the extent the hedge is effective.

Investment securities

Investment securities include debt securities classified as held-to-maturity and debt and marketable equity securities classified as available-for-sale. Regular-way security transactions are recorded on a trade-date basis.

Debt securities where the Group has the positive intent and ability to hold such securities to maturity are classified as such and are carried at amortized cost, net of any unamortized premium or discount.

Debt and equity securities classified as available-for-sale are carried at fair value. Unrealized gains and losses, which represent the difference between fair value and amortized cost, are recorded in AOCI. Amounts reported in AOCI are net of income taxes.

Amortization of premiums or discounts is recorded in interest and dividend income using the effective yield method through the maturity date of the security.

Recognition of an impairment on debt securities is recorded in the consolidated statements of operations if a decline in fair value below amortized cost is considered other-than-temporary, that is, amounts due according to the contractual terms of the security are not considered collectible, typically due to deterioration in the creditworthiness of the issuer. No impairment is recorded in connection with declines resulting from changes in interest rates to the extent the Group does not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Recognition of an impairment on equity securities is recorded in the consolidated statements of operations if a decline in fair value below the cost basis of an investment is considered other-than-temporary. The Group generally considers unrealized losses on equity securities to be other-than-temporary if the fair value has been below cost for more than six months or by more than 20%.

Recognition of an impairment for debt or equity securities establishes a new cost basis, which is not adjusted for subsequent recoveries.

Unrealized losses on available-for-sale securities are recognized in the consolidated statements of operations when a decision has been made to sell a security.

Other investments

Other investments include equity method investments and non-marketable equity securities such as private equity, hedge funds, and restricted stock investments, certain investments in non-marketable mutual funds for which the Group has neither significant influence nor control over the investee, and real estate held for investment.

Equity method investments are investments where the Group has the ability to significantly influence the operating and financial policies of an investee. Significant influence is typically characterized by ownership of 20% to 50% of the voting stock or in-substance common stock of a corporation or 5% or more of limited partnership interests. Equity method investments are accounted for under the equity method of accounting or the fair value option. Under the equity method of accounting, the Group's share of the profit or loss, as well as any impairment on the investee, if applicable, are reported in other revenues. Under the fair value option, changes in fair value are reported in other revenues. The Group has elected the fair value basis of accounting on some of its equity method investments.

The Group's other non-marketable equity securities are carried at cost less other-than-temporary impairment or at fair value if elected under the fair value option. Non-marketable equity securities held by the Group's subsidiaries that are determined to be investment companies as defined by ASC Topic 946 – Financial Services – Investment Companies are carried at fair value, with changes in fair value recorded in other revenues.

Equity method investments and non-marketable equity securities held by broker-dealer entities as defined by ASC Topic 940 – Financial Services – Brokers and Dealers are measured at fair value and reported in trading assets when the intent of the broker-dealer entity is to hold the asset temporarily for trading purposes. Changes in fair value are reported in trading revenues.

Real estate held for investment purposes is carried at cost less accumulated depreciation and is depreciated over its estimated useful life, generally 40 to 67 years. Land is carried at historical cost and is not depreciated. These assets are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may not be recoverable. Recognition of an impairment on such assets establishes a new cost base, which is not adjusted for subsequent recoveries in value.

In connection with the life finance business, the Group invests in single premium immediate annuities (SPIA), which are carried at fair value with the related fair value changes reported in trading revenues. The life finance business also invests in life settlement contracts.

Loans

Loans held-to-maturity

Loans which the Group intends to hold until maturity are carried at outstanding principal balances plus accrued interest, net of the following items: unamortized premiums, discounts on purchased loans, deferred loan origination fees and direct loan origination

costs on originated loans. Interest income is accrued on the unpaid principal balance and net deferred premiums/discounts and fees/costs are amortized as an adjustment to the loan yield over the term of the related loans.

Loans are divided in two portfolio segments, "consumer" and "corporate & institutional". Consumer loans are disaggregated into the classes of mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans are disaggregated into the classes of real estate, commercial and industrial loans, financial institutions and governments and public institutions.

Lease financing transactions where the Group is the lessor are classified as loans. Unearned income is amortized to interest and dividend income over the lease term using the effective interest method.

In accordance with Group policies, impaired loans include non-performing loans, non-interest-earning loans, restructured loans and potential problem loans.

► Refer to "Note 18 – Loans, allowance for loan losses and credit quality" for further information.

Allowance for loan losses on loans held-to-maturity

The allowance for loan losses is comprised of the following components: probable credit losses inherent in the portfolio and those losses specifically identified. Changes in the allowance for loan losses are recorded in the consolidated statements of operations in provision for credit losses and in interest income (for provisions on past due interest).

The Group evaluates many factors when estimating the allowance for loan losses, including volatility of default probabilities, rating changes, the magnitude of potential loss, internal risk ratings, and geographic, industry and other economic factors. The component of the allowance representing probable losses inherent in the portfolio is for loans not specifically identified as impaired and that, on a portfolio basis, are considered to contain probable inherent loss. The estimate of this component of the allowance for the consumer loans portfolio involves applying historical and current default probabilities, historical recovery experience and related current assumptions to homogenous loans based on internal risk rating and product type. To estimate this component of the allowance for the corporate & institutional loans portfolio, the Group segregates loans by risk, industry or country rating. Excluded from this estimate process are consumer and corporate & institutional loans that have been specifically identified as impaired or are held at fair value. For lending-related commitments, a provision for losses is estimated based on historical loss and recovery experience and recorded in other liabilities. Changes in the estimate of losses for lending-related commitments are recorded in the consolidated statements of operations in provision for credit losses.

The estimate of the component of the allowance for specifically identified credit losses on impaired loans is based on a regular and detailed analysis of each loan in the portfolio considering collateral and counterparty risk. The Group considers a loan impaired when, based on current information and events, it is probable that the Group will be unable to collect the amounts

due according to the contractual terms of the loan agreement. For certain non-collateral-dependent impaired loans, an impairment is measured using the present value of estimated future cash flows, except that as a practical expedient an impairment may be measured based on a loan's observable market price. For collateral-dependent impaired loans, an impairment is measured using the fair value of the collateral.

A loan is classified as non-performing no later than when the contractual payments of principal and/or interest are more than 90 days past due except for subprime residential loans which are classified as non-performing no later than when the contractual payments of principal and/or interest are more than 120 days past due. The additional 30 days ensure that these loans are not incorrectly assessed as non-performing during the time when servicing of them typically is being transferred. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due or, in the case of subprime residential loans, 120 days past due. For non-performing loans, a provision is recorded in an amount equal to any accrued but unpaid interest at the date the loan is classified as non-performing, resulting in a charge to the consolidated statements of operations. In addition, the Group continues to add accrued interest receivable to the loans balance for collection purposes; however, a provision is recorded resulting in no interest income recognition. Thereafter, the outstanding principal balance is evaluated at least annually for collectibility and a provision is established as necessary.

A loan can be further downgraded to non-interest-earning when the collection of interest is considered so doubtful that further accrual of interest is deemed inappropriate. At that time, and on at least a quarterly basis thereafter depending on various risk factors, the outstanding principal balance, net of provisions previously recorded, is evaluated for collectibility and additional provisions are established as required.

Generally, non-performing loans and non-interest-earning loans may be restored to performing status only when delinquent principal and interest are brought up to date in accordance with the terms of the loan agreement and when certain performance criteria are met.

Interest collected on non-performing loans and non-interest-earning loans is accounted for using the cash basis or the cost recovery method or a combination of both.

Loans that were modified in a troubled debt restructuring are reported as restructured loans. Generally, a restructured loan would have been considered impaired and an associated allowance for loan losses would have been established prior to the restructuring. Loans modified in a troubled debt restructuring are reported as restructured loans to the end of the reporting year in which the loan was modified or for as long as an allowance for loan losses based on the terms specified by the restructuring agreement is associated with the restructured loan or an interest concession made at the time of the restructuring exists. In making the determination of whether an interest rate concession has

been made, market interest rates for loans with comparable risk to borrowers of the same credit quality are considered. Loans that have been restructured in a troubled debt restructuring and are performing according to the new terms continue to accrue interest. Loan restructurings may include the receipt of assets in satisfaction of the loan, the modification of loan terms (e.g., reduction of interest rates, extension of maturity dates at a stated interest rate lower than the current market rate for new loans with similar risk, or reduction in principal amounts and/or accrued interest balances) or a combination of both.

Potential problem loans are impaired loans where contractual payments have been received according to schedule, but where doubt exists as to the collection of future contractual payments. Potential problem loans are evaluated for impairment on an individual basis and an allowance for loan losses is established as necessary. Potential problem loans continue to accrue interest.

The amortization of net loan fees or costs on impaired loans is generally discontinued during the periods in which matured and unpaid interest or principal is outstanding. On settlement of a loan, if the loan balance is not collected in full, an allowance is established for the uncollected amount, if necessary, and the loan is then written off, net of any deferred loan fees and costs.

Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. Recoveries of loans previously written off are recorded based on the cash or estimated fair value of other amounts received.

▶ Refer to "Impaired loans" in Note 18 – Loans, allowance for loan losses and credit quality for further information on the write-off of a loan and related accounting policies.

Loans held-for-sale

Loans, which the Group has the intent to sell in the foreseeable future, are considered held-for-sale and are carried at the lower of amortized cost or market value determined on either an individual method basis, or in the aggregate for pools of similar loans if sold or securitized as a pool. Loans held-for-sale are included in other assets. Gains and losses on loans held-for-sale are recorded in other revenues.

Purchased impaired loans

Purchased loans for which it is probable at acquisition that all contractually required payments will not be received are recorded at their net purchase price and no allowances are carried over. The excess of the estimated cash flows to be collected over the amount paid is accreted into interest income over the estimated recovery period when reasonable estimates can be made about the timing and amount of recovery. The Group does not consider such loans to be impaired at the time of acquisition. Such loans are deemed impaired only if the Group's estimate of cash to be received decreases below the estimate at the time of acquisition. Increases in the estimated expected recovery are recorded as a reversal of allowances, if any, and then recognized as an adjustment of the effective yield of the loan.

Loans held at fair value under the fair value option

Loans and loan commitments for which the fair value option is elected are reported at fair value with changes in fair value reported in trading revenues. The application of the fair value option does not change the loan's classification. Loan commitments carried at fair value are recorded in other assets or other liabilities, respectively.

Premises and equipment

Premises are carried at cost less accumulated depreciation and are depreciated on a straight-line basis over their estimated useful lives, generally 40 to 67 years. Land is carried at historical cost and is not depreciated. Alterations and improvements to rented premises are depreciated on a straight-line basis over the shorter of the lease term or estimated useful life, which is not to exceed ten years. Other tangible fixed assets such as computers, machinery, furnishings, vehicles, other equipment and building improvements are depreciated using the straight-line method over their estimated useful lives, generally three to ten years.

The Group capitalizes costs relating to the acquisition, installation and development of software with a measurable economic benefit, but only if such costs are identifiable and can be reliably measured. The Group depreciates capitalized software costs on a straight-line basis over the estimated useful life of the software, generally not exceeding three years, taking into consideration the effects of obsolescence, technology, competition and other economic factors.

The Group reflects finance leasing activities for which it is the lessee by recording an asset in premises and equipment and a corresponding liability in other liabilities at an amount equal to the smaller of the present value of the minimum lease payments or fair value, and the leased asset is depreciated over the shorter of the asset's estimated useful life or the lease term.

Goodwill and other intangible assets

Goodwill arises on the acquisition of subsidiaries and equity method investments. It is measured as the excess of the fair value of the consideration transferred, the fair value of any noncontrolling interest in the acquiree and the fair value of any previously held equity interest in the acquired subsidiary, over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized, rather it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Goodwill is allocated to the Group's reporting units for the purposes of the impairment test.

Other intangible assets may be acquired individually or as part of a group of assets assumed in a business combination. Other intangible assets include but are not limited to: patents, licenses, copyrights, trademarks, branch networks, mortgage servicing rights, customer base and deposit relationships. Acquired intangible assets are initially measured at the amount of cash disbursed or the fair value of other assets distributed. Other intangible assets that have a finite useful life are amortized over that period. Other

intangible assets acquired after January 1, 2002, that are determined to have an indefinite useful life, are not amortized; rather they are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the indefinite intangible asset may be impaired. Mortgage servicing rights are included in non-amortizing other intangible assets and are carried at fair value, with changes in fair value recognized through earnings in the period in which they occur. Mortgage servicing rights represent the right to perform specified mortgage servicing activities on behalf of third parties. Mortgage servicing rights are either purchased from third parties or retained upon sale of acquired or originated loans.

Recognition of an impairment on tangible fixed assets and finite intangible assets

The Group evaluates premises and equipment and finite intangible assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the asset is considered not to be recoverable, an impairment is recorded in general and administrative expenses to the extent the fair value of the asset is less than its carrying amount. Recognition of an impairment on such assets establishes a new cost base, which is not adjusted for subsequent recoveries in value.

Income taxes

Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities at the dates of the consolidated balance sheets and their respective tax bases. Deferred tax assets and liabilities are computed using currently enacted tax rates and are recorded in other assets and other liabilities, respectively. Income tax expense or benefit is recorded in income tax expense/(benefit), except to the extent the tax effect relates to transactions recorded directly in total shareholders' equity. Deferred tax assets are reduced by a valuation allowance, if necessary, to the amount that management believes will more likely than not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates in the period in which changes are approved by the relevant authority. Deferred tax assets and liabilities are presented on a net basis for the same tax-paying component within the same tax jurisdiction.

The Group follows the guidance in ASC Topic 740 – Income Taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Group determines whether it is more likely than not that an income tax position will be sustained upon examination based on the technical merits of the position. Sustainable income tax positions are then measured to determine the amount of benefit eligible for recognition in the consolidated financial statements. Each such sustainable income tax position is measured at the largest amount of benefit that is more likely than not to be realized upon ultimate settlement.

Life settlement contracts

Life settlement contracts are initially recognized at the transaction price and subsequently carried at fair value unless the Group elects to apply the investment method. The contracts that are not accounted for under the investment method are carried at fair value and are recorded in trading assets.

Under the investment method, the contracts are initially recognized at the transaction price plus any directly related external costs and are recorded in other investments. Subsequently, all continuing premium payments made are capitalized unless the aggregated carrying value exceeds fair value, in which case an impairment allowance is established so that the carrying value does not exceed fair value.

Brokerage receivables and brokerage payables

The Group recognizes receivables and payables from transactions in financial instruments purchased from and sold to customers, banks, and broker-dealers. The Group is exposed to risk of loss resulting from the inability of counterparties to pay for or deliver financial instruments purchased or sold, in which case the Group would have to sell or purchase, respectively, these financial instruments at prevailing market prices. To the extent an exchange or clearing organization acts as counterparty to a transaction, credit risk is generally considered to be limited. The Group establishes credit limits for each customer and requires them to maintain margin collateral in compliance with applicable regulatory and internal guidelines. In order to conduct trades with an exchange or a third-party bank, the Group is required to maintain a margin. This is usually in the form of cash and deposited in a separate margin account with the exchange or broker. If available information indicates that it is probable that a brokerage receivable is impaired, an allowance is established. Write-offs of brokerage receivables occur if the outstanding amounts are considered uncollectible.

Other assets

Derivative instruments used for hedging

Derivative instruments are carried at fair value. The fair values of derivative instruments held for hedging are included as other assets or other liabilities in the consolidated balance sheets. The accounting treatment used for changes in fair value of hedging derivatives depends on the designation of the derivative as either a fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation. Changes in fair value representing hedge ineffectiveness are reported in trading revenues.

Long-term debt

Total long-term debt is comprised of debt issuances which do not contain derivative features (vanilla debt), as well as hybrid debt instruments with embedded derivatives, which are issued as part of the Group's structured product activities. Long-term debt includes both Swiss franc and foreign currency denominated fixed and variable rate bonds.

The Group actively manages the interest rate risk on vanilla debt through the use of derivative contracts, primarily interest rate

and currency swaps. In particular, fixed rate debt is hedged with receive-fixed, pay-floating interest rate swaps. The Group elected to fair value this fixed rate debt upon implementation of the fair value option on January 1, 2007, with changes in fair value recognized as a component of trading revenues. The Group did not elect to apply the fair value option to fixed-rate debt issued by the Group since January 1, 2008 and instead applies hedge accounting per the guidance of ASC Topic 815 – Derivatives and Hedging.

The Group's long-term debt also includes various equity-linked and other indexed instruments with embedded derivative features, whose payments and redemption values are linked to commodities, stocks, indices, currencies or other assets. The Group elected to account for substantially all of these instruments at fair value. Changes in the fair value of these instruments are recognized as a component of trading revenues.

Other liabilities

Guarantees

In cases where the Group acts as a guarantor, the Group recognizes in other liabilities, at the inception of a guarantee, a liability for the fair value of the obligations undertaken in issuing such a guarantee, including its ongoing obligation to perform over the term of the guarantee in the event that certain events or conditions occur.

Pensions and other post-retirement benefits

The Group uses the projected unit credit actuarial method to determine the present value of its projected benefit obligations (PBO) and the current and past service costs or credits related to its defined benefit and other post-retirement benefit plans. The measurement date used to perform the actuarial valuation is December 31.

Certain key assumptions are used in performing the actuarial valuations. These assumptions must be made concerning the future events that will determine the amount and timing of the benefit payments and thus require significant judgment and estimates by Group management. Among others, assumptions have to be made with regard to discount rates, expected return on plan assets and salary increases.

The assumed discount rates reflect the rates at which the pension benefits could be effectively settled. These rates are determined based on yields of high-quality corporate bonds currently available and are expected to be available during the period to maturity of the pension benefits. In countries where no deep market in high-quality corporate bonds exists, the estimate is based on governmental bonds adjusted to include a risk premium reflecting the additional risk for corporate bonds.

The expected long-term rate of return on plan assets is determined on a plan-by-plan basis, taking into account asset allocation, historical rate of return, benchmark indices for similar-type pension plan assets, long-term expectations of future returns and investment strategy.

Health care cost trend rates are determined by reviewing external data and the Group's own historical trends for health care

costs. Salary increases are determined by reviewing external data and considering internal projections.

The funded status of the Group's defined benefit post-retirement and pension plans is recognized in the consolidated balance sheets.

Actuarial gains and losses in excess of 10% of the greater of the PBO or the market value of plan assets and unrecognized prior service costs or credits are amortized to net periodic pension and other post-retirement benefit costs on a straight-line basis over the average remaining service life of active employees expected to receive benefits.

The Group records pension expense for defined contribution plans when the employee renders service to the company, essentially coinciding with the cash contributions to the plans.

Share-based compensation

For all share-based awards granted to employees and existing awards modified on or after January 1, 2005, compensation expense is measured at grant date or modification date based on the fair value of the number of awards for which the requisite service is expected to be rendered and is recognized in the consolidated statements of operations over the required service period on a straight-line basis. For all outstanding unvested share-based awards as of January 1, 2005, compensation expense is measured based on the original grant date fair value of the award and is recognized over the remaining requisite service period of each award on a straight-line basis.

The Group uses the tax law ordering approach to determine the portion of the total tax expense that relates to windfall tax benefits that are to be recorded in additional paid-in capital. In addition, it elected to use the practical transition option in determining the amount of windfall tax benefits recorded in additional paid-in capital arising on awards that were fully vested prior to January 1, 2005.

Compensation expense for share-based awards that vest in annual installments (graded vesting), which only contain a service condition that affects vesting, is recognized on a straight-line basis over the service period for the entire award. However, if such awards contain a performance condition, then each installment is expensed as if it were a separate award ("front-loaded" expense recognition). Furthermore, recognition of compensation expense is accelerated to the date an employee becomes eligible for retirement. For awards granted to employees eligible for retirement prior to January 1, 2005, the Group's policy is to record compensation expense over the requisite service period.

Certain share-based awards also contain a performance condition, where the number of shares the employee is to receive is dependent on the performance (e.g., net income or return on equity (ROE)) of the Group or a division of the Group. If the employee is also required to provide the service stipulated in the award terms, the amount of compensation expense attributed to the incremental additional units expected to be received at vesting due to this performance condition is estimated on the grant date and subsequent changes in this estimate are recorded in the

consolidated statements of operations over the remaining service period.

When awards contain market conditions, where the number of shares the employee receives varies based on changes in the Group share price, the incremental amount of extra shares the employee is expected to receive due to the market condition is estimated on the grant date and the total compensation expense is not adjusted thereafter for changes in the Group share price.

Certain employees own non-substantive equity interests in the form of carried interests in private equity funds managed by the Group. Expenses recognized under these ownership interests are reflected in the consolidated statements of operations in compensation and benefits.

The Group has certain option plans outstanding, primarily related to 1999 and prior years, which include a cash settlement feature. For those plans, liability award accounting is applied until settlement of the awards.

Own shares, own bonds and financial instruments on own shares

The Group may buy and sell own shares, own bonds and financial instruments on own shares within its normal trading and market-making activities. In addition, the Group may hold its own shares to satisfy commitments arising from employee share-based compensation awards. Own shares are recorded at cost and reported as treasury shares, resulting in a reduction to total shareholders' equity. Financial instruments on own shares are recorded as assets or liabilities or as equity when the criteria for equity classification are met. Dividends received by subsidiaries on own shares and unrealized and realized gains and losses on own shares classified in total shareholders' equity are excluded from the consolidated statements of operations.

Any holdings of bonds issued by any Group entity are eliminated in the consolidated financial statements.

Net interest income

Interest income and interest expense arising from interest-bearing assets and liabilities other than those carried at fair value or the lower of cost or market are accrued, and any related net deferred premiums, discounts, origination fees or costs are amortized as an adjustment to the yield over the life of the related asset and liability. Interest from debt securities and dividends on equity securities carried as trading assets and trading liabilities are recorded in interest and dividend income.

► [Refer to Loans for further information on interest on loans.](#)

Commissions and fees

Fee revenue is recognized when all of the following criteria have been met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectibility is reasonably assured. Fee income can be divided into two broad categories: income earned from services that are provided over a certain period of time, for which customers are generally billed on an annual or semi-annual basis, and income earned from

providing transaction-type services. Fees earned from services that are provided over a certain period of time are recognized ratably over the service period. Fees earned from providing transaction-type services are recognized when the service has been completed. Performance-linked fees or fee components are recognized at any contractual measurement date when the contractually agreed thresholds are met.

Revenues from underwriting and fees from mergers and acquisitions (M&A) and other corporate finance advisory services are recorded at the time the underlying transactions are substantially completed and there are no other contingencies associated with the fees.

Transaction-related expenses are deferred until the related revenue is recognized, assuming they are deemed direct and incremental; otherwise, they are expensed as incurred. Underwriting fees are reported net of related expenses. Expenses associated with financial advisory services are recorded in operating expenses unless reimbursed by the client.

In circumstances where the Group contracts to provide multiple products, services or rights to a counterparty, an evaluation

is made as to whether separate revenue recognition events have occurred. This evaluation considers the stand-alone value of items already delivered and if there is a right of return or warranties on delivered items and services, and the probability of delivery of remaining undelivered items or services. This evaluation is made on a transaction-by-transaction basis.

If the criteria noted are met, then the transaction is considered a multiple-deliverable arrangement where revenue recognition is determined separately for each deliverable. The consideration received on the total arrangement is allocated to the multiple deliverables based on the selling price of each deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence or third-party evidence is available.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis.

2 Recently issued accounting standards

Recently adopted accounting standards

ASC Topic 210 – Balance Sheet

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-11, “Disclosures about Offsetting Assets and Liabilities” (ASU 2011-11), an update to ASC Topic 210 – Balance Sheet. The amendments in ASU 2011-11 require an entity to prepare additional disclosures about offsetting and related arrangements. In January 2013, the FASB issued ASU 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities” (ASU 2013-01), an update to ASC Topic 210 – Balance Sheet. ASU 2013-01 clarifies the scope of ASU 2011-11. The adoption of ASU 2011-11 and ASU 2013-01 on January 1, 2013 did not have an impact on the Group’s financial position, results of operations or cash flows.

▶ Refer to “Note 26 – Offsetting of financial assets and financial liabilities” for further information.

ASC Topic 220 – Comprehensive Income

In January 2013, the FASB issued ASU 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (ASU 2013-02), an update to ASC Topic 220 – Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of AOCI by component. The adoption of ASU 2013-02 on January 1, 2013 did not have an impact on the Group’s financial position, results of operations or cash flows.

▶ Refer to “Note 25 – Accumulated other comprehensive income and additional share information” for further information.

In June 2011, the FASB issued ASU 2011-05, “Presentation of Comprehensive Income” (ASU 2011-05), an update to ASC Topic 220 – Comprehensive Income. ASU 2011-05 provides an entity with the option to present total comprehensive income either in a single continuous statement or in two separate but consecutive statements. The adoption of ASU 2011-05 on January 1, 2012 did not have an impact on the Group’s financial position, results of operations or cash flows.

ASC Topic 350 – Intangibles – Goodwill and Other

In September 2011, the FASB issued ASU 2011-08, “Testing Goodwill for Impairment” (ASU 2011-08), an update to ASC Topic 350 – Intangibles – Goodwill and Other. The amendments in ASU 2011-08 permit an entity to qualitatively assess whether the fair value of the reporting unit is less than the carrying amount. Based on the qualitative assessment, if an entity determines that it is more likely than not that the fair value of the reporting unit is less than the carrying amount, then the entity must perform step one of the goodwill impairment test by calculating the fair value of the reporting unit and comparing the fair value to the carrying amount of the reporting unit. If the carrying amount of the reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. The adoption of ASU 2011-08 on January 1, 2012 did not have a material impact on the Group’s financial position, results of operations or cash flows.

ASC Topic 360 – Property, Plant and Equipment

In December 2011, the FASB issued ASU 2011-10, “Derecognition of in Substance Real Estate – a Scope Clarification, a consensus of the FASB Emerging Issues Task Force” (ASU 2011-10), an update to ASC Topic 360 – Property, Plant and Equipment. ASU 2011-10 specifies that the guidance in ASC Subtopic 360-20, Property, Plant and Equipment – Real Estate Sales, would apply to an entity that ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary’s non-recourse debt. The adoption of ASU 2011-10 on July 1, 2012 did not have a material impact on the Group’s financial position, results of operations or cash flows.

ASC Topic 820 – Fair Value Measurement

In May 2011, the FASB issued ASU 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs” (ASU 2011-04), an update to ASC Topic 820 – Fair Value Measurement. The amendments in ASU 2011-04 include clarifications about the application of existing fair value measurement requirements and changes to principles for measuring fair value. ASU 2011-04 also requires additional disclosures about fair value measurements. The adoption of ASU 2011-04 on January 1, 2012 did not have a material impact on the Group’s financial position, results of operations or cash flows.

► Refer to “Note 34 – Financial Instruments” for further information.

ASC Topic 830 – Foreign Currency Matters

In March 2013, the FASB issued ASU 2013-05, “Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity” (ASU 2013-05), an update to ASC Topic 830 – Foreign Currency Matters. The amendments provide guidance for the treatment of the cumulative translation adjustment when an entity ceases to hold a controlling

financial interest in a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective prospectively for interim and annual reporting periods beginning after December 15, 2013 with early adoption permitted. The Group elected to early adopt ASU 2013-05 on January 1, 2013 which did not have a material impact on the Group’s financial position, results of operations or cash flows.

ASC Topic 860 – Transfers and Servicing

In April 2011, the FASB issued ASU 2011-03, “Reconsideration of Effective Control for Repurchase Agreements” (ASU 2011-03), an update to ASC Topic 860 – Transfers and Servicing. Prior guidance prescribed when an entity may or may not recognize a sale upon the transfer of financial assets subject to repurchase agreements. That determination was based, in part, on whether the entity has maintained effective control over the transferred financial assets. ASU 2011-03 removed from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The adoption of ASU 2011-03 on January 1, 2012 did not have a material impact on the Group’s financial position, results of operations or cash flows.

Standards to be adopted in future periods**ASC Topic 946 – Financial Services – Investment Companies**

In June 2013, the FASB issued ASU 2013-08, “Amendments to the Scope, Measurement, and Disclosure Requirements” (ASU 2013-08), an update to Topic 946 – Financial Services – Investment Companies. The amendments change the approach to the investment company assessment in Topic 946, clarify the characteristics of an investment company and provide comprehensive guidance for assessing whether an entity is an investment company. The adoption of ASU 2013-08 on January 1, 2014 did not have a material impact on the Group’s financial position, results of operations or cash flows.

3 Business developments, significant shareholders and subsequent events

The Group's significant business developments for the 2013 as well as the Group's significant shareholders are discussed below.

Business developments

Divestitures

The following divestiture occurred in 2013 and was not presented as a discontinued operation:

In August 2013, the Group completed the sale of JO Hambro resulting in net releases of CHF 84 million in cumulative translation adjustments, which does not include the net gain on sale of CHF 28 million, reflected in Private Banking & Wealth Management.

► Refer to "Note 4 – Discontinued operations" for further information on business divestitures.

► Refer to "Note 25 – Accumulated other comprehensive income and additional share information" for further information.

Mergers and acquisitions

Credit Suisse announced an agreement to acquire Morgan Stanley's private wealth management businesses in the Europe, Middle East and Africa (EMEA) region, excluding Switzerland. The business is based in the UK, Italy and Dubai, serving predominantly international ◊ ultra-high-net-worth individuals (UHNWI) and ◊ high-net-worth individual (HNWI) clients cross Europe. The acquisition, which was structured as an asset purchase for the businesses involved, partially closed in December 2013 and is expected to be completed during the course of 2014.

Introduction of non-strategic units

In the fourth quarter of 2013, the Group created non-strategic units within its Private Banking & Wealth Management and Investment Banking divisions and separated non-strategic items in the Corporate Center to further accelerate its reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on its strategic businesses and growth initiatives.

Significant shareholders

In a disclosure notification that the Group published on April 6, 2013, the Group was notified that as of February 25, 2013, The Olayan Group, through its registered entity Crescent Holding GmbH, held 88.5 million shares, or 6.7%, of the registered Group shares issued as of the date of the notified transaction. No further

disclosure notification was received from The Olayan Group relating to holdings of registered Group shares in 2013.

In a disclosure notification that the Group published on October 31, 2013, the Group was notified that as of October 23, 2013, Qatar Investment Authority, through its registered entity Qatar Holding LLC, held 82.0 million shares, or 5.2%, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification was received from Qatar Investment Authority relating to holdings of registered Group shares in 2013.

In a disclosure notification that the Group published on November 9, 2013, the Group was notified that as of November 4, 2013, Harris Associates L.P. held 81.5 million shares, or 5.2%, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification was received from Harris Associates L.P. relating to holdings of registered Group shares in 2013.

Subsequent events

In March 2014, the Group completed the spin-off of its DLJ Merchant Banking Partners business for no consideration to an entity controlled by members of current management. The Group will retain certain carried interest rights.

In March 2014, the Group required employees who hold outstanding 2011 Partner Asset Facility (PAF2) awards to reallocate their PAF2 awards. PAF2 awards were linked to a portfolio of the Group's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be available. As a result, the Group terminated the PAF2 awards and exchanged them at fair value for other compensation awards.

► Refer to "Note 28 – Employee deferred compensation" for further information on the reallocation of PAF2 awards.

On March 21, 2014, the Group entered into an agreement with the Federal Housing Finance Agency (FHFA) to settle litigation claims related to the sale of approximately USD 16.6 billion of residential mortgage-backed securities between 2005 and 2007. Under the terms of the agreement, the Group will pay USD 885 million to resolve all claims in two pending securities lawsuits filed by the FHFA against Credit Suisse.

On April 3, 2014, the Group announced that its previously reported 2013 results were updated to reflect additional litigation provisions in connection with the US tax matter.

► Refer to "Note 38 – Litigation" for further information.

4 Discontinued operations

In July 2013, the Group completed the sale of its exchange-traded funds (ETF) business to BlackRock and recognized a pre-tax gain on disposal of CHF 146 million in the third quarter of 2013 net of allocated goodwill of CHF 72 million. The sale price received by the Group may increase through future contingent payments, if specified thresholds are met. BlackRock is a company unrelated to the Group.

In August 2013, the Group announced the sale of Customized Fund Investment Group (CFIG), its private equity fund of funds and co-investment business, to Grosvenor Capital Management. This transaction was completed in January 2014 and related gains of approximately CHF 90 million will be recognized in the first quarter of 2014. As of December 31, 2013, CFIG had total assets of CHF 31 million that were held-for-sale. The Group will continue to hold investments in, and have unfunded commitments to, investment funds managed by CFIG. Grosvenor Capital Management is a company unrelated to the Group.

In August 2013, the Group completed the sale of Strategic Partners, its dedicated secondary private equity business, to Blackstone and recognized a pre-tax gain on disposal of CHF 91 million in the third quarter of 2013 net of allocated goodwill of CHF 37 million. The Group will continue to receive carried interest from (and guarantee related claw-back obligations), hold limited partner interests in, and have unfunded commitments to, investment funds managed by Strategic Partners. The Group will also continue to guarantee minimum investment returns to certain third-party investors under existing side letter agreements. Blackstone is a company unrelated to the Group.

In December 2013, the Group completed the spin-off of DLJ Investment Partners, a dedicated private equity mezzanine investment business of the Group, to Portfolio Advisors, LLC with no gain or loss from disposal and insignificant impact on net revenues, operating expenses and net income/(loss) from discontinued operations for any of the periods reported. Portfolio Advisors, LLC is a company unrelated to the Group.

In December 2013, the Group announced the sale of its domestic private banking business booked in Germany (German private banking business) to ABN AMRO. This transaction is subject to customary closing conditions and is expected to close in the course of 2014. As of December 31, 2013, the German private banking business had total assets and liabilities of CHF 1,553 million and CHF 1,140 million, respectively, that were held-for-sale. ABN AMRO is a company unrelated to the Group.

Assets held-for-sale

end of	2013
German private banking business (CHF million)	
Cash	960
Loans	575
Other assets	18
Total assets held-for-sale	1,553
CFIG (CHF million)	
Fees receivable	8
Goodwill	23
Total assets held-for-sale	31
Group (CHF million)	
Total assets held-for-sale	1,584

Liabilities held-for-sale

end of	2013
German private banking business (CHF million)	
Deposits	1,118
Other liabilities	22
Total liabilities held-for-sale	1,140
Group (CHF million)	
Total liabilities held-for-sale	1,140

For the operations discontinued in 2013, the revenues, expenses and gains from disposals were included in the results of the Private Banking & Wealth Management segment. The reclassification of these revenues and expenses from the segment results to discontinued operations for Group reporting was effected through the Corporate Center.

The results of operations of the businesses sold have been reflected in income/(loss) from discontinued operations in the consolidated statements of operations for the relevant periods presented. The assets and liabilities of discontinued operations for which the sale has not yet been completed are presented as assets of discontinued operations held-for-sale and liabilities of discontinued operations held-for-sale, respectively, and prior periods are not reclassified.

Income/(loss) from discontinued operations

in	2013	2012	2011
Operations-related (CHF million)			
Net revenues	233	288	284
of which German private banking business	52	54	61
of which ETF business	29	53	36
of which Strategic Partners	33	60	42
of which CFG	114	116	127
Operating expenses	158	296	294
of which German private banking business	71	108	98
of which ETF business	23	49	50
of which Strategic Partners	8	38	30
of which CFG	51	88	98
Income tax expense/(benefit)	38	32	15
of which German private banking business	(6)	2	(11)
of which ETF business	5	2	(2)
of which Strategic Partners	10	15	7
of which CFG	29	16	21
Income/(loss), net of tax	37	(40)	(25)
of which German private banking business	(13)	(56)	(26)
of which ETF business	1	2	(12)
of which Strategic Partners	15	7	5
of which CFG	34	12	8
Transaction-related (CHF million)			
Gain on disposal	237	-	-
of which ETF business	146	-	-
of which Strategic Partners	91	-	-
Transaction-related expenses	93	-	-
of which ETF business	11	-	-
of which Strategic Partners	22	-	-
of which CFG	56	-	-
Income tax expense/(benefit)	36	-	-
of which ETF business	21	-	-
of which Strategic Partners	40	-	-
of which CFG	(24)	-	-
Income/(loss), net of tax	108	-	-
of which ETF business	114	-	-
of which Strategic Partners	29	-	-
of which CFG	(32)	-	-
Discontinued operations – total (CHF million)			
Income/(loss) from discontinued operations, net of tax	145	(40)	(25)
of which German private banking business	(13)	(56)	(26)
of which ETF business	115	2	(12)
of which Strategic Partners	44	7	5
of which CFG	2	12	8

5 Segment information

The Group is a global financial services company domiciled in Switzerland. The Group's business consists of two segments: Private Banking & Wealth Management and Investment Banking. The two segments are complemented by Shared Services, which provides support in the areas of finance, operations, human resources, legal and compliance, risk management and IT.

The segment information reflects the Group's reportable segments as follows:

- Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Wealth Management Clients serves ◉ UHNWI and ◉ HNWI around the globe in addition to affluent and retail clients in Switzerland. Corporate & Institutional Clients serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across asset classes and for all investment styles, serving governments, institutions, corporations and individuals worldwide.
- Investment Banking offers investment banking and securities products and services to corporate, institutional and government clients around the world. Its products and services include debt and equity underwriting, sales and trading, M&A advice, divestitures, corporate sales, restructuring and investment research.

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Noncontrolling interest-related revenues and expenses resulting from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest (SEI) in such revenues and expenses are reported as noncontrolling interests without SEI. The consolidation of these entities does not affect net income attributable to shareholders as the amounts recorded in net revenues and total operating expenses are offset by corresponding amounts reported as noncontrolling interests. In addition, the Group's tax expense is not affected by these revenues and expenses.

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis.

The aim of revenue-sharing and cost allocation agreements is to reflect the pricing structure of unrelated third-party transactions.

Corporate services and business support in finance, operations, human resources, legal and compliance, risk management and IT are provided by the Shared Services area. Shared Services costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

Funding

The Group centrally manages its funding activities. New securities for funding and capital purposes are issued primarily by Credit Suisse AG, the Swiss bank subsidiary of the Group (the Bank). The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to capitalize on opportunities. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital.

Transfer pricing, using market rates, is used to record net revenues and expenses in each of the segments for this capital and funding. The Group's funds transfer pricing system is designed to allocate to its businesses funding costs in a way that incentivizes their efficient use of funding. The Group's funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet usages and off-balance sheet contingencies. The funds transfer pricing framework ensures the full funding costs allocation under normal business conditions, but it is of even greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this framework, the Group's businesses are also credited to the extent they provide long-term stable funding.

Taxes

The Group's segments are managed and reported on a pre-tax basis.

Net revenues and income/(loss) from continuing operations before taxes

in	2013	2012	2011
Net revenues (CHF million)			
Private Banking & Wealth Management	13,442	13,474	13,397
Investment Banking	12,565	12,558	10,460
Corporate Center	(790)	(2,781)	1,238
Noncontrolling interests without SEI	639	360	796
Net revenues	25,856	23,611	25,891
Income/(loss) from continuing operations before taxes (CHF million)			
Private Banking & Wealth Management	3,240	3,775	2,961
Investment Banking	1,719	2,002	(593)
Corporate Center	(1,455)	(3,889)	391
Noncontrolling interests without SEI	592	302	712
Income from continuing operations before taxes	4,096	2,190	3,471

Total assets

end of	2013	2012
Total assets (CHF million)		
Private Banking & Wealth Management	279,139	275,683
Investment Banking	502,799	563,758
Corporate Center	87,244	80,733
Noncontrolling interests without SEI	3,624	4,106
Total assets	872,806	924,280

Beginning in the first quarter of 2013, segment assets exclude intra-group balances between the segments. Prior period has been reclassified to conform to the current presentation.

Net revenues and income/(loss) from continuing operations before taxes by geographic location

in	2013	2012	2011
Net revenues (CHF million)			
Switzerland	8,035	8,769	8,546
EMEA	4,744	3,243	6,429
Americas	10,810	9,763	9,182
Asia Pacific	2,267	1,836	1,734
Net revenues	25,856	23,611	25,891
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	642	1,680	455
EMEA	157	(1,581)	1,350
Americas	3,365	2,915	2,586
Asia Pacific	(68)	(824)	(920)
Income from continuing operations before taxes	4,096	2,190	3,471

The designation of net revenues and income/(loss) from continuing operations before taxes is based on the location of the office recording the transactions. This presentation does not reflect the way the Group is managed.

Total assets by geographic location

end of	2013	2012
Total assets (CHF million)		
Switzerland	200,044	199,595
EMEA	194,675	222,483
Americas	398,198	421,418
Asia Pacific	79,889	80,784
Total assets	872,806	924,280

The designation of total assets by region is based upon customer domicile.

6 Net interest income

in	2013	2012	2011
Net interest income (CHF million)			
Loans	4,843	4,861	4,863
Investment securities	45	64	97
Trading assets	10,057	11,945	11,695
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	2,517	2,940	3,265
Other	2,094	2,280	3,056
Interest and dividend income	19,556	22,090	22,976
Deposits	(978)	(1,345)	(1,675)
Short-term borrowings	(132)	(184)	(69)
Trading liabilities	(5,083)	(6,833)	(7,125)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(1,156)	(1,677)	(1,621)
Long-term debt	(3,846)	(4,632)	(5,659)
Other	(246)	(276)	(401)
Interest expense	(11,441)	(14,947)	(16,550)
Net interest income	8,115	7,143	6,426

7 Commissions and fees

in	2013	2012	2011
Commissions and fees (CHF million)			
Lending business	1,814	1,513	1,296
Investment and portfolio management	3,944	3,715	3,768
Other securities business	106	110	120
Fiduciary business	4,050	3,825	3,888
Underwriting	1,647	1,561	1,479
Brokerage	3,933	3,686	4,055
Underwriting and brokerage	5,580	5,247	5,534
Other services	1,782	2,139	1,920
Commissions and fees	13,226	12,724	12,638

8 Trading revenues

in	2013	2012	2011
Trading revenues (CHF million)			
Interest rate products	1,025	2,707	6,794
Foreign exchange products	1,203	559	(4,433)
Equity/index-related products	956	140	1,645
Credit products	(879)	(3,306)	522
Commodity, emission and energy products	340	198	361
Other products	94	898	132
Trading revenues	2,739	1,196	5,021

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

Trading revenues includes revenues from trading financial assets and liabilities as follows:

- Equities;
- Commodities;
- Listed and ◊ OTC derivatives;
- ◊ Derivatives linked to funds of hedge funds and providing financing facilities to funds of hedge funds;
- Market making in the government bond and associated OTC derivative swap markets;
- Domestic, corporate and sovereign debt, convertible and non-convertible preferred stock and short-term securities such as floating rate notes and ◊ commercial paper (CP);
- Market making and positioning in foreign exchange products;
- Credit derivatives on investment grade and high yield credits;
- Trading and securitizing all forms of securities that are based on underlying pools of assets; and
- Life settlement contracts.

Trading revenues also includes changes in the ◊ fair value of financial assets and liabilities elected to fair value under US GAAP. The main components include certain instruments from the following categories:

- Central bank funds purchased/sold;
- Securities purchased/sold under resale/◊ repurchase agreements;
- Securities borrowing/lending transactions;
- Loans and loan commitments; and
- Customer deposits, short-term borrowings and long-term debt.

Managing the risks

As a result of the Group's broad involvement in financial products and markets, its trading strategies are correspondingly diverse and exposures are generally spread across a diversified range of risk factors and locations. The Group uses an economic capital limit structure to limit overall risk taking. The level of risk incurred by its divisions is further restricted by a variety of specific limits, including consolidated controls over trading exposures. Also, as part of its overall risk management, the Group holds a portfolio of economic hedges. Hedges are impacted by market movements, similar to trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designed to economically hedge. The Group manages its trading risk with regard to both market and credit risk. For market risk, it uses tools capable of calculating comparable exposures across its many activities, as well as focused tools that can specifically model unique characteristics of certain instruments or portfolios.

The principal measurement methodology for trading assets, as well as most instruments for which the fair value option was elected, is ◊ value-at-risk. The Group holds securities as collateral and enters into ◊ credit default swaps (CDS) to mitigate the credit risk on these products.

9 Other revenues

in	2013	2012	2011
Other revenues (CHF million)			
Noncontrolling interests without SEI	658	336	701
Loans held-for-sale	(5)	(37)	(4)
Long-lived assets held-for-sale	30	458	(40)
Equity method investments	251	150	141
Other investments	315	749	457
Other	527	892	551
Other revenues	1,776	2,548	1,806

10 Provision for credit losses

in	2013	2012	2011
Provision for credit losses (CHF million)			
Provision for loan losses	166	159	141
Provision for lending-related and other exposures	1	11	46
Provision for credit losses	167	170	187

11 Compensation and benefits

in	2013	2012	2011
Compensation and benefits (CHF million)			
Salaries and variable compensation	9,678	10,717	11,286
Social security	778	769	865
Other ¹	800	817	850
Compensation and benefits²	11,256	12,303	13,001

¹ Includes pension and other post-retirement expense of CHF 490 million, CHF 532 million and CHF 610 million in 2013, 2012 and 2011, respectively.

² Includes severance and other compensation expense relating to headcount reductions of CHF 218 million, CHF 456 million and CHF 715 million in 2013, 2012 and 2011, respectively.

12 General and administrative expenses

in	2013	2012	2011
General and administrative expenses (CHF million)			
Occupancy expenses	1,186	1,220	1,122
IT, machinery, etc.	1,517	1,469	1,448
Provisions and losses	2,136	694	704
Travel and entertainment	355	394	441
Professional services	1,952	1,919	2,060
Goodwill impairment	12	0	0
Amortization and impairment of other intangible assets	25	36	30
Other	1,416	1,514	1,488
General and administrative expenses	8,599	7,246	7,293

13 Earnings per share

in	2013	2012	2011
Basic net income attributable to shareholders (CHF million)			
Income from continuing operations	2,181	1,389	1,978
Income/(loss) from discontinued operations, net of tax	145	(40)	(25)
Net income attributable to shareholders	2,326	1,349	1,953
Preferred securities dividends	(236)	(231)	(216)
Net income attributable to shareholders for basic earnings per share	2,090	1,118	1,737
Available for common shares	1,868	1,044	1,641
Available for unvested share-based payment awards	152	66	96
Available for mandatory convertible securities ¹	70	8	–
Diluted net income attributable to shareholders (CHF million)			
Net income attributable to shareholders for basic earnings per share	2,090	1,118	1,737
Income impact of assumed conversion on contracts that may be settled in shares or cash ²	–	–	–
Net income attributable to shareholders for diluted earnings per share	2,090	1,118	1,737
Available for common shares	1,868	1,044	1,641
Available for unvested share-based payment awards	152	66	96
Available for mandatory convertible securities ¹	70	8	–
Weighted-average shares outstanding (million)			
Weighted-average shares outstanding for basic earnings per share available for common shares	1,532.9	1,320.4	1,239.3
Dilutive contracts that may be settled in shares or cash ³	–	–	–
Dilutive share options and warrants	1.4	4.9	2.9
Dilutive share awards	1.2	1.8	5.3
Weighted-average shares outstanding for diluted earnings per share available for common shares⁴	1,535.5	1,327.1	1,247.5
Weighted-average shares outstanding for basic/diluted earnings per share available for unvested share-based payment awards	125.0	97.3	72.6
Weighted-average shares outstanding for basic/diluted earnings per share available for mandatory convertible securities¹	63.0	97.1	–
Basic earnings per share available for common shares (CHF)			
Basic earnings per share from continuing operations	1.14	0.82	1.34
Basic earnings/(loss) per share from discontinued operations	0.08	(0.03)	(0.02)
Basic earnings per share available for common shares	1.22	0.79	1.32
Diluted earnings per share available for common shares (CHF)			
Diluted earnings per share from continuing operations	1.14	0.82	1.34
Diluted earnings/(loss) per share from discontinued operations	0.08	(0.03)	(0.02)
Diluted earnings per share available for common shares	1.22	0.79	1.32

Prior periods have been adjusted to reflect the increase in the number of shares outstanding that arose from the 2013 stock dividend, as required under US GAAP.

¹ Reflects MACCS issued in July 2012 that were mandatorily convertible into shares on March 29, 2013, which shares were settled and delivered on April 8, 2013.

² Reflects changes in the fair value of the PAF2 units which are reflected in the net profit of the Group until the awards are finally settled. Fair value of the PAF2 units which are reflected in the net profit of the Group are not adjusted for 2013 and 2012, respectively, as the effect would be antidilutive.

³ Reflects weighted-average shares outstanding on PAF2 units. Weighted-average shares on PAF2 units for 2013 and 2012, respectively, were excluded from the diluted earnings per share calculation, as the effect would be antidilutive.

⁴ Weighted-average potential common shares relating to instruments that were not dilutive for the respective periods (and therefore not included in the diluted earnings per share calculation above) but could potentially dilute earnings per share in the future were 35.9 million, 50.3 million and 37.3 million for 2013, 2012 and 2011, respectively.

14 Securities borrowed, lent and subject to repurchase agreements

end of	2013	2012
Securities borrowed or purchased under agreements to resell (CHF million)		
Central bank funds sold and securities purchased under resale agreements	100,244	121,242
Deposits paid for securities borrowed	59,778	62,213
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	160,022	183,455
Securities lent or sold under agreements to repurchase (CHF million)		
Central bank funds purchased and securities sold under repurchase agreements	86,828	120,164
Deposits received for securities lent	7,204	12,557
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	94,032	132,721

Repurchase and reverse repurchase agreements represent collateralized financing transactions used to earn net interest income, increase liquidity or facilitate trading activity. These instruments are collateralized principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time.

In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides the Group with the right to liquidate the collateral held. In the Group's normal course of business, substantially all of the collateral received that may be sold or repledged has been sold or repledged as of December 31, 2013 and 2012.

15 Trading assets and liabilities

end of	2013	2012
Trading assets (CHF million)		
Debt securities	110,116	135,871
Equity securities ¹	76,695	74,895
Derivative instruments ²	31,603	33,208
Other	10,999	12,425
Trading assets	229,413	256,399
Trading liabilities (CHF million)		
Short positions	40,161	51,303
Derivative instruments ²	36,474	39,513
Trading liabilities	76,635	90,816

¹ Including convertible bonds.

² Amounts shown net of cash collateral receivables and payables.

Cash collateral on derivative instruments

end of	2013	2012
Cash collateral – netted (CHF million)¹		
Cash collateral paid	23,870	36,662
Cash collateral received	20,500	33,373
Cash collateral – not netted (CHF million)²		
Cash collateral paid	8,359	10,904
Cash collateral received	11,663	12,224

¹ Recorded as cash collateral netting on derivative instruments in Note 26 – Offsetting of financial assets and financial liabilities.

² Recorded as cash collateral on derivative instruments in Note 22 – Other assets and other liabilities.

16 Investment securities

end of	2013	2012
Investment securities (CHF million)		
Securities available-for-sale	2,987	3,498
Total investment securities	2,987	3,498

Investment securities by type

end of	2013				2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Investment securities by type (CHF million)								
Debt securities issued by Swiss federal, cantonal or local governmental entities	389	15	2	402	452	31	0	483
Debt securities issued by foreign governments	1,350	39	1	1,388	1,523	82	0	1,605
Corporate debt securities	590	16	0	606	823	22	0	845
Collateralized debt obligations	480	11	1	490	448	22	0	470
Debt securities available-for-sale	2,809	81	4	2,886	3,246	157	0	3,403
Banks, trust and insurance companies	74	18	0	92	73	14	0	87
Industry and all other	9	0	0	9	8	0	0	8
Equity securities available-for-sale	83	18	0	101	81	14	0	95
Securities available-for-sale	2,892	99	4	2,987	3,327	171	0	3,498

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
2013 (CHF million)						
Debt securities issued by Swiss federal, cantonal or local governmental entities	168	2	0	0	168	2
Debt securities issued by foreign governments	109	1	0	0	109	1
Collateralized debt obligations	10	1	0	0	10	1
Debt securities available-for-sale	287	4	0	0	287	4

Management determined that the unrealized losses on debt securities are primarily attributable to general market interest rate, credit spread or exchange rate movements. There were no unrealized losses on investment securities in 2012. No significant impairment

charges were recorded as the Group does not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	2013		2012		2011	
	Debt securities	Equity securities	Debt securities	Equity securities	Debt securities	Equity securities
Additional information (CHF million)						
Proceeds from sales	163	13	294	642	2,117	1
Realized gains	7	1	14	294	40	0
Realized losses	0	0	(2)	0	(22)	0

Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
2013 (CHF million)			
Due within 1 year	543	547	1.43
Due from 1 to 5 years	1,702	1,760	2.11
Due from 5 to 10 years	475	491	2.13
Due after 10 years	89	88	1.46
Total debt securities	2,809	2,886	1.96

17 Other investments

end of	2013	2012
Other investments (CHF million)		
Equity method investments	2,043	2,167
Non-marketable equity securities ¹	6,032	7,296
Real estate held for investment	600	687
Life finance instruments ²	1,654	1,872
Total other investments	10,329	12,022

¹ Includes private equity, hedge funds and restricted stock investments as well as certain investments in non-marketable mutual funds for which the Group has neither significant influence nor control over the investee.

² Includes life settlement contracts at investment method and SPIA contracts.

Non-marketable equity securities held by subsidiaries that are considered investment companies are held by separate legal entities that are within the scope of ASC Topic 946 – Financial Services – Investment Companies. In addition, non-marketable equity securities held by subsidiaries that are considered broker-dealer entities are held by separate legal entities that are within the scope of ASC Topic 940 – Financial Services – Brokers and Dealers. Non-marketable equity securities include investments in entities that regularly calculate net asset value (NAV) per share or its equivalent.

► Refer to “Note 34 – Financial instruments” for further information on such investments.

Substantially all non-marketable equity securities are carried at fair value. There were no non-marketable equity securities not carried at fair value that have been in a continuous unrealized loss position.

The Group performs a regular impairment analysis of real estate portfolios. The carrying values of the impaired properties were written down to their respective fair values, establishing a new cost base. For these properties, the fair values were measured based on either discounted cash flow analyses or external market appraisals. Impairments of CHF 48 million, CHF 13 million and CHF 3 million were recorded in 2013, 2012 and 2011, respectively.

The accumulated depreciation related to real estate held for investment amounted to CHF 340 million, CHF 330 million and CHF 327 million for 2013, 2012 and 2011, respectively.

18 Loans, allowance for loan losses and credit quality

Loans are divided in two portfolio segments, “consumer” and “corporate & institutional”. Consumer loans are disaggregated into the classes of mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans are disaggregated into the classes of real estate, commercial and industrial loans, financial institutions and governments and public institutions.

The determination of the loan classes is primarily driven by the customer segmentation in the two business divisions, Private Banking & Wealth Management and Investment Banking, both of which are engaged in credit activities.

The Group assigns both counterparty and transaction ratings to its credit exposures. The counterparty rating reflects the probability of default (PD) of the counterparty. The transaction rating reflects the expected loss, considering collateral, on a given transaction if the counterparty defaults. Credit risk is assessed and monitored on the single obligor and single obligation level as well as on the credit portfolio level as represented by the classes of loans. Credit limits are used to manage counterparty credit risk.

Loans

end of	2013	2012
Loans (CHF million)		
Mortgages	94,978	91,872
Loans collateralized by securities	31,565	27,363
Consumer finance	5,938	6,901
Consumer	132,481	126,136
Real estate ¹	27,312	25,801
Commercial and industrial loans ¹	63,334	63,028
Financial institutions ¹	21,840	25,902
Governments and public institutions ¹	3,047	2,337
Corporate & institutional	115,533	117,068
Gross loans	248,014	243,204
of which held at amortized cost	228,557	223,204
of which held at fair value	19,457	20,000
Net (unearned income)/deferred expenses	(91)	(59)
Allowance for loan losses	(869)	(922)
Net loans	247,054	242,223
Gross loans by location (CHF million)		
Switzerland	151,992	151,226
Foreign	96,022	91,978
Gross loans	248,014	243,204
Impaired loan portfolio (CHF million)		
Non-performing loans	862	859
Non-interest-earning loans	281	313
Total non-performing and non-interest-earning loans	1,143	1,172
Restructured loans	6	30
Potential problem loans	340	527
Total other impaired loans	346	557
Gross impaired loans	1,489	1,729

¹ Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions, and from governments and public institutions to commercial and industrial loans, respectively.

Allowance for loan losses

	2013			2012			2011		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)									
Balance at beginning of period	288	634	922	289	621	910	279	738	1,017
Changes in scope of consolidation	0	(1)	(1)	(18)	0	(18)	0	0	0
Net movements recognized in statements of operations	76	90	166	95	64	159	87	54	141
Gross write-offs	(123)	(163)	(286)	(105)	(96)	(201)	(124)	(175)	(299)
Recoveries	24	30	54	22	22	44	39	2	41
Net write-offs	(99)	(133)	(232)	(83)	(74)	(157)	(85)	(173)	(258)
Provisions for interest	5	21	26	8	21	29	2	12	14
Foreign currency translation impact and other adjustments, net	(3)	(9)	(12)	(3)	2	(1)	6	(10)	(4)
Balance at end of period	267	602	869	288	634	922	289	621	910
of which individually evaluated for impairment	217	437	654	239	457	696	222	428	650
of which collectively evaluated for impairment	50	165	215	49	177	226	67	193	260
Gross loans held at amortized cost (CHF million)									
Balance at end of period	132,470	96,087	228,557	126,124	97,080	223,204	121,401	92,262	213,663
of which individually evaluated for impairment ¹	569	920	1,489	661	1,068	1,729	665	1,053	1,718
of which collectively evaluated for impairment	131,901	95,167	227,068	125,463	96,012	221,475	120,736	91,209	211,945

¹ Represents gross impaired loans both with and without a specific allowance.

Purchases, reclassifications and sales

in	2013			2012			2011		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Loans held at amortized cost (CHF million)									
Purchases ¹	0	4,611	4,611	348	4,605	4,953	0	4,121	4,121
Reclassifications from loans held-for-sale ²	0	275	275	0	216	216	0	0	0
Reclassifications to loans held-for-sale ³	0	996	996	0	1,323	1,323	0	1,363	1,363
Sales ³	0	698	698	0	1,058	1,058	0	1,117	1,117

¹ Includes drawdowns under purchased loan commitments.

² Includes loans previously reclassified to held-for-sale that were not sold and were reclassified back to loans held-to-maturity.

³ All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

Credit quality of loans held at amortized cost

Management monitors the credit quality of loans through its credit risk management processes, which are structured to assess, quantify, measure, monitor and manage risk on a consistent basis. This process requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Management evaluates many factors when assessing the credit quality of loans. These factors include the volatility of default probabilities, rating changes, the magnitude of potential loss, internal risk ratings, and geographic, industry and other economic factors. For the purpose of credit quality disclosures, the Group uses internal risk ratings as credit quality indicators.

The Group employs a set of credit ratings for the purpose of internally rating counterparties. Credit ratings are intended to reflect the risk of default of each obligor or counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

Internal ratings are assigned to all loans reflecting the Group's internal view of the credit quality of the obligor. Internal ratings may differ from a counterparty's external ratings, if one is available. Internal ratings are reviewed at least annually. For the calculation of internal risk estimates and ◉ risk-weighted assets, a PD is assigned to each loan. For corporate & institutional loans excluding corporates managed on the Swiss platform, the PD is

determined by the internal credit rating. The PD for each rating is calibrated based on historic default experience, using external data from Standard & Poor's, and backtested to ensure consistency with internal experience. For corporates managed on the Swiss platform and consumer loans, the PD is calculated directly by proprietary statistical rating models, which are based on internally compiled data comprising both quantitative factors (primarily loan-to-value ratio and the borrower's income level for mortgage lending, and balance sheet information for corporates) and qualitative factors (e.g., credit histories from credit reporting bureaus). In this case, an equivalent rating is assigned for reporting purposes, based on the PD band associated with each rating.

◉ Reverse repurchase agreements are fully collateralized and in the event of counterparty default the reverse repurchase agreement provides the Group the right to liquidate the collateral held. The Group risk manages these instruments on the basis of the value of the underlying collateral, as opposed to loans, which are risk managed on the ability of the counterparty to repay. Therefore the underlying collateral coverage is the most appropriate credit quality indicator for reverse repurchase agreements. Also, the Group has elected the ◉ fair value option for the majority of its reverse repurchase agreements. As such, reverse repurchase agreements have not been included in the following tables.

The following tables present the Group's recorded investment in loans held at amortized cost by internal counterparty credit ratings that are used as credit quality indicators for the purpose of this disclosure, and a related aging analysis.

Gross loans held at amortized cost by internal counterparty rating

end of	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Total
2013 (CHF million)											
Mortgages	302	2,257	17,398	57,033	16,857	883	39	0	0	209	94,978
Loans collateralized by securities	182	349	4,214	24,497	2,131	90	2	6	0	94	31,565
Consumer finance	0	14	226	2,501	1,952	824	43	0	119	248	5,927
Consumer	484	2,620	21,838	84,031	20,940	1,797	84	6	119	551	132,470
Real estate	1,344	1,050	3,511	13,669	6,897	322	0	1	0	72	26,866
Commercial and industrial loans	183	740	1,901	21,232	23,131	3,621	232	6	6	671	51,723
Financial institutions	1,319	1,706	4,041	5,625	2,440	776	14	1	0	112	16,034
Governments and public institutions	78	324	178	440	148	73	223	0	0	0	1,464
Corporate & institutional	2,924	3,820	9,631	40,966	32,616	4,792	469	8	6	855	96,087
Gross loans held at amortized cost	3,408	6,440	31,469	124,997	53,556	6,589	553	14	125	1,406	228,557
Value of collateral ¹	2,553	5,046	28,186	116,971	45,376	3,372	102	1	10	616	202,233
2012 (CHF million)											
Mortgages	387	730	12,176	58,491	19,255	599	13	9	0	212	91,872
Loans collateralized by securities	79	57	948	23,357	2,728	92	6	1	0	95	27,363
Consumer finance	0	6	100	3,324	2,065	901	39	0	129	325	6,889
Consumer	466	793	13,224	85,172	24,048	1,592	58	10	129	632	126,124
Real estate ²	333	374	2,199	14,537	7,762	195	0	0	0	55	25,455
Commercial and industrial loans ²	166	325	1,580	22,040	23,070	3,467	209	1	47	763	51,668
Financial institutions ²	2,288	2,087	4,661	5,260	3,566	382	0	33	14	147	18,438
Governments and public institutions	131	50	360	521	127	101	229	0	0	0	1,519
Corporate & institutional	2,918	2,836	8,800	42,358	34,525	4,145	438	34	61	965	97,080
Gross loans held at amortized cost	3,384	3,629	22,024	127,530	58,573	5,737	496	44	190	1,597	223,204
Value of collateral ¹	2,918	2,616	19,526	116,583	48,342	3,210	189	44	15	791	194,234

¹ Includes the value of collateral up to the amount of the outstanding related loans. For mortgages, collateral values are generally values at the time of granting the loan.

² Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions.

Value of collateral

In Private Banking & Wealth Management, all collateral values for loans are regularly reviewed according to our risk management policies and directives, with maximum review periods determined by market liquidity, market transparency and appraisal costs. For example, traded securities are revalued on a daily basis and property values are appraised over a period of more than one year considering the characteristics of the borrower, current developments in the relevant real estate market and the current level of credit exposure to the borrower. If the credit exposure to a borrower has changed significantly, in volatile markets or in times of increasing general market risk, collateral values may be appraised more frequently. Management judgment is applied in assessing

whether markets are volatile or general market risk has increased to a degree that warrants a more frequent update of collateral values. Movements in monitored risk metrics that are statistically different compared to historical experience are considered in addition to analysis of externally-provided forecasts, scenario techniques and macro-economic research. For impaired loans, the fair value of collateral is determined within 90 days of the date the impairment was identified and thereafter regularly revalued by Group credit risk management within the impairment review process.

In Investment Banking, few loans are collateral dependent. The collateral values for these loans are appraised on at least an annual basis, or when a loan-relevant event occurs.

Gross loans held at amortized cost – aging analysis

end of	Current				Past due		Total
	Up to 30 days	31–60 days	61–90 days	More than 90 days	Total		
2013 (CHF million)							
Mortgages	94,657	103	26	25	167	321	94,978
Loans collateralized by securities	31,365	95	2	12	91	200	31,565
Consumer finance	5,218	377	93	55	184	709	5,927
Consumer	131,240	575	121	92	442	1,230	132,470
Real estate	26,774	19	2	2	69	92	26,866
Commercial and industrial loans	50,879	343	77	74	350	844	51,723
Financial institutions	15,841	87	2	1	103	193	16,034
Governments and public institutions	1,459	5	0	0	0	5	1,464
Corporate & institutional	94,953	454	81	77	522	1,134	96,087
Gross loans held at amortized cost	226,193	1,029	202	169	964	2,364	228,557
2012 (CHF million)							
Mortgages	91,527	156	17	11	161	345	91,872
Loans collateralized by securities	27,034	220	3	3	103	329	27,363
Consumer finance	6,116	420	90	52	211	773	6,889
Consumer	124,677	796	110	66	475	1,447	126,124
Real estate ¹	25,296	107	2	2	48	159	25,455
Commercial and industrial loans ¹	50,407	720	27	138	376	1,261	51,668
Financial institutions ¹	18,205	53	2	34	144	233	18,438
Governments and public institutions	1,484	35	0	0	0	35	1,519
Corporate & institutional	95,392	915	31	174	568	1,688	97,080
Gross loans held at amortized cost	220,069	1,711	141	240	1,043	3,135	223,204

¹ Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions.

Impaired loans

Categories of impaired loans

In accordance with Group policies, impaired loans include non-performing loans, non-interest-earning loans, restructured loans and potential problem loans.

► Refer to “Loans” in Note 1 – Summary of significant accounting policies for further information on categories of impaired loans.

As of December 31, 2013 and 2012, loans held-to-maturity carried at amortized cost did not include any subprime residential

mortgages. Accordingly, impaired loans did not include any subprime residential mortgages. As of December 31, 2013 and 2012, the Group did not have any material commitments to lend additional funds to debtors whose loan terms had been modified in troubled debt restructurings.

In 2013, 2012 and 2011 the number of troubled debt restructurings and related financial effects and the number of defaults and related carrying values of loans, which had been restructured within the previous 12 months, were not material.

Gross impaired loans by category

end of	Non-performing and non-interest-earning loans			Other impaired loans			Total
	Non-performing loans	Non-interest-earning loans	Total	Restructured loans	Potential problem loans	Total	
2013 (CHF million)							
Mortgages	167	13	180	0	45	45	225
Loans collateralized by securities	20	71	91	0	4	4	95
Consumer finance	244	5	249	0	0	0	249
Consumer	431	89	520	0	49	49	569
Real estate	53	15	68	0	5	5	73
Commercial and industrial loans	307	144	451	6	258	264	715
Financial institutions	71	33	104	0	28	28	132
Corporate & institutional	431	192	623	6	291	297	920
Gross impaired loans	862	281	1,143	6	340	346	1,489
2012 (CHF million)							
Mortgages	154	16	170	0	69	69	239
Loans collateralized by securities	18	74	92	0	3	3	95
Consumer finance	315	10	325	0	2	2	327
Consumer	487	100	587	0	74	74	661
Real estate	46	5	51	0	15	15	66
Commercial and industrial loans	268	170	438	30	373	403	841
Financial institutions	58	38	96	0	65	65	161
Corporate & institutional	372	213	585	30	453	483	1,068
Gross impaired loans	859	313	1,172	30	527	557	1,729

Write-off and recovery of loans

Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. In Investment Banking, a loan is written down to its net book value once the loan provision is greater than 80% of the loan notional amount, unless repayment of the loan is anticipated to occur within the next two quarters. In Private Banking & Wealth Management, write-offs are made, based on an individual counterparty assessment performed by Group credit risk management, if it is certain that parts of a loan will not be recoverable. For collateralized loans, the collateral is assessed and the unsecured exposure is written-off. Write-offs on uncollateralized loans are based on the borrower's ability to pay back the outstanding loan out of free cash flow. The Group evaluates the recoverability of the loans granted, if a

borrower is expected to default wholly or partly on its payment obligations or to meet these only with third-party support. Adjustments are made to reflect the estimated realizable value of the loan or any collateral. Triggers to assess the creditworthiness of a borrower to absorb the adverse developments include for example i) a default on interest or principal payments by more than 90 days, ii) a waiver of interest or principal by the Group, iii) a downgrade of the loan to non-interest-earning, iv) the collection of the debt through seizure order, bankruptcy proceedings or realization of collateral, or v) the insolvency of the borrower. Based on such assessment, Group credit risk management evaluates the need for write-offs individually and on an ongoing basis.

Recoveries of loans previously written off are recorded based on the cash or estimated fair value of other amounts received.

Gross impaired loan details

end of	2013			2012		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
Gross impaired loan detail (CHF million)						
Mortgages	207	197	28	206	197	32
Loans collateralized by securities	67	63	55	68	66	53
Consumer finance	231	211	134	302	280	154
Consumer	505	471	217	576	543	239
Real estate	71	65	15	63	55	22
Commercial and industrial loans	705	656	340	715	677	342
Financial institutions	131	127	82	157	155	93
Corporate & institutional	907	848	437	935	887	457
Gross impaired loans with a specific allowance	1,412	1,319	654	1,511	1,430	696
Mortgages	18	18	–	33	33	–
Loans collateralized by securities	28	28	–	27	28	–
Consumer finance	18	18	–	25	25	–
Consumer	64	64	–	85	86	–
Real estate	2	2	–	3	3	–
Commercial and industrial loans	10	10	–	126	128	–
Financial institutions	1	1	–	4	4	–
Corporate & institutional	13	13	–	133	135	–
Gross impaired loans without specific allowance	77	77	–	218	221	–
Gross impaired loans	1,489	1,396	654	1,729	1,651	696
of which consumer	569	535	217	661	629	239
of which corporate & institutional	920	861	437	1,068	1,022	457

Gross impaired loan details (continued)

in	2013			2012			2011		
	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis
Gross impaired loan detail (CHF million)									
Mortgages	204	1	1	217	1	1	222	1	0
Loans collateralized by securities	70	2	2	68	1	0	82	1	0
Consumer finance	256	0	0	277	3	3	276	2	1
Consumer	530	3	3	562	5	4	580	4	1
Real estate	72	1	1	58	0	0	47	1	1
Commercial and industrial loans	748	5	5	620	3	2	871	7	6
Financial institutions	136	0	0	201	2	2	160	0	0
Governments and public institutions	0	0	0	6	0	0	6	0	0
Corporate & institutional	956	6	6	885	5	4	1,084	8	7
Gross impaired loans with a specific allowance	1,486	9	9	1,447	10	8	1,664	12	8
Mortgages	26	0	0	40	0	0	94	0	0
Loans collateralized by securities	27	0	0	8	0	0	4	0	0
Consumer finance	22	0	0	41	0	0	19	0	0
Consumer	75	0	0	89	0	0	117	0	0
Real estate	11	0	0	13	0	0	74	5	5
Commercial and industrial loans	59	0	0	215	3	3	149	1	0
Financial institutions	2	0	0	8	0	0	19	0	0
Corporate & institutional	72	0	0	236	3	3	242	6	5
Gross impaired loans without specific allowance	147	0	0	325	3	3	359	6	5
Gross impaired loans	1,633	9	9	1,772	13	11	2,023	18	13
of which consumer	605	3	3	651	5	4	697	4	1
of which corporate & institutional	1,028	6	6	1,121	8	7	1,326	14	12

Allowance for specifically identified credit losses on impaired loans

The Group considers a loan impaired when, based on current information and events, it is probable that the Group will be unable to collect the amounts due according to the contractual terms of the loan agreement. The Group performs an in-depth review and analysis of impaired loans considering factors such as recovery and exit options as well as collateral and counterparty risk. In general, all impaired loans are individually assessed. For consumer loans, the trigger to detect an impaired loan is non-payment of interest. Corporate & institutional loans are reviewed at least annually based on the borrower's financial statements and any indications of difficulties they may experience. Loans that are not impaired, but which are of special concern due to changes in covenants, downgrades, negative financial news and other adverse developments, are included on a watch list. All loans on the watch list are reviewed at least quarterly to determine whether they should

be moved to Group recovery management, at which point they are reviewed quarterly for impairment. If an individual loan specifically identified for evaluation is considered impaired, the allowance is determined as a reasonable estimate of credit losses existing as of the end of the reporting period. Thereafter, the allowance is revalued by Group credit risk management at least annually or more frequently depending on the risk profile of the borrower or credit relevant events. For certain non-collateral-dependent impaired loans, an impairment is measured using the present value of estimated future cash flows, except that as a practical expedient an impairment may be measured based on a loan's observable market price. If the present value of estimated future cash flows is used, the impaired loan and related allowance are revalued at least quarterly to reflect passage of time. For collateral-dependent impaired loans, an impairment is measured using the fair value of the collateral.

19 Premises and equipment

end of	2013	2012
Premises and equipment (CHF million)		
Buildings and improvements	2,415	2,429
Land	491	501
Leasehold improvements	2,043	2,174
Software	5,740	5,324
Equipment	2,370	3,160
Premises and equipment	13,059	13,588
Accumulated depreciation	(7,968)	(7,970)
Total premises and equipment, net	5,091	5,618

Depreciation and impairment

in	2013	2012	2011
CHF million			
Depreciation	1,236	1,229	1,078
Impairment	65	17	87

In 2011, the estimated useful lives for leasehold and building improvements in Switzerland were increased from five to ten years, based on a change in estimate. The cumulative effect of adopting

this change in estimate on January 1, 2011 was a decrease in depreciation expense of CHF 64 million (CHF 56 million after tax).

20 Goodwill

	2013			2012		
	Private Banking & Wealth Management	Investment Banking	Credit Suisse Group	Private Banking & Wealth Management	Investment Banking	Credit Suisse Group
Gross amount of goodwill (CHF million)						
Balance at beginning of period	2,409	6,062	8,471	2,471	6,202	8,673
Goodwill acquired during the year	3	0	3	28	0	28
Discontinued operations	(127)	0	(127)	0	0	0
Foreign currency translation impact	(73)	(141)	(214)	(54)	(138)	(192)
Other	(36)	(4)	(40)	(36)	(2)	(38) ¹
Balance at end of period	2,176	5,917	8,093	2,409	6,062	8,471
Accumulated impairment (CHF million)						
Balance at beginning of period	0	82	82	0	82	82
Impairment losses	12	0	12	0	0	0
Balance at end of period	12	82	94	0	82	82
Net book value (CHF million)						
Net book value	2,164	5,835	7,999	2,409	5,980	8,389

¹ Includes tax benefit adjustments arising from the amortization of tax goodwill in connection with the purchase of the residual minority stake in Hedging-Griffo in 2012.

In accordance with US GAAP, the Group continually assesses whether or not there has been a triggering event. As of December 31, 2013, the Group's market capitalization was above book value and as of December 31, 2012, the Group's market capitalization was below book value.

The carrying value of each reporting unit for purposes of the goodwill impairment test is determined by considering the reporting units' risk-weighted assets usage, leverage ratio exposure, deferred tax assets, cumulative translation adjustments, goodwill and intangible assets. Any residual equity, after considering the total of these elements, is allocated to the reporting units on a pro-rata basis. Previously, the carrying value of each reporting unit was determined on the basis of the reporting units' allocated economic capital. The enhanced method of determining the carrying value of the reporting units reflects the current manner in which these businesses are managed as well as the regulatory capital constraints faced by each reporting unit. As of December 31, 2013, the goodwill was tested for impairment under both methods for determining the carrying value of each reporting unit.

In estimating the fair value of its reporting units the Group generally applied a market approach where consideration is given to price to projected earning multiples or price to book value multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries.

In determining the estimated fair value, the Group relied upon its three-year strategic business plan which included significant management assumptions and estimates based on its view of current and future economic conditions and regulatory changes.

Based on its goodwill impairment analysis performed as of December 31, 2013, the Group concluded that the estimated fair value for three of the reporting units in the Private Banking & Wealth Management division substantially exceeded their related carrying values and no impairment was necessary as of December 31, 2013. The fair value of Private Banking & Wealth Management's non-strategic reporting unit at the date of its creation in the fourth quarter of 2013 was lower than the estimated book value

and as a result the Group recorded a CHF 12 million goodwill impairment charge.

There was also no impairment necessary for the Group's Investment Banking reporting unit as the estimated fair value substantially exceeded its carrying value. The Group engaged the services of an independent valuation specialist to assist in the valuation of the reporting unit as of December 31, 2013 using a combination of the market approach and income approach. Under the market approach, consideration is given to price to projected earnings multiples or price to book value multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries. Under the income approach, a discount rate was applied that reflects the risk and uncertainty related to the reporting unit's projected cash flows.

The results of the impairment evaluation of each reporting unit's goodwill would be significantly impacted by adverse changes in the underlying parameters used in the valuation process. If actual outcomes adversely differ by a sufficient margin from its best estimates of the key economic assumptions and associated cash flows applied in the valuation of the reporting unit, the Group could potentially incur material impairment charges in the future.

As a result of acquisitions, the Group has recorded goodwill as an asset in its consolidated balance sheets, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000. During 2013, the Group announced an agreement to acquire Morgan Stanley's private wealth management businesses in EMEA, excluding Switzerland; there was a first closing in December 2013 that generated goodwill upon consolidation. The transaction is expected to be completed during the course of 2014. During 2012, the Group completed the acquisition of HSBC's private banking business in Japan that generated goodwill upon consolidation.

In 2013, the Group allocated CHF 127 million of goodwill to the discontinued operations. Goodwill was also negatively impacted by foreign exchange fluctuations in goodwill denominated in US dollars in 2013.

21 Other intangible assets

	2013			2012		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
end of						
Other intangible assets (CHF million)						
Trade names/trademarks	25	(21)	4	25	(21)	4
Client relationships	222	(106)	116	314	(146)	168
Other	7	(1)	6	8	(2)	6
Total amortizing other intangible assets	254	(128)	126	347	(169)	178
Non-amortizing other intangible assets	84	–	84	65	–	65
of which mortgage servicing rights, at fair value	42	–	42	43	–	43
Total other intangible assets	338	(128)	210	412	(169)	243

Additional information

in	2013	2012	2011
Aggregate amortization and impairment (CHF million)			
Aggregate amortization	24	28	30
Impairment	8	7	0
of which related to discontinued operations	7	0	0

Estimated amortization

Estimated amortization (CHF million)

2014	18
2015	18
2016	17
2017	17
2018	16

22 Other assets and other liabilities

end of	2013	2012
Other assets (CHF million)		
Cash collateral on derivative instruments	8,359	10,904
Cash collateral on non-derivative transactions	1,412	1,995
Derivative instruments used for hedging	2,062	3,930
Assets held-for-sale	19,306	20,343
of which loans ¹	18,914	19,894
of which real estate	392	442
Assets held for separate accounts	11,236	13,414
Interest and fees receivable	4,859	5,861
Deferred tax assets	6,185	7,102
Prepaid expenses	552	538
Failed purchases	2,365	2,699
Other	6,729	6,126
Other assets	63,065	72,912
Other liabilities (CHF million)		
Cash collateral on derivative instruments	11,663	12,224
Cash collateral on non-derivative transactions	955	1,246
Derivative instruments used for hedging	384	1,182
Provisions ²	2,641	1,362
of which off-balance sheet risk	60	60
Liabilities held for separate accounts	11,236	13,414
Interest and fees payable	5,641	6,752
Current tax liabilities	864	863
Deferred tax liabilities	394	130
Failed sales	2,396	4,336
Other	15,273	16,128
Other liabilities	51,447	57,637

¹ Included as of December 31, 2013 and 2012 were CHF 1,778 million and CHF 3,730 million, respectively, in restricted loans, which represented collateral on secured borrowings, and CHF 769 million and CHF 922 million, respectively, in loans held in trusts, which were consolidated as a result of failed sales under US GAAP.

² Includes provisions for bridge commitments.

23 Deposits

end of	2013			2012		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
Deposits (CHF million)						
Non-interest-bearing demand deposits	4,738	4,335	9,073	8,282	4,521	12,803
Interest-bearing demand deposits	141,078	26,294	167,372	132,393	24,976	157,369
Savings deposits	63,583	26	63,609	60,103	44	60,147
Time deposits	15,358	100,785	116,143 ¹	10,786	98,221	109,007 ¹
Total deposits	224,757	131,440	356,197²	211,564	127,762	339,326²
of which due to banks	–	–	23,108	–	–	31,014
of which customer deposits	–	–	333,089	–	–	308,312

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

¹ Included CHF 116,106 million and CHF 108,887 million as of December 31, 2013 and 2012, respectively, of the Swiss franc equivalent of individual time deposits greater than USD 100,000 in Switzerland and foreign offices.

² Not included as of December 31, 2013 and 2012 were CHF 18 million and CHF 67 million, respectively, of overdrawn deposits reclassified as loans.

24 Long-term debt

end of	2013	2012
Long-term debt (CHF million)		
Senior	96,048	115,861
Subordinated	21,002	17,741
Non-recourse liabilities from consolidated VIEs	12,992	14,532
Long-term debt	130,042	148,134
of which reported at fair value	63,369	65,384
of which structured notes	34,815	36,637

Structured notes by product

end of	2013	2012
Structured notes (CHF million)		
Equity	23,313	23,761
Fixed income	5,573	6,559
Emerging markets ¹	1,766	3,304
Credit	3,453	1,893
Other	710	1,120
Total structured notes	34,815	36,637

¹ Transactions where the return is based on a referenced underlying or counterparty specific to emerging markets.

Total long-term debt is comprised of debt issuances managed by Treasury which do not contain derivative features (vanilla debt), as well as hybrid debt instruments with embedded derivatives,

which are issued as part of the Group's structured product activities. Long-term debt includes both Swiss franc and foreign exchange denominated fixed and variable rate bonds.

The interest rate ranges presented in the table below are based on the contractual terms of the Group's vanilla debt. Interest rate ranges for future coupon payments on structured products for which fair value has been elected are not included in the table

below as these coupons are dependent upon the embedded derivative and prevailing market conditions at the time each coupon is paid. In addition, the effects of derivatives used for hedging are not included in the interest rate ranges on the associated debt.

Long-term debt by maturities

end of	2014	2015	2016	2017	2018	Thereafter	Total
Group parent company (CHF million)							
Senior debt							
Fixed rate	0	0	0	0	0	366	366
Interest rate (in %) ¹	–	–	–	–	–	7.3	–
Subordinated debt							
Fixed rate	0	29	0	0	290	2,099	2,418
Interest rates (in %) ¹	–	8.5	–	–	6.0	7.5	–
Subtotal – Group parent company	0	29	0	0	290	2,465	2,784
Subsidiaries (CHF million)							
Senior debt							
Fixed rate	9,979	13,935	3,622	9,006	2,462	12,910	51,914
Variable rate	10,559	9,544	6,221	4,718	4,981	7,745	43,768
Interest rates (range in %) ¹	0.0–13.1	0.0–12.6	0.3–10.7	0.1–5.1	0.4–3.8	0.0–8.2	–
Subordinated debt							
Fixed rate	154	431	1,780	907	9,218	5,824	18,314
Variable rate	52	19	0	45	0	154	270
Interest rates (range in %) ¹	0.5–9.3	2.5–10.3	8.2	0.9–7.3	0.1–13.3	0.1–8.5	–
Non-recourse liabilities from consolidated VIEs							
Fixed rate	0	745	304	14	0	111	1,174
Variable rate	370	164	469	15	0	10,800	11,818
Interest rates (range in %) ¹	0.2–13.2	0.0–3.6	0.0–12.8	1.9–4.0	–	0.0–10.8	–
Subtotal – Subsidiaries	21,114	24,838	12,396	14,705	16,661	37,544	127,258
Total long-term debt	21,114	24,867	12,396	14,705	16,951	40,009	130,042
of which structured notes	8,220	6,843	5,585	2,820	4,760	6,587	34,815

¹ Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

The Group and the Bank maintain a shelf registration statement with the US Securities and Exchange Commission (SEC), which allows them to issue, from time to time, senior and subordinated debt securities, warrants and related guarantees. The shelf registration statement also allows certain subsidiaries of the Group to issue exchangeable or convertible debt securities which are guaranteed by the Group and are exchangeable or convertible into ordinary shares of the Group.

▶ Refer to "Note 40 – Subsidiary guarantee information" for further information on the subsidiary guarantees.

The Group maintains a euro medium-term note program that allows it, certain finance subsidiaries (guaranteed by the Group) and the Bank to issue senior debt securities notes.

Credit Suisse Group Finance (Guernsey) Limited, a finance subsidiary of the Group, maintains a JPY 500 billion Samurai shelf registration statement that allows it to issue, from time to time, senior and subordinated debt securities, guaranteed by the Group.

25 Accumulated other comprehensive income and additional share information

Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Accumu- lated other compre- hensive income
2013 (CHF million)						
Balance at beginning of period	(29)	(12,767)	84	(3,801)	610	(15,903)
Increase/(decrease)	6	(991)	(27)	750	0	(262)
Increase/(decrease) due to equity method investments	13	0	0	0	0	13
Reclassification adjustments, included in net income	(1)	84	(5)	294	(95)	277
Total increase/(decrease)	18	(907)	(32)	1,044	(95)	28
Balance at end of period	(11)	(13,674)	52	(2,757)	515	(15,875)
2012 (CHF million)						
Balance at beginning of period	(66)	(11,778)	99	(3,751)	362	(15,134)
Increase/(decrease)	7	(1,040)	227	(291)	319	(778)
Increase/(decrease) due to equity method investments	30	0	0	0	0	30
Reclassification adjustments, included in net income	0	51	(242)	241	(71)	(21)
Total increase/(decrease)	37	(989)	(15)	(50)	248	(769)
Balance at end of period	(29)	(12,767)	84	(3,801)	610	(15,903)
2011 (CHF million)						
Balance at beginning of period	(33)	(11,470)	117	(3,136)	(33)	(14,555)
Increase/(decrease)	(5)	(324)	6	(720)	383	(660)
Increase/(decrease) due to equity method investments	(1)	0	0	0	0	(1)
Reclassification adjustments, included in net income	(27)	16	(24)	105	12	82
Total increase/(decrease)	(33)	(308)	(18)	(615)	395	(579)
Balance at end of period	(66)	(11,778)	99	(3,751)	362	(15,134)

Refer to "Note 27 – Tax" and "Note 30 – Pension and other post-retirement benefit" for income tax expense/(benefit) on the movements of accumulated other comprehensive income.

Details of significant reclassification adjustments

in	2013
Reclassification adjustments, included in net income (CHF million)	
Cumulative translation adjustments	
Sale of subsidiaries ¹	84
Actuarial gains/(losses)	
Amortization of recognized actuarial losses ²	390
Tax expense/(benefit)	(96)
Net of tax	294
Net prior service credit/(cost)	
Amortization of recognized prior service credit/(cost) ²	(120)
Tax expense/(benefit)	25
Net of tax	(95)

¹ Includes net releases of CHF 84 million on the sale of JO Hambro, which was settled in the third quarter of 2013. These were reclassified from cumulative translation adjustments and included in net income in other revenues, offset by a gain on the transaction.

² These components are included in the computation of total benefit costs. Refer to "Note 30 – Pension and other post-retirement benefits" for further information.

Additional share information

	2013	2012	2011
Common shares issued			
Balance at beginning of period	1,320,829,922	1,224,333,062	1,186,174,442
Issuance of common shares	275,289,427	96,496,860	38,158,620
of which MACCS settlement	199,964,015	0	0
of which share-based compensation	37,773,125	38,812,660	21,664,747
Balance at end of period	1,596,119,349	1,320,829,922	1,224,333,062
Treasury shares			
Balance at beginning of period	(27,036,831)	(4,010,074)	(12,228,377)
Sale of treasury shares	401,126,114	394,686,376	367,978,216
of which MACCS settlement	33,488,655	0	0
Repurchase of treasury shares	(385,369,391)	(423,704,092)	(366,790,491)
Share-based compensation	6,096,954	5,990,959	7,030,578
Balance at end of period	(5,183,154)	(27,036,831)	(4,010,074)
Common shares outstanding			
Balance at end of period	1,590,936,195 ¹	1,293,793,091 ²	1,220,322,988

¹ At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 661,049,598 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 498,874,240 of these shares were reserved for capital instruments.

² At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 771,499,654 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 732,326,910 of these shares were reserved for capital instruments (including MACCS).

MACCS settlement

On April 8, 2013, the Group settled and delivered 233,452,670 Group shares in connection with the conversion of CHF 3.8 billion of the mandatory and contingent convertible securities (MACCS).

The shares consisted of 199,964,015 newly issued shares and 33,488,655 treasury shares. The settlement of the MACCS with registered shares utilizing authorized capital decreased debt liabilities and increased shareholders' equity.

26 Offsetting of financial assets and financial liabilities

The disclosures set out in the tables below include ◻ derivatives, ◻ reverse repurchase and ◻ repurchase agreements, and securities lending and borrowing transactions that:

- are offset in the Group's consolidated balance sheets; or
- are subject to an enforceable master netting agreement or similar agreement (enforceable master netting agreements), irrespective of whether they are offset in the Group's consolidated balance sheets.

Similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements.

Derivatives

The Group transacts bilateral ◻ OTC derivatives (OTC derivatives) mainly under International Swaps and Derivatives Association (ISDA) Master Agreements and Swiss Master Agreements for OTC derivative instruments. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement. They allow the Group to offset balances from derivative assets and liabilities as well as the receivables and payables to related cash collateral transacted with the same counterparty. Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of

the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For derivatives transacted with exchanges (exchange-traded derivatives) and central clearing counterparties (OTC-cleared derivatives), positive and negative replacement values and related cash collateral may be offset if the terms of the rules and regulations governing these exchanges and central clearing counterparties permit such netting and offset.

Where no such agreements exist, fair values are recorded on a gross basis.

Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value. There is an exception for certain bifurcated hybrid debt instruments which the Group did not elect to account for at fair value. However, these bifurcated embedded derivatives are generally not subject to enforceable master netting agreements and are not recorded as derivative instruments under trading assets and liabilities or other assets and other liabilities. Information on bifurcated embedded derivatives has therefore not been included in the offsetting disclosures.

The following table presents the gross amount of derivatives subject to enforceable master netting agreements by contract and transaction type, the amount of offsetting, the amount of derivatives not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of derivatives

end of	2013		2012	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Gross derivatives subject to enforceable master netting agreements (CHF billion)				
OTC-cleared	265.4	262.1	365.3	365.5
OTC	183.0	178.1	337.6	327.9
Exchange-traded	0.3	0.0	0.3	0.2
Interest rate products	448.7	440.2	703.2	693.6
OTC	58.5	68.2	60.5	73.2
Exchange-traded	0.1	0.2	0.0	0.0
Foreign exchange products	58.6	68.4	60.5	73.2
OTC	15.5	18.6	12.7	15.2
Exchange-traded	14.8	15.1	13.7	14.1
Equity/index-related products	30.3	33.7	26.4	29.3
OTC-cleared	5.2	5.1	3.0	2.7
OTC	20.8	21.2	27.1	26.8
Credit derivatives	26.0	26.3	30.1	29.5
OTC	4.4	4.0	5.8	5.6
Exchange-traded	0.5	0.8	1.5	1.7
Other products	4.9	4.8	7.3	7.3
OTC-cleared	270.6	267.2	368.3	368.2
OTC	282.2	290.1	443.7	448.7
Exchange-traded	15.7	16.1	15.5	16.0
Total gross derivatives subject to enforceable master netting agreements	568.5	573.4	827.5	832.9
Offsetting (CHF billion)				
OTC-cleared	(269.1)	(267.0)	(367.2)	(367.5)
OTC	(260.7)	(265.7)	(418.7)	(421.8)
Exchange-traded	(15.1)	(15.1)	(14.3)	(14.2)
Offsetting	(544.9)	(547.8)	(800.2)	(803.5)
of which counterparty netting	(523.9)	(523.9)	(766.8)	(766.8)
of which cash collateral netting	(21.0)	(23.9)	(33.4)	(36.7)
Net derivatives presented in the consolidated balance sheets (CHF billion)				
OTC-cleared	1.5	0.2	1.1	0.7
OTC	21.5	24.4	25.0	26.9
Exchange-traded	0.6	1.0	1.2	1.8
Total net derivatives subject to enforceable master netting agreements	23.6	25.6	27.3	29.4
Total derivatives not subject to enforceable master netting agreements ¹	10.1	11.3	9.8	11.3
Total net derivatives presented in the consolidated balance sheets	33.7	36.9	37.1	40.7
of which recorded in trading assets and trading liabilities	31.6	36.5	33.2	39.5
of which recorded in other assets and other liabilities	2.1	0.4	3.9	1.2

¹ Represents derivatives where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Transactions under such agreements are netted in the consolidated balance sheets if they are with the same counterparty, have the same maturity date, settle through the same clearing institution and are

subject to the same master netting agreement. The amounts offset are measured on the same basis as the underlying transaction (i.e., on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Transactions under these agreements are netted in the consolidated balance sheets if they meet the same right of offset

criteria as for reverse repurchase and repurchase agreements. In general, most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at inception of the transaction, and therefore they are not eligible for netting in the consolidated balance sheets. However, securities lending and borrowing transactions with explicit maturity dates may be eligible for netting in the consolidated balance sheets.

Reverse repurchase and repurchase agreements are collateralized principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides the Group with the right to liquidate

the collateral held. As is the case in the Group's normal course of business, substantially all of the collateral received that may be sold or repledged was sold or repledged as of December 31, 2013 and December 31, 2012. In certain circumstances, financial collateral received may be restricted during the term of the agreement (e.g., in tri-party arrangements).

The following table presents the gross amount of securities purchased under resale agreements and securities borrowing transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities purchased under resale agreements and securities borrowing transactions not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of securities purchased under resale agreements and securities borrowing transactions

end of	2013			2012		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities purchased under resale agreements and securities borrowing transactions (CHF billion)						
Securities purchased under resale agreements	112.0	(25.1)	86.9	141.4	(41.1)	100.3
Securities borrowing transactions	22.7	(1.7)	21.0	20.9	(2.0)	18.9
Total subject to enforceable master netting agreements	134.7	(26.8)	107.9	162.3	(43.1)	119.2
Total not subject to enforceable master netting agreements¹	52.1	–	52.1	64.3	–	64.3
Total	186.8	(26.8)	160.0²	226.6	(43.1)	183.5²

¹ Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 96,587 million and CHF 113,664 million of the total net amount as of December 31, 2013 and 2012, respectively, are reported at fair value.

The following table presents the gross amount of securities sold under repurchase agreements and securities lending transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities sold under repurchase

agreements and securities lending transactions not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of securities sold under repurchase agreements and securities lending transactions

end of	2013			2012		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities sold under repurchase agreements and securities lending transactions (CHF billion)						
Securities sold under repurchase agreements	86.5	(26.8)	59.7	99.7	(43.1)	56.6
Securities lending transactions	6.6	0.0	6.6	10.8	0.0	10.8
Obligation to return securities received as collateral, at fair value	18.5	0.0	18.5	25.9	0.0	25.9
Total subject to enforceable master netting agreements	111.6	(26.8)	84.8	136.4	(43.1)	93.3
Total not subject to enforceable master netting agreements¹	32.0	–	32.0	69.5	–	69.5
Total	143.6	(26.8)	116.8	205.9	(43.1)	162.8
of which securities sold under repurchase agreements and securities lending transactions	120.8	(26.8)	94.0 ²	175.8	(43.1)	132.7 ²
of which obligation to return securities received as collateral, at fair value	22.8	0.0	22.8	30.1	0.0	30.1

¹ Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 76,104 million and CHF 108,784 million of the total net amount as of December 31, 2013 and 2012, respectively, are reported at fair value.

The following table presents the net amount presented in the consolidated balance sheets of financial assets and liabilities subject to enforceable master netting agreements and the gross amount of financial instruments and cash collateral not offset in the consolidated balance sheets. The table excludes derivatives, reverse repurchase and repurchase agreements and securities lending and

borrowing transactions not subject to enforceable master netting agreements where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place. Net exposure reflects risk mitigation in the form of collateral.

Amounts not offset in the consolidated balance sheets

end of	2013				2012			
	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure
Financial assets subject to enforceable master netting agreements (CHF billion)								
Derivatives	23.6	4.9	0.1	18.6	27.3	5.8	0.0	21.5
Securities purchased under resale agreements	86.9	86.9	0.0	0.0	100.3	100.3	0.0	0.0
Securities borrowing transactions	21.0	20.2	0.0	0.8	18.9	17.4	0.0	1.5
Total financial assets subject to enforceable master netting agreements	131.5	112.0	0.1	19.4	146.5	123.5	0.0	23.0
Financial liabilities subject to enforceable master netting agreements (CHF billion)								
Derivatives	25.6	9.9	0.0	15.7	29.4	10.8	0.0	18.6
Securities sold under repurchase agreements	59.7	59.7	0.0	0.0	56.6	56.4	0.2	0.0
Securities lending transactions	6.6	6.2	0.0	0.4	10.8	10.2	0.0	0.6
Obligation to return securities received as collateral, at fair value	18.5	17.5	0.0	1.0	25.9	24.2	0.0	1.7
Total financial liabilities subject to enforceable master netting agreements	110.4	93.3	0.0	17.1	122.7	101.6	0.2	20.9

¹ The total amount reported in financial instruments (recognized financial assets and financial liabilities and non-cash financial collateral) and cash collateral is limited to the amount of the related instruments presented in the consolidated balance sheets and therefore any over-collateralization of these positions is not included.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the use of ◻ CDS and credit insurance contracts. Therefore the net

exposure presented in the table above is not representative for the Group's counterparty exposure.

27 Tax

Details of current and deferred taxes

in	2013	2012	2011
Current and deferred taxes (CHF million)			
Switzerland	12	140	38
Foreign	569	580	448
Current income tax expense	581	720	486
Switzerland	22	(123)	(176)
Foreign	673	(132)	346
Deferred income tax expense/(benefit)	695	(255)	170
Income tax expense	1,276	465	656
Income tax expense/(benefit) on discontinued operations	75	31	15
Income tax expense/(benefit) reported in shareholders' equity related to:			
Gains/(losses) on cash flow hedges	1	0	(4)
Cumulative translation adjustment	44	(12)	16
Unrealized gains/(losses) on securities	(12)	6	12
Actuarial gains/(losses)	388	1	(172)
Net prior service credit/(cost)	(25)	63	105
Share-based compensation and treasury shares	0	(50)	256

Reconciliation of taxes computed at the Swiss statutory rate

in	2013	2012	2011
Income from continuing operations before taxes (CHF million)			
Switzerland	642	1,680	455
Foreign	3,454	510	3,016
Income from continuing operations before taxes	4,096	2,190	3,471
Reconciliation of taxes computed at the Swiss statutory rate (CHF million)			
Income tax expense computed at the statutory tax rate of 22%	901	482	764
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	189	242	(58)
Non-deductible amortization of other intangible assets and goodwill impairment	25	2	0
Other non-deductible expenses	492	393	447
Additional taxable income	2	11	8
Lower taxed income	(381)	(422)	(424)
Income taxable to noncontrolling interests	(252)	(117)	(289)
Changes in tax law and rates	184	182	172
Changes in deferred tax valuation allowance	385	13	471
Tax deductible impairments of Swiss subsidiary investments	(268)	(161)	(55)
Other	(1)	(160)	(380)
Income tax expense	1,276	465	656

2013

Foreign tax rate differential of CHF 189 million reflected a foreign tax expense in respect of profits earned in higher tax jurisdictions, mainly Brazil and the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly Guernsey and the Bahamas. The total foreign tax expense of CHF 1,242 million was not only impacted by the foreign tax expense based on statutory tax rates but also by tax impacts related to additional reconciling items explained below.

Other non-deductible expenses of CHF 492 million included non-deductible interest expenses of CHF 247 million, non-taxable offshore expenses of CHF 9 million, non-deductible bank levy costs and other non-deductible compensation expenses and management costs of CHF 93 million, non-deductible provision accruals of CHF 103 million and other various smaller non-deductible expenses.

Lower taxed income of CHF 381 million included a net tax benefit of CHF 49 million resulting from the reversal of a deferred tax liability previously recorded to cover for a taxable timing difference related to a re-investment relief. In addition, 2013 included a Swiss income tax benefit of CHF 41 million as a result of foreign branch earnings beneficially impacting the earnings mix, a tax benefit of CHF 61 million related to non-taxable life insurance income, CHF 56 million related to exempt offshore income, CHF 45 million in respect of non-taxable dividend income, CHF 18 million related to non-taxable foreign exchange gains, CHF 67 million related to tax credits and CHF 19 million related to permanent tax benefits from tax deductible goodwill amortization. The remaining balance included various smaller items.

Changes in tax law and rates of CHF 184 million reflected a tax expense caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowances of CHF 385 million included the impact of the increase of valuation allowances of CHF 249 million mainly in respect of four of the Group's operating entities, three in Europe and one in Asia, relating to current year earnings. Additionally, 2013 included an increase in valuation allowance for previously recognized deferred tax assets in respect of one of the Group's operating entities in the UK of CHF 278 million. Also included was a tax benefit of CHF 143 million resulting from the release of valuation allowances on deferred tax assets mainly for two of the Group's operating entities, one in Japan and one in the UK.

Other of CHF 1 million included a tax benefit of CHF 57 million relating to the current year's earnings mix and the re-assessment of deferred tax assets in Switzerland reflecting changes in forecasted future profitability related to deferred tax assets and a CHF 36 million income tax benefit following a change in the tax status of one of the Group's US entities, offset by a tax expense of CHF 44 million relating to the increase of tax contingency accruals and a tax expense of CHF 56 million relating to non-recoverable foreign and withholding taxes. The remaining balance included various smaller items.

2012

Foreign tax rate differential of CHF 242 million reflected a foreign tax expense in respect of profits earned in higher tax jurisdictions, mainly Brazil and the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly Guernsey and the Bahamas. The total foreign tax expense of CHF 448 million was not only impacted by the foreign tax expense based on statutory tax rates but also by tax impacts related to additional reconciling items explained below.

Other non-deductible expenses of CHF 393 million included non-deductible interest expenses of CHF 259 million, non-taxable offshore expenses of CHF 8 million, non-deductible bank levy costs and other non-deductible compensation expenses of CHF 57 million and other various smaller non-deductible expenses.

Lower taxed income of CHF 422 million included a Swiss income tax benefit of CHF 114 million as a result of foreign branch earnings beneficially impacting the earnings mix. In addition, 2012 included a tax benefit of CHF 48 million related to non-taxable life insurance income, CHF 29 million related to exempt offshore income, CHF 40 million in respect of non-taxable dividend income, CHF 11 million related to non-taxable foreign exchange gains and CHF 100 million related to tax credits. The remaining balance included various smaller items, amongst others related to permanent tax benefits from tax deductible goodwill amortization and tax holidays.

Changes in tax law and rates of CHF 182 million reflected a tax expense caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowances of CHF 13 million included an increase to the valuation allowance of CHF 834 million in respect of five of the Group's operating entities, three in Europe and two in Asia, mainly relating to deferred tax assets on current year tax losses and pre-existing loss carry-forwards. Additionally, 2012 included a tax benefit of CHF 820 million resulting from the release of valuation allowances on deferred tax assets for one of the Group's operating entities in the US.

Other of CHF 160 million included a tax benefit of CHF 48 million relating to the re-assessment of deferred tax assets in Switzerland reflecting changes in forecasted future profitability related to such pre-existing deferred tax assets. Also included was a benefit of CHF 70 million relating to return to accrual adjustments following the close of a tax audit cycle and the impact of the closure of an advanced pricing agreement and CHF 40 million relating to the release of tax contingency accruals following the favorable resolution of tax matters.

2011

Foreign tax rate differential of CHF 58 million reflected a foreign tax rate benefit in respect of profits earned in lower tax jurisdictions, mainly Guernsey and the Bahamas, partially offset by foreign tax rate differential related to profits earned in higher tax jurisdictions, mainly Brazil and the US. The foreign tax rate benefit in relation to foreign tax expense of CHF 794 million was more than offset by tax impacts related to reconciling items explained below.

Other non-deductible expenses of CHF 447 million included non-deductible interest expenses of CHF 240 million, non-taxable offshore expenses of CHF 80 million, non-deductible bank levy costs and other non-deductible compensation expenses of CHF 49 million and other various smaller non-deductible expenses.

Lower taxed income of CHF 424 million included a tax benefit of CHF 40 million related to non-taxable life insurance income, CHF 52 million related to exempt offshore income, CHF 47 million in respect of non-taxable dividend income and CHF 47 million related to non-taxable foreign exchange gains. In addition, 2011 included tax benefits of CHF 42 million related to tax credits and CHF 116 million in respect of the reversal of the deferred tax liability recorded to cover estimated recapture of loss deductions arising from foreign branches of the Bank. The remaining balance included various smaller items, amongst others related to permanent tax benefits from tax deductible goodwill amortization and tax holidays.

Changes in tax law and rates of CHF 172 million reflected a tax expense caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowances of CHF 471 million included an increase to the valuation allowance of CHF 428 million in respect of three of the Group's operating entities, two in the UK and one in Asia, mainly relating to deferred tax assets on tax loss carry-forwards. Additionally, 2011 included a tax benefit of CHF 7 million resulting from the release of valuation allowances on deferred tax assets for one of the Group's operating entities in the US.

Other of CHF 380 million included a tax benefit of CHF 261 million relating to the increase of deferred tax assets in two of the Group's operating entities, one in Switzerland (CHF 129 million) and one in the US (CHF 132 million). The increase is related to the re-measurement of existing deferred tax assets on net operating losses due to changes in the mix of the sources of income and related tax rates that these net operating losses are expected to be applied to. Also included was an amount of CHF 123 million relating to the release of tax contingency accruals following the favorable resolution of tax matters.

As of December 31, 2013, the Group had accumulated undistributed earnings from foreign subsidiaries of CHF 6.1 billion. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Details of the tax effect of temporary differences

end of	2013	2012
Tax effect of temporary differences (CHF million)		
Compensation and benefits	2,113	2,295
Loans	363	441
Investment securities	1,651	1,805
Provisions	1,874	1,760
Derivatives	143	355
Real estate	240	243
Net operating loss carry-forwards	4,433	5,181
Other	189	207
Gross deferred tax assets before valuation allowance	11,006	12,287
Less valuation allowance	(2,705)	(2,554)
Gross deferred tax assets net of valuation allowance	8,301	9,733
Compensation and benefits	(422)	(174)
Loans	(109)	(162)
Investment securities	(1,099)	(1,373)
Provisions	(397)	(402)
Business combinations	0	(20)
Derivatives	(193)	(295)
Leasing	(53)	(40)
Real estate	(76)	(78)
Other	(161)	(217)
Gross deferred tax liabilities	(2,510)	(2,761)
Net deferred tax assets	5,791	6,972

The decrease in net deferred tax assets from 2012 to 2013 of CHF 1,181 million was primarily due to the impact of taxable income in 2013 decreasing deferred tax assets by CHF 439 million and the recognition of a valuation allowance against deferred tax assets, mainly in the UK, of CHF 278 million. In addition, the decrease reflected a write-down of deferred tax assets of CHF 184 million as a result of changes to corporation tax rates in the UK, the tax impacts directly recorded in equity, mainly related to share-based compensation and pension plan re-measurement of CHF 305 million, and foreign exchange translation losses of CHF 182 million, which are included within the currency translation adjustments recorded in AOCI. These decreases were partially offset by an increase in net deferred tax asset balances following a re-measurement of deferred tax balances in Switzerland and the release of valuation allowances in Japan and the UK of CHF 207 million.

The most significant net deferred tax assets arise in the US and UK and these decreased from CHF 6,007 million, net of a valuation allowance of CHF 1,454 million as of the end of 2012, to CHF 5,132 million, net of a valuation allowance of CHF 1,536 million as of the end of 2013.

Due to uncertainty concerning its ability to generate the necessary amount and mix of taxable income in future periods, the Group recorded a valuation allowance against deferred tax assets in the amount of CHF 2.7 billion as of December 31, 2013 compared to CHF 2.6 billion as of December 31, 2012.

Amounts and expiration dates of net operating loss carry-forwards

end of 2013	Total
Net operating loss carry-forwards (CHF million)	
Due to expire within 1 year	46
Due to expire within 2 to 5 years	10,197
Due to expire within 6 to 10 years	1,158
Due to expire within 11 to 20 years	1,375
Amount due to expire	12,776
Amount not due to expire	13,008
Total net operating loss carry-forwards	25,784

Movements in the valuation allowance

in	2013	2012	2011
Movements in the valuation allowance (CHF million)			
Balance at beginning of period	2,554	2,690	2,264
Net changes	151	(136)	426
Balance at end of period	2,705	2,554	2,690

As part of its normal practice, the Group has conducted a detailed evaluation of its expected future results. This evaluation is dependent on management estimates and assumptions in developing the expected future results, which are based on a strategic business planning process influenced by current economic conditions and assumptions of future economic conditions that are subject to change. This evaluation took into account both positive and negative evidence related to expected future taxable income, the Group's commitment to the integrated bank model and the importance of the Investment Banking segment within the integrated bank, as well as the changes announced in 2012 and the reduction in risk since 2008. This evaluation has indicated the expected future results that are likely to be earned in jurisdictions where the Group has significant net deferred tax assets, such as the US, the UK and Switzerland. The Group has then compared those expected future results with the applicable law governing utilization of deferred tax assets. US tax law allows for a 20-year carry-forward period for net operating losses, UK tax law allows for an unlimited carry-forward period for net operating losses and Swiss tax law allows for a seven-year carry-forward period for net operating losses.

Tax benefits associated with share-based compensation

in	2013	2012	2011
Tax benefits associated with share-based compensation (CHF million)			
Tax benefits recorded in the consolidated statements of operations	483	597	466
Windfall tax benefits/(shortfall tax charges) recorded in additional paid-in capital	(24)	41	(280)
Tax benefits in respect of tax on dividend equivalent payments	22	12	2

► Refer to "Note 28 – Employee deferred compensation" for further information on share-based compensation.

If, upon settlement of share-based compensation, the tax deduction exceeds the cumulative compensation cost that the Group had recognized in the consolidated financial statements, the utilized tax benefit associated with any excess deduction is considered a "windfall" and recognized in shareholders' equity as additional paid-in capital and reflected as a financing cash inflow in the consolidated statements of cash flows. If, upon settlement the tax deduction is lower than the cumulative compensation cost that the Group had recognized in the consolidated financial statements, the tax charge associated with the lower deduction is considered a "shortfall". Tax charges arising on shortfalls are recognized in shareholders' equity to the extent that any shortfalls are lower than the cumulative windfalls, otherwise the tax charge is recognized in the consolidated statements of operations. However, windfall deductions and dividend equivalents aggregating CHF 0.9 billion and CHF 0.9 billion for 2013 and 2012, respectively, did not result in a reduction of income taxes payable because certain entities were in a net operating loss position. When the income tax benefit of these deductions is realized, an estimated CHF 170 million tax benefit will be recorded in additional paid-in capital.

Uncertain tax positions

US GAAP requires a two-step process in evaluating uncertain income tax positions. In the first step, an enterprise determines whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Income tax positions meeting the more-likely-than-not recognition threshold are then measured to determine the amount of benefit eligible for recognition in the consolidated financial statements. Each income tax position is measured at the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement.

Reconciliation of the beginning and ending amount of gross unrecognized tax benefits

	2013	2012	2011
Movements in gross unrecognized tax benefits (CHF million)			
Balance at beginning of period	420	373	578
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	4	33	54
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(8)	(58)	(177)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	46	39	30
Decreases in unrecognized tax benefits relating to settlements with tax authorities	0	(4)	(65)
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(5)	(43)	(19)
Other (including foreign currency translation)	(34)	80	(28)
Balance at end of period	423	420	373
of which, if recognized, would affect the effective tax rate	417	414	366

Interest and penalties

in	2013	2012	2011
Interest and penalties (CHF million)			
Interest and penalties recognized in the consolidated statements of operations	7	(13)	(19)
Interest and penalties recognized in the consolidated balance sheets	69	69	86

Interest and penalties are reported as tax expense. The Group is currently subject to ongoing tax audits, inquiries and litigation with the tax authorities in a number of jurisdictions, including Brazil, the

Netherlands, the US, the UK and Switzerland. Although the timing of completion is uncertain, it is reasonably possible that some of these will be resolved within 12 months of the reporting date.

It is reasonably possible that there will be a decrease of between zero and CHF 72 million in unrecognized tax benefits within 12 months of the reporting date.

The Group remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2009; Brazil – 2008; Japan – 2008; the UK – 2006; the US – 2006; and the Netherlands – 2005.

28 Employee deferred compensation

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is solely at the discretion of senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees in a single year for forfeited awards from previous employers upon joining the Group. It is the Group's policy not to make multi-year guarantees.

Compensation expense recognized in the consolidated statement of operations for share-based and other awards that were granted as deferred compensation is recognized in accordance with the specific terms and conditions of each respective award and is primarily recognized over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees, two-year moratorium periods on early retirement and certain other terms. All deferred compensation plans are subject to 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 cash awards that are still outstanding.

The following tables show the compensation expense for deferred compensation awards granted in 2013 and prior years that was recognized in the consolidated statements of operations during 2013, 2012, and 2011, the total shares delivered, the estimated unrecognized compensation expense for deferred compensation awards granted in 2013 and prior years outstanding as of December 31, 2013 and the remaining requisite service period over which the estimated unrecognized compensation expense will be recognized. The estimated unrecognized compensation expense was based on the fair value of each award on the grant date and included the current estimated outcome of relevant performance criteria and estimated future forfeitures but no estimate for future mark-to-market adjustments. The recognition of compensation expense for the deferred compensation awards granted in January 2014 began in 2014 and thus had no impact on the 2013 consolidated financial statements.

Deferred compensation expense

in	2013	2012	2011
Deferred compensation expense (CHF million)			
Share awards	814	786	767
Performance share awards	590	366	0
Plus Bond awards ¹	37	–	–
2011 Partner Asset Facility awards ²	77	677	0
Adjustable Performance Plan share awards	31	74	0
Adjustable Performance Plan cash awards	4	286	1,106
Restricted Cash Awards	145	165	253
Scaled Incentive Share Units	41	97	415
Incentive Share Units ³	(3)	62	174
2008 Partner Asset Facility awards ²	93	173	3
Other cash awards	434	362	334
Discontinued operations	(21)	(23)	(21)
Total deferred compensation expense	2,242	3,025	3,031
Total shares delivered (million)			
Total shares delivered	33.7	31.6	24.2

¹ Compensation expense primarily relates to mark-to-market changes of the underlying assets of the Plus Bonds and the amortization of the voluntary Plus Bonds elected in the first quarter of 2013 and expensed over a three-year period.

² Compensation expense mainly includes the change in the underlying fair value of the indexed assets during the period.

³ Includes forfeitures.

Estimated unrecognized deferred compensation

end of	2013
Estimated unrecognized compensation expense (CHF million)	
Share awards	804
Performance share awards	221
Plus Bond awards	18
Adjustable Performance Plan share awards	11
Adjustable Performance Plan cash awards	13
Restricted Cash Awards	136
Other cash awards	111
Total	1,314
Aggregate remaining weighted-average requisite service period (years)	
Aggregate remaining weighted-average requisite service period	1.3

Does not include the estimated unrecognized compensation expense relating to grants made in 2014 for 2013.

Share awards

Share awards granted in January 2014 are similar to those granted in January 2013 and are granted to employees with total compensation above CHF/USD 250,000 or the local currency equivalent. Each share award granted entitles the holder of the award to receive one Group share, does not contain a leverage component or a multiplier effect and is subject to service conditions as it vests over three years, such that the share awards vest equally on each of the three anniversaries of the grant date. Share awards granted in January 2011 vest over a four-year period. The value of the share awards is solely dependent on the Group share price at the time of delivery.

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

On January 16, 2014, the Group granted 30.2 million share awards with a total value of CHF 827 million. The number of share awards was determined by dividing the deferred component of variable compensation being granted as shares by the average price of a Group share over the twelve business days ended January 15, 2014. Share awards granted after January 1, 2014 do not include the right to receive dividend equivalents during the vesting period. The fair value of each share award was CHF 28.13 on the grant date. The fair value was based on a valuation using the Group

share price on the date of grant and discounted for expected dividends for 2014, 2015 and 2016 of CHF 0.74, CHF 0.94 and CHF 1.13, respectively. The estimated unrecognized compensation expense of CHF 823 million was determined based on the fair value of the award on the grant date, includes the current estimate of future forfeitures and will be recognized over the three-year vesting period, subject to early retirement rules. On January 17, 2013 and January 19, 2012, the Group granted 37.9 million and 20.0 million share awards with a total value of CHF 950 million and CHF 438 million, and a fair value of each share award granted of CHF 26.44 and CHF 23.90, respectively, equivalent to the Group's closing share price on the grant date.

In order to comply with regulatory requirements, the Group awarded an alternative form of share awards as a component of unrestricted cash to senior employees in a number of EU countries. For 2013, 2012 and 2011, these employees received 50% of the amount they otherwise would have received in cash in the form of blocked shares. The shares remain blocked for a period of time, which ranges from six months to three years, depending on the location, after which they are no longer subject to restrictions. On January 16, 2014, the Group granted 0.6 million blocked shares with a total value of CHF 18 million that vested immediately upon grant, have no future service requirements and were attributed to services performed in 2013. On January 17, 2013 and January 19, 2012, the Group granted 0.2 million and 0.5 million blocked shares with a total value of CHF 6 million and CHF 11 million, respectively.

Share award activities

	2013		2012		2011	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
Share awards						
Balance at beginning of period	55.8	34.28	48.1	41.91	17.3	43.86
Granted	40.4	26.43	25.1	23.44	40.5	41.08
Settled	(20.0)	34.09	(14.9)	40.20	(7.6)	43.32
Forfeited	(3.3)	31.80	(2.5)	37.36	(2.1)	43.39
Balance at end of period	72.9	30.09	55.8	34.28	48.1	41.91
of which vested	5.8	–	3.9	–	1.8	–
of which unvested	67.1	–	51.9	–	46.3	–

Performance share awards

Members of the Executive Board, managing directors and all material risk takers and controllers (employees whose activities are considered to have a potentially material impact on the Group's risk profile) received a portion of their deferred variable compensation in the form of performance share awards, which are subject to explicit performance-related clawback provisions. Each performance share award granted entitles the holder of the award to receive one Group share. Performance share awards vest over three years, such that the performance share awards vest equally on each of the three anniversaries of the grant date. Unlike the share awards, outstanding performance shares are subject to a negative adjustment in the event of a divisional loss, unless there is a negative ROE that would call for a negative adjustment greater than the divisional adjustment for the year, in which case the negative adjustment is based on a negative ROE. For employees in Shared Services, the negative adjustment only applies in the event of a negative ROE and is not linked to the performance of the divisions.

The performance share awards granted in 2014 are identical to those granted in 2013 and 2012, with the exception of the performance criteria which, in 2012, were based on reported ROE, compared to the performance share awards granted in 2014 and 2013, which are based on underlying ROE. Performance share awards are granted to employees with total compensation above CHF/USD 250,000 or the local currency equivalent

On January 16, 2014, the Group granted 24.2 million performance share awards with a total value of CHF 663 million. The number of performance share awards granted to employees was determined by dividing the deferred component of variable compensation being granted as performance share awards by the average price of a Group share over the twelve business days ended January 15, 2014. The fair value of each performance share award was CHF 28.13 on the grant date. Performance share awards granted after January 1, 2014 do not include the right to receive dividend equivalents during the vesting period. The fair value was based on a valuation using the Group share price on the date of grant and discounted for expected dividends for 2014, 2015 and 2016 of CHF 0.74, CHF 0.94 and CHF 1.13, respectively. The estimated unrecognized compensation expense of CHF 660 million was determined based on the fair value of the award on the grant date, includes the current estimated outcome of the relevant performance criteria and estimated future forfeitures and will be recognized over the three-year vesting period. On January 17, 2013 and January 19, 2012, the Group granted 26.4 million and 23.5 million performance share awards with a total value of CHF 660 million and CHF 516 million and a fair value of each performance share award granted of CHF 26.44 and CHF 23.90, respectively, equivalent to the Group's closing share price on the grant date.

Performance Share award activities

	2013		2012	
	Number of performance share awards in million	Weighted-average grant-date fair value in CHF	Number of performance share awards in million	Weighted-average grant-date fair value in CHF
Performance share awards				
Balance at beginning of period	23.3	23.90	–	–
Granted	26.6	26.44	23.7	23.90
Settled	(7.6)	23.90	0.0	0.00
Forfeited	(0.9)	24.92	(0.4)	23.90
Balance at end of period	41.4	25.51	23.3	23.90
of which vested	2.7	–	0.9	–
of which unvested	38.7	–	22.4	–

Contingent Capital Awards

CCA are a new form of award granted in January 2014 as part of 2013 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by the Group in the market. They are granted to employees with compensation above CHF/USD 250,000. CCA provide a conditional right to receive semi-annual cash payments of interest equivalents at a rate of 4.75% per annum over the six-month Swiss franc \bullet London Interbank Offered Rate (LIBOR) or 5.33% per annum over the six-month US dollar LIBOR, for Swiss franc and

US-denominated awards, respectively, until settled. Employees who received compensation in Swiss francs could elect to receive CCA denominated in Swiss francs or US dollars, and all other employees received CCA denominated in US dollars.

On January 16, 2014, the Group awarded CHF 391 million of CCA that will be expensed over the three-year period from the grant date. CCA were awarded as deferred variable compensation to managing directors and directors. The estimated unrecognized compensation expense of CHF 433 million was determined based on the fair value of the award on the grant date, includes the

current estimated outcome of the relevant performance criteria, estimated future forfeitures and the expected semi-annual cash payments of interest and will be recognized over the three-year vesting period.

CCA are scheduled to vest on the third anniversary of the grant date and will be expensed over three years from the grant date. However, because CCA qualify as additional tier 1 capital of the Group, the timing and form of distribution upon settlement is subject to approval by the **Swiss Financial Market Supervisory Authority FINMA (FINMA)**. At settlement, employees will receive either a contingent capital instrument or a cash payment based on the fair value of the CCA. The Group will determine that fair value at its discretion. The Group intends to grant CCA as one of its annual deferred variable compensation awards in future years.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero if any of the following trigger events were to occur:

- the Group's reported common equity tier 1 (CET1) ratio falls below 7%; or
- FINMA determines that cancellation of the CCA and other similar contingent capital instruments is necessary, or that the Group requires public sector capital support, in either case to prevent it from becoming insolvent or otherwise failing.

Plus Bond awards

Managing directors and directors in the Investment Banking division received a portion of their 2012 deferred variable compensation in the form of Plus Bond awards. The Plus Bond award is essentially a fixed income instrument, denominated in US dollars, which provides a coupon payment that is commensurate with market-based pricing. Plus Bond award holders are entitled to receive semi-annual cash payments on their adjusted award amounts at the rate of LIBOR plus 7.875% per annum until settlement. The Plus Bond will settle in the summer of 2016 based on the amount of the initial award less portfolio losses, if any, in excess of a first loss portion retained by the Group of USD 600 million. The value of the Plus Bond awards is based on the performance of a portfolio of unrated and sub-investment-grade asset-backed securities that are held in inventory by various trading desks of the Investment Banking division. While the Plus Bond award is a cash-based instrument, the Group reserves the right to settle the award in Group shares based on the share price at the time of final distribution. In addition, subject to oversight procedures, the Group retains the right to prepay all or a portion of the Plus Bond award in cash at any time and, in the event of certain regulatory developments or changes on capital treatment, exchange the award into Group shares. The Plus Bond award plan contributes to a reduction of the Group's **risk-weighted assets** and constitutes a risk transfer from the Group to the Plus Bond award holders.

The Plus Bonds provided to Investment Banking employees had a fair value of CHF 187 million and were fully vested and expensed on the grant date of December 31, 2012.

Managing directors and directors outside of the Investment Banking division were given the opportunity in early 2013 to

voluntarily reallocate a portion of the share award component of their deferred awards into the Plus Bond award. The Plus Bond awards resulting from the voluntary reallocation offer had a notional value of CHF 38 million, will vest on the third anniversary of the grant date in January 17, 2016 and will be expensed over the vesting period.

Restricted Cash Awards

Managing directors and directors in the Investment Banking division received the cash component of their 2012 variable compensation in the form of Restricted Cash Awards. These awards are cash payments made on the grant date, but are subject to a pro-rata repayment by the employee in the event of voluntary resignation or termination for cause within three years of the award grant. The Restricted Cash Award is reported as part of the deferred compensation award for the Group even though the award is fully settled at grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

On January 17, 2013, the Group granted Restricted Cash Awards with a total value of CHF 299 million.

2011 Partner Asset Facility

As part of the 2011 annual compensation process, the Group awarded a portion of their deferred variable compensation for senior employees in the form of PAF2 units. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in the Group's **derivative activities**, including both current and possible future swaps and other derivative transactions. The value of the award (for both the interest accrual and the final redemption) will be reduced if the amount of realized credit losses from a specific reference portfolio exceeds a pre-defined threshold. The Group will bear the first USD 500 million of such losses and the PAF2 holders will bear any losses in excess of USD 500 million, up to the full amount of the deferred compensation awarded. As a result, the PAF2 plan is a transfer of risk from the Group to employees.

Employees at the managing director and director levels, including certain members of the Executive Board, received PAF2 awards. The PAF2 awards vested in the first quarter of 2012.

The PAF2 units have a stated maturity of four years, but may be extended to nine years at the election of either the Group or the holders acting collectively. This election will not be made later than the end of the third year following the grant date. PAF2 units are denominated in Swiss francs and US dollars. Holders will receive a semi-annual cash interest payment equivalent to an annual return of 5% (Swiss franc-denominated awards) or 6.5% (US dollar-denominated awards) applied to the then current balance of the PAF2 units. At maturity, PAF2 holders will receive a final settlement in an amount equal to the original award value less any losses. The Group can settle the PAF2 units in cash or an equivalent value in shares at its discretion.

In January 2012, the Group awarded PAF2 units with a fair value of CHF 499 million and the associated compensation expenses were fully expensed in the first quarter of 2012, as

the awards were fully vested as of March 31, 2012. Compensation expense will continue to be updated at each reporting period date to reflect any change in the underlying fair value of the PAF2 awards until the awards are finally settled.

PAF2 awards were linked to a portfolio of the Group's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be available. As a result, the Group restructured the awards in March 2014, requiring PAF2 holders to reallocate the exposure of their awards from the pool of counterparty credit risks in the original PAF2 structure to one of the following options, or a combination thereof: i) Capital Opportunity Facility: participants elect for their award to be referenced to a Capital Opportunity Facility (COF). The COF is a seven-year facility that is linked to the performance of a portfolio of risk-transfer and capital mitigation transactions to be entered into with the Group chosen by a COF management team. The value of the COF awards will be reduced if there are losses from the COF portfolio, up to the full amount of the award. Participants who elect the COF will receive semi-annual US dollar cash distributions of 6.5% per annum until settlement in cash in 2021, and such semi-annual distributions will reduce the cash settlement amount payable in 2021; and ii) CCA: participants elect to receive CCA, with similar terms to the instruments granted as part of the 2013 compensation awards. The principal differences between the two forms of CCA are that these CCA are expected to settle approximately one year earlier and provide semi-annual cash payments of interest equivalents at slightly lower rates. Settlement is expected to occur in February 2016, subject to regulatory approvals.

In March 2014, 5,084 employees converted their PAF2 holdings of CHF 684 million into CCA (CHF 516 million) and COF (CHF 168 million).

Adjustable Performance Plan awards

The Adjustable Performance Plan is a deferred compensation plan for the Executive Board, managing directors and directors. The Group introduced and granted Adjustable Performance Plan cash awards as part of deferred compensation for 2009 (2009 Adjustable Performance Plan) and 2010 (2010 Adjustable Performance Plan).

The 2009 Adjustable Performance Plan cash awards were fully vested and expensed as of December 31, 2012 and were delivered in the first half of 2013.

The 2010 Adjustable Performance Plan cash awards vest over a four-year period, with the final payout value subject to an upward or downward adjustment, depending on the financial performance of the specific business areas and the Group ROE. The adjustments are determined on an annual basis, increasing or decreasing the outstanding balances by a percentage equal to the reported ROE, unless the division that granted the awards incurs a pre-tax loss. In this case, outstanding awards in that division will be subject to a negative adjustment of 15% for every CHF 1 billion of loss, unless a negative ROE applies for that year and is greater than the divisional adjustment. For employees in Shared Services and other support functions, as well as for all Executive Board members, all

outstanding 2010 Adjustable Performance Plan cash awards are linked to the Group's adjusted profit or loss and the Group ROE, but are not dependent upon the adjusted profit or loss of the business areas that they support.

In July 2012, the Group executed a voluntary exchange offer, under which employees had the right to voluntarily convert all or a portion of their respective unvested Adjustable Performance Plan cash awards into Adjustable Performance Plan share awards at a conversion price of CHF 16.29. Adjustable Performance Plan holders elected to convert CHF 498 million of their Adjustable Performance Plan cash awards into the new Adjustable Performance Plan share awards during the election period, which represented an approximate conversion rate of 50%. Each Adjustable Performance Plan share award had a grant-date fair value of CHF 16.79 and contains the same contractual term, vesting period, performance criteria and other terms and conditions as the original Adjustable Performance Plan cash award.

Upon conversion, CHF 453 million of the liability related to Adjustable Performance Plan cash awards that were converted into the Adjustable Performance Plan share awards was reclassified to total shareholders' equity.

Adjustable Performance Plan share award activities

	2013	2012
	Number of APP share awards in million	Number of APP share awards in million
Adjustable Performance Plan share awards		
Balance at beginning of period	30.8	–
Granted	1.2 ¹	31.0
Settled	(17.2)	0.0
Forfeited	(0.3)	(0.2)
Balance at end of period	14.5	30.8
of which vested	1.2	0.3
of which unvested	13.3	30.5

¹ Represents additional units earned in the first quarter of 2013 as the original Adjustable Performance Plan awards met performance criteria in accordance with the terms and conditions of the awards.

Scaled Incentive Share Unit

The Scaled Incentive Share Unit (SISU) plan is a share-based, long-term incentive plan for managing directors and directors. SISUs were granted in January 2010 as part of the 2009 deferred compensation. SISUs are similar to Incentive Share Units (ISUs) (refer to Incentive Share Unit below) except with a four-year vesting period, subject to early retirement rules, and the leverage component contains an additional performance condition which could increase or decrease the number of any additional shares. The SISU base unit vests equally on each of the four anniversaries of the grant date, whereas the SISU leverage unit will only vest on the fourth anniversary of the grant date. The new performance condition links the final delivery of additional shares to an average of the reported ROE. If the average ROE over the four-year vesting

period is higher than a pre-set target established as of the grant date, the number of additional shares calculated by reference to the average Group share price increase will be adjusted positively, and if it is below the target, the number of additional shares will be adjusted negatively, but not below zero. The final number of additional shares to be delivered at the end of the four-year vesting period will be determined first on the basis of the Group share price development (share price multiplier) and then on the basis of the average ROE development (ROE multiplier). Group shares are delivered shortly after the SISU base component and SISU leverage component vest.

The number of additional shares per SISU was capped at a maximum of three times the grant date value, with a delivery of no more than three shares, prior to the application of the scaling factor, which can be as high as up to 2.5.

Scaled Incentive Share Unit activities

	2013	2012	2011
SISU awards (million)			
Balance at beginning of period	9.6	14.7	20.4
Settled	(4.8)	(4.9)	(5.1)
Forfeited	(0.1)	(0.2)	(0.6)
Balance at end of period	4.7	9.6	14.7
of which vested	1.2	1.7	1.0
of which unvested	3.5	7.9	13.7

Incentive Share Unit

ISUs were the main form of share-based deferred compensation for all employees from 2006 to 2009. For 2009, ISUs were used for the deferred compensation awards granted to employees up to and including vice presidents. An ISU is similar to a share, but offers additional upside depending on the development of the Group share price, compared to predefined targets set on the grant date. For each ISU granted, the employee will receive at least one Group share (ISU base unit) over a three-year vesting period and could receive additional shares (ISU leverage unit) at the end of the three-year vesting period. The number of ISU leverage units to be converted to additional shares is calculated by multiplying the total number of ISU base units granted, less forfeitures, by a share price multiplier. The share price multiplier is determined based on the actual increase in the weighted-average monthly share price during the contractual term of the award versus the share price on the grant date. The ISU base unit vests equally on each of the three anniversaries of the grant date, whereas the ISU leverage unit will only vest on the third anniversary of the grant date. Group shares are delivered shortly after the ISU base units and the ISU leverage units vest.

In 2013, the ISU leverage units granted for 2009 were settled but did not have a value at settlement as the Group share price performance was below the minimum predefined target of CHF 53.71. In 2012, the ISU leverage units granted for 2008 were settled with a value for each outstanding leverage unit

equivalent to 0.986 Group shares. In 2011, the ISU leverage units granted for 2007 were settled but did not have a value at settlement as the Group share price performance was below the minimum predefined target of CHF 58.45.

Incentive Share Unit activities

	2013	2012	2011
ISU awards (million)			
Balance at beginning of period	3.6	13.3	37.7
Settled	(1.8)	(8.8)	(23.3)
Forfeited	(0.6)	(0.9)	(1.1)
Balance at end of period	1.2	3.6	13.3
of which vested	0.1	0.4	1.4
of which unvested	1.1	3.2	11.9

2008 Partner Asset Facility

As part of the 2008 annual compensation process, the Group granted employees in Investment Banking with a corporate title of managing director or director the majority of the deferred compensation in the form of 2008 Partner Asset Facility (PAF) awards, denominated in US dollars. The PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in Investment Banking.

The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool on December 31, 2008, and those assets will remain static throughout the contractual term of the award or until liquidated. The PAF holders will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool. As a result, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

The PAF awards, which have a contractual term of eight years, are fully vested. Each PAF holder will receive a semi-annual cash interest payment of LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. Beginning in the fifth year after the grant date, the PAF holders will receive an annual cash payment equal to 20% of the notional value of the PAF awards if the fair market value of the Asset Pool in that year has not declined below the initial fair market value of the Asset Pool. In the final year of the contractual term, the PAF holders will receive a final settlement in cash equal to the notional value, less all previous cash payments made to the PAF holder, plus any related gains or less any related losses on the liquidation of the Asset Pool.

In June 2012 and December 2011, existing PAF holders were given a voluntary election to make a value-for-value exchange of their existing PAF awards for a new PAF award linked to an expanded portfolio of reference assets. The new PAF awards are

subject to the same contractual term, vesting period, performance criteria, settlement and other terms and conditions as the original PAF awards and constitute an additional risk transfer to employees on the expanded portfolio of assets that was removed from the Group's risk-weighted assets, resulting in a reduction in capital usage. As of the June 2012 and December 2011 election dates, approximately 41% and 35%, respectively, of employees holding PAF awards elected to exchange their existing PAF awards for the new PAF awards. Compensation expense for the new PAF awards will be updated at each reporting period date to reflect any change in the underlying fair value of the expanded portfolio of reference assets in addition to the original portfolio of PAF assets until the awards are finally settled. There was no impact on compensation expense on the exchange dates.

Other cash awards

Other cash awards consist of voluntary deferred compensation, proprietary trading and employee investment plans. The compensation expense related to these awards was primarily driven by

mark to market and performance adjustments, as the majority of the awards are fully vested.

Share options

Options were a substantial component of the Group's share-based program prior to 2004. The Group discontinued the practice of issuing options and all of the original grants have vested. Share options were granted with an exercise price equal to the market price of Group shares on the grant date and expire after ten years.

There were no options granted during 2013, 2012 and 2011. As of December 31, 2013, 2012 and 2011, there was no aggregate intrinsic value of options outstanding or exercisable. As of December 31, 2013 and 2012, there was no total intrinsic value of options exercised and the weighted-average remaining contractual term as of December 31, 2013 was 0.7 years. As of the exercise date, the total intrinsic value of options exercised during 2011 was CHF 1 million. There was no cash received from option exercises in 2013 and 2012. Cash received from option exercises during 2011 was CHF 2 million.

Share option activities

	2013		2012		2011	
	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF
Share options						
Balance at beginning of period	5.3	32.59	16.9	51.00	29.8	64.58
Exercised	0.0	0.00	0.0	0.00	(0.1)	31.78
Forfeited	(0.1)	70.90	0.0	0.00	0.0	0.00
Expired	(4.8)	30.59	(11.6)	59.36	(12.8)	82.61
Balance at end of period	0.4	50.77	5.3	32.59	16.9	51.00
of which exercisable at end of period	0.4	50.77	5.3	32.59	16.9	51.00

Delivered shares

In the past, the Group typically met its obligations to deliver share awards under its compensation programs by purchasing treasury shares in the market and by entering into third-party hedge

instruments. During 2013 and 2012, the Group settled outstanding share-based compensation awards primarily through the issuance of new shares from conditional capital.

29 Related parties

Executive Board and Board of Directors Compensation

► Refer to “Note 3 – Compensation to members of the Executive Board and the Board of Directors” in VI – Parent company financial statements – Credit Suisse Group for additional information on compensation to members of the Executive Board and the Board of Directors.

Executive Board and Board of Directors loans

in	2013	2012	2011
Loans to members of the Executive Board (CHF million)			
Balance at beginning of period	8¹	22	18
Additions	4	3	5
Reductions	(2)	(17)	(1)
Balance at end of period	10¹	8	22
Loans to members of the Board of Directors (CHF million)			
Balance at beginning of period	41²	34	35
Additions	16	12	2
Reductions	(2)	(5)	(3)
Balance at end of period	55²	41	34

¹ The number of individuals with outstanding loans at the beginning and end of the year was three and four, respectively.

² The number of individuals with outstanding loans at the beginning and end of the year was five.

Executive Board and Board of Directors loans

The majority of loans outstanding to members of the Executive Board and the Board of Directors are mortgages or loans against securities. Such loans are made to Executive Board and Board of Directors members on the same terms available to third-party clients or, in the case of loans to members of the Executive Board, pursuant to widely available employee benefit plans. The highest loan outstanding to an Executive Board member was USD 5 million to Eric Varvel as of December 31, 2013.

All mortgage loans to Executive Board members are granted either with variable or fixed interest rates over a certain period. Typically, mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin, and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. The same credit approval and risk assessment procedures apply to Executive Board members as for other employees. Unless otherwise noted, all loans to Executive Board members were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and in consideration of the terms which apply to all Group employees. These loans did not involve more than the normal risk of collectability or present other unfavorable features.

Board members with loans do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Board of Directors members who

were previously employees of the Group may still have outstanding loans, which were provided at the time that employee conditions applied to them. Unless otherwise noted, all loans to Board of Directors members are made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Such loans do not involve more than the normal risk of collectability or present other unfavorable features. In addition to the loans included in the “Executive Board and Board of Directors loans” table, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current Board of Directors members have a significant influence as defined by the SEC. Examples include holding executive and/or board level roles in these companies. Unless otherwise noted, loans extended by the Group to such companies are also made in the ordinary course of business and at prevailing market conditions.

Banking relationships

The Group is a global financial services provider. Many of the members of the Executive Board and the Board of Directors or companies associated with them maintain banking relationships with the Group. The Group or any of its banking subsidiaries may from time to time enter into financing and other banking agreements with companies in which current members of the Executive Board or the Board of Directors have a significant influence as defined by the SEC, such as holding executive and/or board level roles in these companies. With the exception of the transactions described below, relationships with members of the Executive Board and the Board of Directors and such companies are in the ordinary course of business and are entered into on an arm’s length basis. Also, unless otherwise noted, all loans to members of the Executive Board, members of the Board of Directors or companies associated with them were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. As of December 31, 2013, 2012 and 2011, there was no loan exposure to such related parties that was not made in the ordinary course of business and at prevailing market conditions.

Related party transactions

Exchange of tier 1 capital instruments

In February 2011, the Group entered into definitive agreements with entities affiliated with Qatar Investment Authority (QIA) and The Olayan Group, each of which has significant holdings of Group shares and other Group financial products, to issue tier 1 high-trigger capital instruments (new Tier 1 Capital Notes). Under the agreements, QIA and The Olayan Group agreed to purchase USD 3.45 billion new Tier 1 Capital Notes and CHF 2.5 billion new Tier 1 Capital Notes in exchange for their holdings of USD 3.45

billion 11% tier 1 capital notes and CHF 2.5 billion 10% tier 1 capital notes issued in 2008 (together, the Tier 1 Capital Notes), or in the event that the Tier 1 Capital Notes had been redeemed in full, for cash.

In July 2012, the Group entered into an amendment agreement with the entity affiliated with The Olayan Group to accelerate the exchange of USD 1.725 billion of the 11% tier 1 capital notes for an equivalent principal amount of new Tier 1 Capital Notes. In October 2013, based on the prior agreement with an entity affiliated with QIA, the Group exchanged such entity's holding of USD 1.72 billion 11% tier 1 capital notes and CHF 2.5 billion 10% tier 1 capital notes into equivalent principal amounts of new Tier 1 Capital Notes. These transactions were approved by FINMA.

Under their terms, the new Tier 1 Capital Notes will be converted into Group ordinary shares if the Group's reported common equity tier 1 (CET1) ratio, as determined under Basel Committee on Banking Supervision (BCBS) regulations as of the end of any calendar quarter, falls below 7% (or any lower applicable minimum threshold), unless FINMA, at the Group's request, has agreed on or prior to the publication of the Group's quarterly results that actions, circumstances or events have restored, or will imminently restore, the ratio to above the applicable threshold. The new Tier 1 Capital Notes will also be converted if FINMA determines that conversion is necessary, or that the Group requires public sector capital support, to prevent the Group from becoming insolvent, bankrupt or unable to pay a material amount of the Group's debts, or other similar circumstances. In addition, conversion of the new Tier 1 Capital Notes issued to the entities affiliated with The Olayan Group will be triggered if, in the event of a request by FINMA for an interim report prior to the end of any calendar quarter, the Group's reported CET1 ratio, as of the end of any such interim period, falls below 5%. The conversion price will be the higher of a given floor price per share (subject to customary adjustments) or the daily volume weighted average sales price of the Group's ordinary shares over a five-day period preceding the notice of conversion. In connection with the July 2012 exchange, the conversion floor price of the new Tier 1 Capital Notes delivered in the exchange as well as the remaining new Tier 1 Capital Notes that were exchanged in October 2013 was adjusted to match the conversion price of the MACCS described below. The new Tier 1 Capital Notes are deeply subordinated, perpetual and callable by the Group no earlier than 2018 and in certain other circumstances with FINMA approval. Interest is payable on the USD 3.45 billion new Tier 1 Capital Notes and CHF 2.5 billion new Tier 1 Capital Notes at fixed rates of 9.5% and 9.0%, respectively, and will reset after the first call date. Interest payments will generally be discretionary (unless triggered), subject to suspension in certain circumstances and non-cumulative.

At the time of the original transaction, the Group determined that this was a material transaction and deemed QIA and The Olayan Group to be related parties of the Group's current Board of Directors member Mr. Bin Hamad J.J. Al Thani and the Group's then Board of Directors member Mr. Syriani, respectively, for purposes of evaluating the terms and corporate governance of the

original transaction. At that time, the Board of Directors (except for Mr. Bin Hamad J.J. Al Thani and Mr. Syriani, who abstained from participating in the determination process) determined that the terms of the original transaction, given its size, the nature of the contingent capital instrument, for which there was no established market, and the terms of the Tier 1 Capital Notes issued in 2008 and held by QIA and The Olayan Group, were fair. As of April 26, 2013, Mr. Syriani retired from the Board of Directors and no other person affiliated with The Olayan Group has been elected as a Board of Directors member.

Settlement of mandatory and contingent convertible securities

In July 2012, the Group issued CHF 3.8 billion mandatory and contingent convertible securities (MACCS) that mandatorily converted into 233.5 million shares at a conversion price of CHF 16.29 per share on March 29, 2013. The settlement and delivery of shares occurred on April 8, 2013. Strategic and institutional investors purchased CHF 2.0 billion of MACCS and shareholders exercised preferential subscription rights for CHF 1.8 billion of MACCS. The conversion price corresponded to 95% of the volume weighted average market price for the two trading days preceding the transaction. Investors in the MACCS included entities affiliated with QIA and The Olayan Group, which also have been deemed by the Group to be related parties of the Group's current Board of Directors' member Mr. Bin Hamad J.J. Al Thani and the Group's then Board of Directors member Mr. Syriani. In addition to QIA and The Olayan Group, a number of other investors of the Group purchased the MACCS, including Norges Bank and the Capital Group Companies, Inc., which, like QIA and The Olayan Group, have significant holdings of Group shares. The terms and conditions for the conversion of the MACCS were equally applicable to all purchasers.

Plus Bonds

In 2013, the Group awarded Plus Bonds to certain employees as deferred variable compensation in respect of their 2012 compensation. The Group provided members of the Executive Board who did not participate in the structuring of the Plus Bond the opportunity to invest their own funds in instruments with substantially the same terms as the Plus Bond awards granted to employees. As a result, certain Executive Board members acquired an aggregate of CHF 9 million in Plus Bond instruments in February 2013.

Loan to Arcapita Bank

In February 2012, the Group downgraded to impaired status a loan with an outstanding principal amount of USD 30 million to Arcapita Bank B.S.C. (Arcapita Bank), an international investment firm headquartered in Bahrain. The financing provided to Arcapita Bank was extended in 2007 on arm's length terms and at the time, did not involve more than the normal risk of collectability or present other unfavorable features. Arcapita Bank may have been deemed to be a related party entity of the Group because the Group's Board of Directors' member Mr. Bin Hamad J.J. Al Thani

was also a member of the board of directors of Arcapita Bank. Mr. Bin Hamad J.J. Al Thani joined the Arcapita Bank board of directors in October 2008 and the Group's Board of Directors in 2010, in both cases after the loan was extended. Arcapita Bank filed for Chapter 11 bankruptcy in the US in March 2012, and the Group subsequently sold its USD 30 million credit position to an unrelated third party. During 2013, Mr. Bin Hamad J.J. Al Thani stepped down from the Arcapita Bank board of directors.

Liabilities due to own pension funds

Liabilities due to the Group's own defined benefit pension funds as of December 31, 2013 and 2012 of CHF 3,381 million and CHF 3,232 million, respectively, were reflected in various liability accounts in the Group's consolidated balance sheets. In December 2011, the Group's Swiss pension fund invested CHF 350 million into mandatory convertible securities issued by Credit Suisse Group Finance (Guernsey) Limited, an unconsolidated SPE wholly

owned by the Group. The mandatory convertible securities contained a 2% coupon and converted into 16.5 million Group shares at maturity in December 2012. In addition, other unconsolidated SPEs wholly owned by the Group had liabilities to the pension funds of the Group with notional values of CHF 77 million and CHF 78 million as of December 31, 2013 and 2012, respectively.

Loans outstanding made by the Group or any subsidiaries to equity method investees

in	2013	2012	2011
Loans outstanding made by the Group or any subsidiaries to equity method investees (CHF million)			
Balance at beginning of period	12	13	45
Net borrowings/(repayments)	(2)	(1)	(32)
Balance at end of period	10	12	13

30 Pension and other post-retirement benefits

The Group sponsors defined contribution pension plans, defined benefit pension plans and other post-retirement defined benefit plans such as post-retirement health care.

DEFINED CONTRIBUTION PENSION PLANS

Defined contribution plans provide each participant with an individual account. The benefits to be provided to a participant are solely based on the contributions made to that employee's account and are affected by income, expenses and gains and losses allocated to the account. As such, there are no stipulations of a defined annuity benefit at retirement and the participants bear the full actuarial as well as investment risk.

The Group contributes to various defined contribution pension plans primarily in the US and the UK as well as other countries throughout the world. During 2013, 2012 and 2011, the Group contributed to these plans and recognized as expense CHF 179 million, CHF 221 million and CHF 246 million, respectively.

DEFINED BENEFIT PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Defined benefit pension plans

Defined benefit pension plans are pension plans that define specific benefits for an employee upon that employee's retirement. These benefits are usually determined by taking into account the employee's salary, years of service and age of retirement. Retirees neither bear the actuarial risk (for example, the risk that the retirees of the plan live longer than expected), nor the investment risk (that is, that plan assets invested and associated returns will be insufficient to meet the expected benefits due to low or negative returns on contributions). The Group's funding policy for these plans is in accordance with local laws and tax requirements.

Swiss pension plan

The Group's most significant defined benefit pension plan is located and covers its employees in Switzerland and is set up as a trust domiciled in Zurich. The plan provides benefits in the event of retirement, death and disability and meets or exceeds the minimum benefits required under Swiss law. Historically, this plan provided traditional defined benefit pensions under the annuity section. In 2010, a new savings section was introduced and as of January 1, 2013, all active employees were transferred to the savings section and the annuity section has ceased accruing new benefits. In the savings section, the benefits are determined on the basis of the accumulated employer and employee contributions and accumulated interest credited. Although the plan is largely defined contribution in nature, it is treated as a defined benefit plan under US GAAP, mainly due to a guaranteed minimum return on contributions and guaranteed payment of lifetime pensions. As of December 31, 2013 and 2012, the Group's pension plan in Switzerland comprised 79% and 80%, respectively, of all the Group's employees participating in defined benefit plans, 83% of the fair value of plan assets, and 82% and 83%, respectively, of the pension benefit obligation of the Group's defined benefit plans.

Employee contributions in the savings section depend on their age and are determined as a percentage of the pensionable salary. The employees can select between three different levels of contributions which vary between 5% and 14% depending on their age. The Group's contribution varies between 7.5% and 25% of the pensionable salary depending on the employee's age.

International pension plans

Various defined benefit pension plans cover the Group's employees outside Switzerland. These plans provide benefits in the event of retirement, death, disability or termination of employment. Retirement benefits under the plans depend on age, contributions and salary. The Group's principal defined benefit pension plans outside Switzerland are located in the US and in the UK. Both plans are funded, closed to new participants and have ceased accruing new benefits. Smaller defined benefit pension plans, both funded and unfunded, are operated in other locations.

Other post-retirement defined benefit plans

In the US, the Group's defined benefit plans provide post-retirement benefits other than pension benefits that primarily focus on health and welfare benefits for certain retired employees. In

exchange for the current services provided by the employee, the Group promises to provide health and welfare benefits after the employee retires. The Group's obligation for that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

Benefit costs of defined benefit plans

The net periodic benefit costs for defined benefit pension and other post-retirement defined benefit plans are the costs of the respective plan for a period during which an employee renders services. The actual amount to be recognized is determined using the standard actuarial methodology which considers, among other factors, current service cost, interest cost, expected return on plan assets and the amortization of both prior service cost/(credit) and actuarial losses/(gains) recognized in AOCI.

Components of total benefit costs

in	Switzerland			Defined benefit pension plans International			Other post-retirement defined benefit plans International		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Total benefit costs (CHF million)									
Service costs on benefit obligation	347	347	319	24	30	33	0	1	0
Interest costs on benefit obligation	304	378	416	122	127	123	8	8	7
Expected return on plan assets	(575)	(617)	(668)	(161)	(164)	(160)	0	0	0
Amortization of recognized prior service cost/(credit)	(92)	(52)	17	0	(1)	0	0	(2)	(2)
Amortization of recognized actuarial losses/(gains)	258	144	84	79	74	51	13	13	9
Net periodic benefit costs	242	200	168	64	66	47	21	20	14
Settlement losses/(gains)	40	90	0	0	0	0	0	0	0
Curtailment losses/(gains)	(28)	(35)	1	0	0	0	0	0	0
Special termination benefits	19	19	10	0	0	0	0	0	0
Total benefit costs	273	274	179	64	66	47	21	20	14

Total benefit costs reflected in compensation and benefits – other for 2013, 2012 and 2011 were CHF 358 million, CHF 360 million and CHF 240 million, respectively.

Since the second quarter of 2011, as part of its strategic plan, the Group has launched a number of cost efficiency measures including headcount reduction. This resulted in curtailment gains of CHF 28 million and CHF 35 million in 2013 and 2012, respectively, and a curtailment loss of CHF 1 million in 2011 reflecting the immediate recognition of a credit relating to the years of service no longer expected to be rendered. Additional costs of CHF 40 million and CHF 90 million in 2013 and 2012, respectively, related to the settlement of the pension obligation for employees in Switzerland whose employment has effectively been terminated or who have left the Group due to a sale of their business. Special termination benefit costs of CHF 19 million, CHF 19 million and CHF 10 million have been recognized in 2013, 2012 and 2011, respectively, relating to early retirements in Switzerland in the context of the cost efficiency measures.

Benefit obligation

The benefit obligation is expressed as either accumulated benefit obligation (ABO) or PBO. While the ABO refers to the actuarial present value based on employee services rendered prior to that date and takes into account current and past compensation levels, the PBO also applies an assumption as to future compensation levels.

The following table shows the changes in the PBO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the defined benefit pension and other post-retirement defined benefit plans as well as the ABO for the defined benefit pension plans.

Obligations and funded status of the plans

in / end of	Switzerland		Defined benefit pension plans		Other post-retirement defined benefit plans	
	2013	2012	International		International	
			2013	2012	2013	2012
PBO (CHF million) ¹						
Beginning of the measurement period	14,296	13,944	2,773	2,675	180	174
Plan participant contributions	209	231	0	0	0	0
Service cost	347	347	24	30	0	1
Interest cost	304	378	122	127	8	8
Plan amendments	0	(402)	0	0	0	0
Settlements	(208)	(335)	(4)	0	0	0
Curtailments	(5)	(64)	(2)	(12)	0	0
Special termination benefits	19	19	1	1	0	0
Actuarial losses/(gains)	(736)	855	69	70	(8)	10
Plans removed	0	0	0	(6)	0	0
Benefit payments	(753)	(677)	(97)	(103)	(8)	(8)
Exchange rate losses/(gains)	0	0	(43)	(9)	(4)	(5)
End of the measurement period	13,473	14,296	2,843	2,773	168	180
Fair value of plan assets (CHF million)						
Beginning of the measurement period	14,340	13,604	2,893	2,586	0	0
Actual return on plan assets	913	1,035	183	234	0	0
Employer contributions	411	482	67	158	8	8
Plan participant contributions	209	231	0	0	0	0
Settlements	(208)	(335)	(4)	0	0	0
Benefit payments	(753)	(677)	(97)	(103)	(8)	(8)
Exchange rate gains/(losses)	0	0	(35)	18	0	0
End of the measurement period	14,912	14,340	3,007	2,893	0	0
Funded status recognized (CHF million)						
Funded status of the plan – overfunded/(underfunded)	1,439	44	164	120	(168)	(180)
Funded status recognized in the consolidated balance sheet as of December 31	1,439	44	164	120	(168)	(180)
Total amount recognized (CHF million)						
Noncurrent assets	1,439	45	520	695	0	0
Current liabilities	0	0	(8)	(7)	(8)	(8)
Noncurrent liabilities	0	(1)	(348)	(568)	(160)	(172)
Total amount recognized in the consolidated balance sheet as of December 31	1,439	44	164	120	(168)	(180)
ABO (CHF million) ²						
End of the measurement period	13,043	13,821	2,785	2,714	-	-

¹ Including estimated future salary increases.

² Excluding estimated future salary increases.

US GAAP requires an employer to recognize the funded status of the defined benefit pension and other post-retirement defined benefit plans on the balance sheet. The funded status of these plans is determined as the difference between the fair value of plan assets and the PBO. The funded status may vary from year to year due to changes in the fair value of plan assets and variations of the PBO following changes in the underlying assumptions and census data used to determine the PBO. In 2013 and 2012, the curtailments, settlements and special termination benefits in Switzerland, which impacted the PBO, related to the headcount reduction in the context of the cost efficiency measures. In addition, a

plan amendment occurred in the Swiss pension plan as announced on December 17, 2012: the reduction in the conversion rate used to determine the pension annuity resulted in a reduction in the PBO of CHF 402 million in 2012.

The total net amount recognized in the consolidated balance sheets as of December 31, 2013 and 2012 was a net overfunding of CHF 1,435 million and a net underfunding of CHF 16 million, respectively.

In 2014, the Group expects to contribute CHF 521 million to the Swiss and international defined benefit pension plans and CHF 8 million to other post-retirement defined benefit plans.

PBO or ABO in excess of plan assets

The following table shows the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with

PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2013 and 2012, respectively.

Defined benefit pension plans in which PBO or ABO exceeded plan assets

December 31	PBO exceeds fair value of plan assets ¹				ABO exceeds fair value of plan assets ¹			
	Switzerland		International		Switzerland		International	
	2013	2012	2013	2012	2013	2012	2013	2012
CHF million								
PBO	0	6	1,334	1,400	0	6	1,319	1,382
ABO	0	5	1,307	1,364	0	5	1,298	1,354
Fair value of plan assets	0	5	978	825	0	5	964	810

¹ Includes only those defined benefit pension plans where the PBO/ABO exceeded the fair value of plan assets.

Amount recognized in AOCI and other comprehensive income

The following table shows the actuarial gains/(losses) and prior service credit/(cost) which were recorded in AOCI and subsequently recognized as components of net periodic benefit costs.

Amounts recognized in AOCI, net of tax

end of	Defined benefit pension plans		Other post-retirement defined benefit plans		Total	
	2013	2012	2013	2012	2013	2012
Amounts recognized in AOCI (CHF million)						
Actuarial gains/(losses)	(2,717)	(3,748)	(40)	(53)	(2,757)	(3,801)
Prior service credit/(cost)	512	607	3	3	515	610
Total	(2,205)	(3,141)	(37)	(50)	(2,242)	(3,191)

The following tables show the changes in other comprehensive income due to actuarial gains/(losses) and prior service credit/(cost) recognized in AOCI during 2013 and 2012, and the amortization of the aforementioned items as components of net periodic benefit costs for these periods, as well as the amounts expected to be amortized in 2014.

Amounts recognized in other comprehensive income

in	Defined benefit pension plans			Other post-retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
2013 (CHF million)							
Actuarial gains/(losses)	1,027	(288) ¹	739	8	(3)	5	744
Amortization of actuarial losses/(gains)	337	(83)	254	13	(5)	8	262
Amortization of prior service cost/(credit)	(92)	20	(72)	0	0	0	(72)
Immediate recognition due to curtailment/settlement	18	(3)	15	0	0	0	15
Total amounts recognized in other comprehensive income	1,290	(354)	936	21	(8)	13	949
2012 (CHF million)							
Actuarial gains/(losses)	(437)	92	(345)	(10)	4	(6)	(351)
Prior service credit/(cost)	402	(83)	319	0	0	0	319
Amortization of actuarial losses/(gains)	218	(57)	161	13	(5)	8	169
Amortization of prior service cost/(credit)	(53)	12	(41)	(2)	1	(1)	(42)
Immediate recognition due to curtailment/settlement	131	(28)	103	0	0	0	103
Total amounts recognized in other comprehensive income	261	(64)	197	1	0	1	198

¹ Includes the impact from the valuation allowance recognized on deferred tax assets on one of the Group's entities in the UK, offsetting the tax benefit of CHF 37 million attributable to the UK pension plan.

Amounts in AOCI, net of tax, expected to be amortized in 2014

in 2014	Defined benefit pension plans	Other post-retirement defined benefit plans
CHF million		
Amortization of actuarial losses/(gains)	146	5
Amortization of prior service cost/(credit)	(69)	0
Total	77	5

Assumptions

The measurement of both the net periodic benefit costs and the benefit obligation is determined using explicit assumptions, each of which individually represents the best estimate of a particular

future event. Where applicable, they are in line with the expected market averages and benchmarks, the expected trend in the market and historical rates, particularly plan experience.

Weighted-average assumptions used to determine net periodic benefit costs and benefit obligation

December 31	Switzerland			International			Other post-retirement defined benefit plans		
				International					
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Net periodic benefit cost (%)									
Discount rate	2.2	2.8	3.1	4.5	4.8	5.5	4.3	4.7	5.5
Salary increases	1.2	1.4	2.0	4.0	4.0	4.2	–	–	–
Expected long-term rate of return on plan assets	4.0	4.3	4.8	6.2	6.4	7.3	–	–	–
Benefit obligation (%)									
Discount rate	2.6	2.2	2.8	4.7	4.5	4.8	5.1	4.3	4.7
Salary increases	1.2	1.2	1.4	4.3	4.0	4.0	–	–	–

Net periodic benefit cost and benefit obligation assumptions

The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic benefit costs for the 12-month period following this date. The discount rate is one of the factors used to determine the present value as of the measurement date of the future cash outflows currently expected to be required to satisfy the benefit obligations when due. The assumption pertaining to salary increases is used to calculate the PBO, which is measured using an assumption as to future compensation levels.

The expected long-term rate of return on plan assets, which is used to calculate the expected return on plan assets as a component of the net periodic benefit costs, reflects the average rate of returns expected on the funds invested or to be invested to provide for the benefits included in the PBO. In estimating that rate, appropriate consideration is given to the returns being earned by the plan assets and the rates of return expected to be available for reinvestment.

The expected long-term rate of return on plan assets is based on total return forecasts, expected volatility and correlation estimates, reflecting interrelationships between and within asset classes held. Where possible, similar, if not related, approaches are followed to forecast returns for the various asset classes.

The expected long-term rate of return on debt securities reflects both accruing interest and price returns. The probable long-term relationship between the total return and certain

exogenous variables is used, which links the total return forecasts on debt securities to forecasts of the macroeconomic environment.

The expected long-term rate of return on equity securities is based on a two-stage dividend discount model which considers economic and market forecasts to compute a market-implied equity risk premium. Dividends are estimated using market consensus earnings and the historical payout ratio. A subsequent scenario analysis is used to stress test the level of the return.

The expected long-term rate of return on real estate is based on economic models that reflect both the rental and the capital market side of the direct real estate market. This allows for a replicable and robust forecasting methodology for expected returns on real estate equity, fund and direct market indices.

The expected long-term rate of return on private equity and hedge funds is estimated by determining the key factors in their historical performance using private equity and hedge fund benchmarks and indices. To capture these factors, multiple linear regression models with lagged returns are used.

Health care cost assumptions

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining those costs, an annual weighted-average rate is assumed in the cost of covered health care benefits.

The following table provides an overview of the health care cost trend rates assumed and the sensitivity of a one percentage point increase or decrease of the rate.

Health care cost trend rates and sensitivity

in / end of	2013	2012	2011
Health care cost trend rate (%)			
Annual weighted-average health care cost trend rate ¹	8.00	9.00	9.00
Increase/(decrease) in post-retirement expenses (CHF million)			
One percentage point increase in health care cost trend rates	1.3	1.4	1.3
One percentage point decrease in health care cost trend rates	(1.0)	(1.1)	(1.1)
Increase/(decrease) in post-retirement benefit obligation (CHF million)			
One percentage point increase in health care cost trend rates	23	27	23
One percentage point decrease in health care cost trend rates	(19)	(22)	(19)

¹ The annual health care cost trend rate is assumed to decrease gradually to achieve the long-term health care cost trend rate of 5% by 2021.

The annual health care cost trend rate used to determine the defined benefit cost for 2014 is 8.00%.

Plan assets and investment strategy

Plan assets, which are assets that have been segregated and restricted to provide for plan benefits, are measured at their fair value as of the measurement date.

The Group's defined benefit pension plans employ a total return investment approach, whereby a diversified mix of debt and equity securities and alternative investments, specifically hedge funds and private equity, are used to maximize the long-term return of plan assets while incurring a prudent level of risk. The intent of

this strategy is to meet or outperform plan liabilities over the long term. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Furthermore, equity securities are diversified across different geographic regions as well as across growth, value and small and large capitalization stocks. Real estate and alternative investments, such as private equity and hedge funds, are used to enhance long-term returns while improving portfolio diversification.

Derivatives may be used to hedge or increase market exposure, but are not used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through periodic asset/liability

studies and quarterly investment portfolio reviews. To limit investment risk, the Group pension plans follow defined strategic asset allocation guidelines. At times of major market uncertainties and stress, these guidelines may be further restricted.

As of December 31, 2013 and 2012, the total fair value of Group debt securities included in plan assets of the Group's defined benefit pension plans was CHF 129 million and CHF 256 million, respectively, and the total fair value of Group equity securities and options was CHF 147 million and CHF 109 million, respectively.

Fair value hierarchy of plan assets

► Refer to "Fair value measurement" in Note 34 – Financial instruments for discussion of the fair value hierarchy.

Fair value of plan assets

The following tables present the plan assets measured at fair value on a recurring basis as of December 31, 2013 and 2012, for the Group's defined benefit pension plans.

Plan assets measured at fair value on a recurring basis

end of	2013			Total	2012			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Plan assets at fair value (CHF million)								
Cash and cash equivalents	3,335	35	0	3,370	2,630	0	0	2,630
Debt securities	415	2,978	0	3,393	1,137	2,894	0	4,031
of which governments	395	0	0	395	959	28	0	987
of which corporates	20	2,978	0	2,998	178	2,866	0	3,044
Equity securities	2,224	2,321	0	4,545	1,821	1,651	0	3,472
Real estate	0	564	1,125	1,689	0	552	1,080	1,632
of which direct	0	0	1,123	1,123	0	0	1,078	1,078
of which indirect	0	564	2	566	0	552	2	554
Alternative investments	0	1,178	737	1,915	0	1,908	662	2,570
of which private equity	0	0	607	607	0	0	662	662
of which hedge funds	0	1,086	0	1,086	0	1,668	0	1,668
of which other	0	92 ¹	130	222	0	240 ¹	0	240
Other investments	0	0	0	0	0	5	0	5
Switzerland	5,974	7,076	1,862	14,912	5,588	7,010	1,742	14,340
Cash and cash equivalents	66	333	0	399	0	394	0	394
Debt securities	335	1,017	177	1,529	234	1,128	71	1,433
of which governments	335	30	0	365	234	8	0	242
of which corporates	0	987	177	1,164	0	1,120 ²	71	1,191
Equity securities	172	441	0	613	188	325 ²	0	513
Real estate – indirect	0	0	94	94	0	0	89	89
Alternative investments	(23)	290	7	274	0	335	34	369
of which private equity	0	0	0	0	0	0	4	4
of which hedge funds	0	264	3	267	0	94 ²	30	124
of which other	(23) ¹	26 ¹	4	7	0	241 ¹	0	241
Other investments	0	98	0	98	0	95	0	95
International	550	2,179	278	3,007	422	2,277	194	2,893
Total plan assets at fair value	6,524	9,255	2,140	17,919	6,010	9,287	1,936	17,233

¹ Primarily related to derivative instruments.

² Prior period has been corrected to reclassify certain plan assets from equity securities to corporate debt and hedge funds, respectively.

Plan assets measured at fair value on a recurring basis for level 3

	Balance at beginning of period	Transfers in	Transfers out	Actual return on plan assets		Purchases, sales, settlements	Foreign currency translation impact	Balance at end of period
				On assets still held at reporting date	On assets sold during the period			
2013 (CHF million)								
Debt securities – corporates	71	1	(1)	5	0	103	(2)	177
Real estate	1,169	0	0	52	0	0	(2)	1,219
of which direct	1,078	0	0	45	0	0	0	1,123
of which indirect	91	0	0	7	0	0	(2)	96
Alternative investments	696	149	(147)	37	7	15	(13)	744
of which private equity	666	0	(147)	45	1	47	(5)	607
of which hedge funds	30	2	0	(3)	2	(27)	(1)	3
of which other	0	147	0	(5)	4	(5)	(7)	134
Total plan assets at fair value	1,936	150	(148)	94	7	118	(17)	2,140
of which Switzerland	1,742	147	(147)	87	0	42	(9)	1,862
of which International	194	3	(1)	7	7	76	(8)	278
2012 (CHF million)								
Debt securities – corporates	90	0	(28)	9	3	(3)	0	71
Real estate	1,118	0	0	50	0	3	(2)	1,169
of which direct	1,034	0	0	44	0	0	0	1,078
of which indirect	84	0	0	6	0	3	(2)	91
Alternative investments	696	0	0	(17)	3	31	(17)	696
of which private equity	615	0	0	(18)	2	82	(15)	666
of which hedge funds	81	0	0	1	1	(51)	(2)	30
Total plan assets at fair value	1,904	0	(28)	42	6	31	(19)	1,936
of which Switzerland	1,640	0	0	27	0	89	(14)	1,742
of which International	264	0	(28)	15	6	(58)	(5)	194

Qualitative disclosures of valuation techniques used to measure fair value

Cash and cash equivalents

Cash and cash equivalents includes money market instruments such as bankers' acceptances, certificates of deposit, CP, book claims, treasury bills, other rights and commingled funds. Valuations of money market instruments and commingled funds are generally based on observable inputs.

Debt securities

Debt securities include government and corporate bonds which are generally quoted in active markets. Debt securities for which market prices are not available, are valued based on yields reflecting the perceived risk of the issuer and the maturity of the security, recent disposals in the market or other modeling techniques, which may involve judgment.

Equity securities

Equity securities held include common equity shares, convertible bonds and shares in investment companies and units in mutual funds. The common equity shares are generally traded on public stock exchanges for which quoted prices are regularly available. Convertible bonds are generally valued using observable pricing sources. Shares in investment companies and units in mutual funds, which are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using NAV.

Derivatives

Derivatives include both OTC and exchange-traded derivatives. The fair value of OTC derivatives is determined on the basis of inputs that include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination

of the fair value of many derivatives involves only a limited degree of subjectivity since the required inputs are generally observable in the marketplace. Other more complex derivatives may use unobservable inputs. Such inputs include long-dated volatility assumptions on OTC option transactions and recovery rate assumptions for credit derivative transactions. The fair value of exchange-traded derivatives is typically derived from the observable exchange prices and/or observable inputs.

Real estate

Real estate includes direct real estate as well as investments in real estate investment companies, trusts or mutual funds. Direct real estate is initially measured at its transaction price, which is the best estimate of fair value. Thereafter, direct real estate is individually measured at fair value based on a number of factors that include any recent rounds of financing involving third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. Real estate investment companies, trusts and mutual funds, which are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using NAV.

Alternative investments

Private equity includes direct investments, investments in partnerships that make private equity and related investments in various portfolio companies and funds and fund of funds partnerships. Private equity consists of both publicly traded securities and private securities. Publicly traded investments that are restricted or that are not quoted in active markets are valued based on publicly available quotes with appropriate adjustments for liquidity or trading restrictions. Private equity is valued taking into account a number of factors, such as the most recent round of financing involving unrelated new investors, earnings multiple analyses using comparable companies or discounted cash flow analyses. Private equity for which a fair value is not readily determinable is measured at fair value using NAV provided by the general partner.

Hedge funds that are not directly quoted on a public stock exchange, and/or for which a fair value is not readily determinable, are measured at fair value using NAV provided by the fund administrator.

Plan asset allocation

The following table shows the plan asset allocation as of the measurement date calculated based on the fair value at that date including the performance of each asset class.

Weighted-average plan asset allocation

December 31	Switzerland		International	
	2013	2012	2013	2012
Weighted-average plan asset allocation (%)				
Cash and cash equivalents	22.6	18.3	13.3	13.6
Debt securities	22.8	28.1	50.7	49.5 ¹
Equity securities	30.4	24.2	20.4	17.8 ¹
Real estate	11.3	11.4	3.1	3.1
Alternative investments	12.9	18.0	9.2	12.7 ¹
Insurance	0.0	0.0	3.3	3.3
Total	100.0	100.0	100.0	100.0

¹ Prior period has been corrected to reclassify certain plan assets from equity securities to debt securities and alternative investments, respectively.

The following table shows the target plan asset allocation for 2014 in accordance with the Group's investment strategy. The target plan asset allocation is used to determine the expected return on plan assets to be considered in the net periodic benefit costs for 2014.

Weighted-average target plan asset allocation for 2014

	Switzerland	International
2014 (%)		
Cash and cash equivalents	10	0
Debt securities	35	59
Equity securities	30	25
Real estate	12	3
Alternative investments	13	10
Insurance	0	3
Total	100	100

Estimated future benefit payments for defined benefit plans

The following table shows the estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans.

Estimated future benefit payments for defined benefit plans

	Defined benefit pension plans	Other post-retirement defined benefit plans
Estimated future benefit payments (CHF million)		
2014	969	8
2015	956	9
2016	936	10
2017	909	10
2018	896	11
For five years thereafter	4,933	59

31 Derivatives and hedging activities

Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The Group's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, credit default and cross-currency swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The Group also enters into contracts that are not considered derivatives in their entirety but include embedded derivative features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index or third-party credit risk, or that have non-standard interest or foreign exchange terms.

On the date a derivative contract is entered into, the Group designates it as belonging to one of the following categories:

- trading activities;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge);
- a hedge of the fair value of a recognized asset or liability;
- a hedge of the variability of cash flows to be received or paid relating to a recognized asset or liability or a forecasted transaction; or
- a hedge of a net investment in a foreign operation.

Trading activities

The Group is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products, such as custom transactions using combinations of derivatives, in connection with its sales and trading activities. Trading activities include market making, positioning and arbitrage activities. The majority of the Group's derivatives were used for trading activities.

Economic hedges

Economic hedges arise when the Group enters into derivative contracts for its own risk management purposes, but the contracts entered into do not qualify for hedge accounting under US GAAP. These economic hedges include the following types:

- interest rate derivatives to manage net interest rate risk on certain core banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain core banking business revenue and expense items, as well as on core banking business assets and liabilities;
- credit derivatives to manage credit risk on certain loan portfolios; and
- futures to manage risk on equity positions including convertible bonds.

Derivatives used in economic hedges are included as trading assets or trading liabilities in the consolidated balance sheets.

Hedge accounting

Fair value hedges

The Group designates fair value hedges as part of an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize fluctuations in earnings that are caused by interest rate volatility. In addition to hedging changes in fair value due to interest rate risk associated with fixed rate loans, repurchase agreements and long-term debt instruments, the Group uses:

- cross-currency swaps to convert foreign-currency-denominated fixed rate assets or liabilities to floating rate functional currency assets or liabilities; and
- foreign exchange forward contracts to hedge the foreign exchange risk associated with available-for-sale securities.

Cash flow hedges

The Group designates cash flow hedges as part of its strategy to mitigate its risk to variability of cash flows on loans, deposits and other debt obligations by using interest rate swaps to convert variable rate assets or liabilities to fixed rates. The Group also uses cross-currency swaps to convert foreign-currency-denominated fixed and floating rate assets or liabilities to fixed rate assets or liabilities based on the currency profile to which the Group elects to be exposed. This includes, but is not limited to, Swiss francs and US dollars. Further, the Group uses derivatives to hedge its cash flows associated with forecasted transactions. As of the end of 2013, the maximum length of time over which the Group hedged its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was three years.

Net investment hedges

The Group designates net investment hedges as part of its strategy to hedge selected net investments in foreign operations against adverse movements in foreign exchange rates, typically using forward foreign exchange contracts.

Hedge effectiveness assessment

The Group assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis, and requires the Group to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing basis and requires the Group to determine whether or not the hedging relationship has actually been effective. If the

Group concludes, through a retrospective evaluation, that hedge accounting is appropriate for the current period, then it measures the amount of hedge ineffectiveness to be recognized in earnings.

Fair value of derivative instruments

The tables below present gross derivative replacement values by type of contract and balance sheet location and whether the derivative is used for trading purposes or in a qualifying hedging

relationship. Notional amounts have also been provided as an indication of the volume of derivative activity within the Group.

Information on bifurcated embedded derivatives has not been included in these tables. Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value.

► Refer to "Note 34 – Financial instruments" for further information.

Fair value of derivative instruments

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 2013						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	9,366.2	2.5	2.6	0.0	0.0	0.0
Swaps	30,589.6	399.6	393.8	68.5	2.8	0.7
Options bought and sold (OTC)	3,889.5	44.3	44.9	0.0	0.0	0.0
Futures	830.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	705.9	0.3	0.2	0.0	0.0	0.0
Interest rate products	45,382.0	446.7	441.5	68.5	2.8	0.7
Forwards	2,098.0	21.6	21.5	30.5	0.3	0.1
Swaps	1,382.1	28.9	39.2	0.0	0.0	0.0
Options bought and sold (OTC)	815.6	10.7	11.6	9.4	0.0	0.0
Futures	48.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	5.5	0.1	0.2	0.0	0.0	0.0
Foreign exchange products	4,350.0	61.3	72.5	39.9	0.3	0.1
Forwards	4.0	0.7	0.1	0.0	0.0	0.0
Swaps	236.1	5.4	7.9	0.0	0.0	0.0
Options bought and sold (OTC)	225.3	12.2	12.0	0.0	0.0	0.0
Futures	50.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	416.2	17.0	17.2	0.0	0.0	0.0
Equity/index-related products	932.2	35.3	37.2	0.0	0.0	0.0
Credit derivatives²	1,483.3	26.8	27.2	0.0	0.0	0.0
Forwards	19.2	0.7	1.1	0.0	0.0	0.0
Swaps	45.4	2.9	2.5	0.0	0.0	0.0
Options bought and sold (OTC)	35.2	1.1	1.0	0.0	0.0	0.0
Futures	31.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	48.9	0.7	0.9	0.0	0.0	0.0
Other products³	179.8	5.4	5.5	0.0	0.0	0.0
Total derivative instruments	52,327.3	575.5	583.9	108.4	3.1	0.8

The notional amount, PRV and NRV (trading and hedging) was CHF 52,435.7 billion, CHF 578.6 billion and CHF 584.7 billion, respectively, as of December 31, 2013.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Primarily credit default swaps.

³ Primarily precious metals, commodity, energy and emission products.

Fair value of derivative instruments (continued)

end of 2012	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	8,055.9	2.6	2.5	0.0	0.0	0.0
Swaps	29,155.2	635.6	630.1	62.8	3.9	1.5
Options bought and sold (OTC)	3,739.9	62.4	62.6	0.0	0.0	0.0
Futures	1,145.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	952.0	0.3	0.2	0.0	0.0	0.0
Interest rate products	43,048.4	700.9	695.4	62.8	3.9	1.5
Forwards	2,133.4	21.6	21.3	19.6	0.2	0.1
Swaps	1,336.3	32.2	46.6	0.0	0.0	0.0
Options bought and sold (OTC)	985.3	9.7	10.7	0.0	0.0	0.0
Futures	83.8 ²	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.6	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	4,542.4	63.5	78.6	19.6	0.2	0.1
Forwards	5.5	0.6	0.0	0.0	0.0	0.0
Swaps	211.0	4.6	5.8	0.0	0.0	0.0
Options bought and sold (OTC)	214.9	11.4	11.1	0.0	0.0	0.0
Futures	74.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	338.2	13.7	14.1	0.0	0.0	0.0
Equity/index-related products	844.0	30.3	31.0	0.0	0.0	0.0
Credit derivatives³	1,694.4	30.6	29.8	0.0	0.0	0.0
Forwards	31.3	1.1	1.4	0.0	0.0	0.0
Swaps	55.3	3.6	3.1	0.0	0.0	0.0
Options bought and sold (OTC)	54.2	1.6	1.6	0.0	0.0	0.0
Futures	35.6 ²	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	50.4	1.6	1.7	0.0	0.0	0.0
Other products⁴	226.8	7.9	7.8	0.0	0.0	0.0
Total derivative instruments	50,356.0	833.2	842.6	82.4	4.1	1.6

The notional amount, PRV and NRV (trading and hedging) was CHF 50,438.4 billion, CHF 837.3 billion and CHF 844.2 billion, respectively, as of December 31, 2012.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Prior period has been corrected to reclassify the notional amounts from other products to foreign exchange products.

³ Primarily credit default swaps.

⁴ Primarily precious metals, commodity, energy and emission products.

Fair value hedges

in	2013	2012	2011
Gains/(losses) recognized in income on derivatives (CHF million)			
Interest rate products	437	834	548
Foreign exchange products	(9)	(13)	20
Total	428	821	568
Gains/(losses) recognized in income on hedged items (CHF million)			
Interest rate products	(435)	(878)	(585)
Foreign exchange products	9	13	(20)
Total	(426)	(865)	(605)
Details of fair value hedges (CHF million)			
Net gains/(losses) on the ineffective portion	2	(44)	(37)

Represents gains/(losses) recognized in trading revenues.

Cash flow hedges

in	2013	2012	2011
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	7	8	0
Foreign exchange products	13	30	(6)
Total	20	38	(6)
Gains/(losses) reclassified from AOCI into income (CHF million)			
Interest rate products ¹	3	0	0
Foreign exchange products	(3) ²	0	31 ³
Total	0	0	31
Details of cash flow hedges (CHF million)			
Net gains on the ineffective portion	1	0	0

¹ Included in trading revenues.

² Included in other revenues.

³ Included in commissions and fees.

The net gain associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 3 million.

Net investment hedges

in	2013	2012	2011
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Foreign exchange products	504	(81)	280
Total	504	(81)	280
Gains/(losses) reclassified from AOCI into income (CHF million)			
Foreign exchange products ¹	2	75	4
Total	2	75	4

Represents gains/(losses) on effective portion.

¹ Included in other revenues.

Contingent credit risk

end of	2013				2012			
	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total
Contingent credit risk (CHF billion)								
Current net exposure	11.7	1.1	0.1	12.9	15.3	1.4	0.6	17.3
Collateral posted	10.6	1.2	–	11.8	13.4	1.4	–	14.8
Additional collateral required in a one-notch downgrade event	0.6	0.8	0.0	1.4	0.2	0.5	0.0	0.7
Additional collateral required in a two-notch downgrade event	2.3	1.1	0.0	3.4	2.7 ¹	1.5	0.5	4.7

¹ Additional collateral required in a two-notch downgrade event has been corrected.

Credit derivatives

Credit derivatives are contractual agreements in which the buyer generally pays a fee in exchange for a contingent payment by the seller if there is a credit event on the underlying referenced entity or asset. They are generally privately negotiated OTC contracts, with numerous settlement and payment terms, and most are structured so that they specify the occurrence of an identifiable credit event, which can include bankruptcy, insolvency, receivership,

The Group includes all derivative instruments not included in hedge accounting relationships in its trading activities.

► Refer to "Note 8 – Trading revenues" for gains and losses on trading activities by product type.

Disclosures relating to contingent credit risk

Certain of the Group's derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the level specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either the Group or the counterparty, at the existing mark-to-market replacement value of the derivative contract.

The following table provides the Group's current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and SPEs that include credit support agreements, the related collateral posted and the additional collateral required in a one-notch and a two-notch downgrade event, respectively. The table also includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the NRV and a percentage of the notional value of the derivative.

material adverse restructuring of debt or failure to meet obligations when due.

The Group enters into credit derivative contracts in the normal course of business, buying and selling protection to facilitate client transactions and as a market maker. This includes providing structured credit products for its clients to enable them to hedge their credit risk. The referenced instruments of these structured credit products are both investment grade and non-investment grade

and could include corporate bonds, sovereign debt, asset-backed securities (ABS) and loans. These instruments can be formed as single items (single-named instruments) or combined on a portfolio basis (multi-named instruments). The Group purchases protection to economically hedge various forms of credit exposure, for example, the economic hedging of loan portfolios or other cash positions. Finally, the Group also takes proprietary positions which can take the form of either purchased or sold protection.

The credit derivatives most commonly transacted by the Group are ◻ CDS and credit swaptions. CDSs are contractual agreements in which the buyer of the swap pays an upfront and/or a periodic fee in return for a contingent payment by the seller of the swap following a credit event of the referenced entity or asset. Credit swaptions are options with a specified maturity to buy or sell protection under a CDS on a specific referenced credit event.

In addition, to reduce its credit risk, the Group enters into legally enforceable ◻ netting agreements with its derivative counterparties. Collateral on these derivative contracts is usually posted on a net counterparty basis and cannot be allocated to a particular derivative contract.

► Refer to “Note 26 – Offsetting of financial assets and financial liabilities” for further information on netting.

Credit protection sold

Credit protection sold is the maximum potential payout, which is based on the notional value of derivatives and represents the amount of future payments that the Group would be required to make as a result of credit risk-related events. The Group believes that the maximum potential payout is not representative of the actual loss exposure based on historical experience. This amount has not been reduced by the Group's rights to the underlying assets and the related cash flows. In accordance with most credit derivative contracts, should a credit event (or settlement trigger) occur, the Group is usually liable for the difference between the credit protection sold and the recourse it holds in the value of the underlying assets. The maximum potential amount of future payments has not been reduced for any cash collateral paid to a given counterparty as such payments would be calculated after netting all derivative exposures, including any credit derivatives with that counterparty in accordance with a related master netting agreement. Due to such netting processes, determining the amount of collateral that corresponds to credit derivative exposures only is not possible.

To reflect the quality of the payment risk on credit protection sold, the Group assigns an internally generated rating to those instruments referenced in the contracts. Internal ratings are assigned by experienced credit analysts based on expert judgment that incorporates analysis and evaluation of both quantitative and qualitative factors. The specific factors analyzed, and their relative importance, are dependent on the type of counterparty. The analysis emphasizes a forward-looking approach, concentrating on economic trends and financial fundamentals, and making use of peer analysis, industry comparisons and other quantitative tools.

External ratings and market information are also used in the analysis process where available.

Credit protection purchased

Credit protection purchased represents those instruments where the underlying reference instrument is identical to the reference instrument of the credit protection sold. The maximum potential payout amount of credit protection purchased for each individual identical underlying reference instrument may be greater or lower than the notional amount of protection sold.

The Group also considers estimated recoveries that it would receive if the specified credit event occurred, including both the anticipated value of the underlying referenced asset that would, in most instances, be transferred to the Group and the impact of any purchased protection with an identical reference instrument and product type.

Other protection purchased

In the normal course of business, the Group purchases protection to offset the risk of credit protection sold that may have similar, but not identical, reference instruments, and may use similar, but not identical, products, which reduces the total credit derivative exposure. Other protection purchased is based on the notional value of the instruments.

The Group purchases its protection from banks and broker dealers, other financial institutions and other counterparties.

Fair value of credit protection sold

The fair values of the credit protection sold give an indication of the amount of payment risk, as the negative fair values increase when the potential payment under the derivative contracts becomes more probable.

Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the “Fair value of derivative instruments” table. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative as a derivative instrument (a) in which one or more of its underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit risk-related events specified in the contract.

Certain cash ◻ collateralized debt obligations (CDOs) and other instruments were excluded as they do not fall within the scope of US GAAP rules. ◻ Total return swaps (TRS) of CHF 7.4 billion and CHF 6.0 billion as of December 31, 2013 and 2012, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

Credit protection sold/purchased

end of	2013					2012				
	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold
Single-name instruments (CHF billion)										
Investment grade ²	(305.9)	287.9	(18.0)	37.7	5.2	(394.6)	373.9	(20.7)	56.0	2.5
Non-investment grade	(108.7)	104.9	(3.8)	10.5	2.5	(135.4)	129.3	(6.1)	11.3	(0.4)
Total single-name instruments	(414.6)	392.8	(21.8)	48.2	7.7	(530.0)³	503.2³	(26.8)	67.3³	2.1³
of which sovereign	(88.1)	85.0	(3.1)	8.9	(0.4)	(119.4)	117.1	(2.3)	10.3	(0.7)
of which non-sovereign	(326.5)	307.8	(18.7)	39.3	8.1	(410.6)	386.1	(24.5)	57.0	2.8
Multi-name instruments (CHF billion)										
Investment grade ²	(219.1)	212.1	(7.0)	47.3	3.3	(222.2)	207.1	(15.1)	20.6	(0.7)
Non-investment grade	(65.0)	59.0 ⁴	(6.0)	13.5	1.5	(62.8)	56.1 ⁴	(6.7)	9.8	(1.6)
Total multi-name instruments	(284.1)	271.1	(13.0)	60.8	4.8	(285.0)³	263.2³	(21.8)	30.4³	(2.3)³
of which sovereign	(10.8)	10.9	0.1	1.1	0.0	(13.5)	13.1	(0.4)	0.4	(0.1)
of which non-sovereign	(273.3)	260.2	(13.1)	59.7	4.8	(271.5)	250.1	(21.4)	30.0	(2.2)
Total instruments (CHF billion)										
Investment grade ²	(525.0)	500.0	(25.0)	85.0	8.5	(616.8)	581.0	(35.8)	76.6	1.8
Non-investment grade	(173.7)	163.9	(9.8)	24.0	4.0	(198.2)	185.4	(12.8)	21.1	(2.0)
Total instruments	(698.7)	663.9	(34.8)	109.0	12.5	(815.0)	766.4	(48.6)	97.7	(0.2)
of which sovereign	(98.9)	95.9	(3.0)	10.0	(0.4)	(132.9)	130.2	(2.7)	10.7	(0.8)
of which non-sovereign	(599.8)	568.0	(31.8)	99.0	12.9	(682.1)	636.2	(45.9)	87.0	0.6

¹ Represents credit protection purchased with identical underlyings and recoveries.

² Based on internal ratings of BBB and above.

³ Credit protection instruments have been corrected to reclassify certain single-name instruments to multi-name instruments.

⁴ Includes the Clock Finance transaction.

The following table reconciles the notional amount of credit derivatives included in the table "Fair value of derivative instruments" to the table "Credit protection sold/purchased".

Credit derivatives

end of	2013	2012
Credit derivatives (CHF billion)		
Credit protection sold	698.7	815.0
Credit protection purchased	663.9	766.4
Other protection purchased	109.0	97.7
Other instruments ¹	11.7	15.3
Total credit derivatives	1,483.3	1,694.4

¹ Consists of certain cash collateralized debt obligations, total return swaps and other derivative instruments.

The segregation of the future payments by maturity range and underlying risk gives an indication of the current status of the potential for performance under the derivative contracts.

Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
2013 (CHF billion)				
Single-name instruments	91.2	281.4	42.0	414.6
Multi-name instruments	19.2	208.2	56.7	284.1
Total instruments	110.4	489.6	98.7	698.7
2012 (CHF billion)				
Single-name instruments	125.0	326.0	79.0	530.0
Multi-name instruments	42.7	171.0	71.3	285.0
Total instruments	167.7	497.0	150.3	815.0

32 Guarantees and commitments

Guarantees

In the ordinary course of business, guarantees are provided that contingently obligate Credit Suisse to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing or other contractual arrangement. The total gross amount disclosed within the Guarantees table reflects the maximum potential

payment under the guarantees. The carrying value represents the higher of the initial fair value (generally the related fee received or receivable) less cumulative amortization and the Group's current best estimate of payments that will be required under existing guarantee arrangements.

Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Carrying value	Collateral received
2013 (CHF million)								
Credit guarantees and similar instruments	2,826	1,125	396	569	4,916	4,768	34	2,333
Performance guarantees and similar instruments	4,428	1,786	1,006	145	7,365	6,444	87	3,312
Securities lending indemnifications	11,479	0	0	0	11,479	11,479	0	11,479
Derivatives ²	18,247	9,544	1,960	1,899	31,650	31,650	715	- ³
Other guarantees	4,003	817	197	198	5,215	5,191	3	2,631
Total guarantees	40,983	13,272	3,559	2,811	60,625	59,532	839	19,755
2012 (CHF million)								
Credit guarantees and similar instruments ⁴	10,104	1,543	334	606	12,587	12,200	53	1,920
Performance guarantees and similar instruments	5,160	1,643	970	1,758	9,531	8,793	139	3,336
Securities lending indemnifications	12,211	0	0	0	12,211	12,211	0	12,211
Derivatives ²	21,197	9,951	1,833	2,434	35,415	35,415	985	- ³
Other guarantees	4,297	689	286	147	5,419	5,397	3	2,812
Total guarantees	52,969	13,826	3,423	4,945	75,163	74,016	1,180	20,279

¹ Total net amount is computed as the gross amount less any participations.

² Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Group had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments.

³ Collateral for derivatives accounted for as guarantees is not significant.

⁴ Prior period has been corrected.

Credit guarantees and similar instruments

Credit guarantees and similar instruments are contracts that require the Group to make payments should a third party fail to do so under a specified existing credit obligation. The position includes standby letters of credit, commercial and residential mortgage guarantees and other guarantees associated with VIEs.

Standby letters of credit are made in connection with the corporate lending business and other corporate activities, where the Group provides guarantees to counterparties in the form of standby letters of credit, which represent obligations to make payments to third parties if the counterparties fail to fulfill their obligations under a borrowing arrangement or other contractual obligation.

Commercial and residential mortgage guarantees are made in connection with the Group's commercial mortgage activities in the US, where the Group sells certain commercial and residential mortgages to the Fannie Mae and agrees to bear a percentage of the losses triggered by the borrowers failing to perform on the mortgage. The Group also issues guarantees that require it to reimburse Fannie Mae for losses on certain whole loans underlying mortgage-backed securities issued by Fannie Mae, which

are triggered by borrowers failing to perform on the underlying mortgages.

The Group also provides guarantees to VIEs and other counterparties under which it may be required to buy assets from such entities upon the occurrence of certain triggering events such as rating downgrades and/or substantial decreases in the fair value of those assets.

Performance guarantees and similar instruments

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construction contract. Performance guarantees are frequently executed as part of project finance transactions. The position includes private equity fund guarantees and guarantees related to residential mortgage securitization activities.

For private equity fund guarantees, the Group has provided investors in private equity funds sponsored by a Group entity

guarantees on potential obligations of certain general partners to return amounts previously paid as carried interest to those general partners if the performance of the remaining investments declines. To manage its exposure, the Group generally withholds a portion of carried interest distributions to cover any repayment obligations. In addition, pursuant to certain contractual arrangements, the Group is obligated to make cash payments to certain investors in certain private equity funds if specified performance thresholds are not met.

Further, as part of the Group's residential mortgage securitization activities in the US, the Group may guarantee the collection by the servicer and remittance to the securitization trust of prepayment penalties. The Group will have to perform under these guarantees in the event the servicer fails to remit the prepayment penalties.

Securities lending indemnifications

Securities lending indemnifications include arrangements in which the Group agreed to indemnify securities lending customers against losses incurred in the event that security borrowers do not return securities subject to the lending agreement and the collateral held is insufficient to cover the market value of the securities borrowed. As indicated in the Guarantees table, the Group was fully collateralized in respect of securities lending indemnifications.

Derivatives

Derivatives are issued in the ordinary course of business, generally in the form of written put options. Disclosures about derivative contracts are not required under US GAAP if such contracts may be cash settled and the Group has no basis to conclude it is probable that the counterparties held, at inception, the underlying instruments related to the derivative contracts. The Group has concluded that these conditions were met for certain active commercial and investment banks and certain other counterparties, and accordingly, the Group has not included such contracts as guarantees.

The Group manages its exposure to these derivatives by engaging in various hedging strategies to reduce its exposure. For some contracts, such as written interest rate caps or foreign exchange options, the maximum payout is not determinable as interest rates or exchange rates could theoretically rise without limit. For these contracts, notional amounts were disclosed in the table above in order to provide an indication of the underlying exposure. In addition, the Group carries all derivatives at fair value in the consolidated balance sheets and has considered the performance triggers and probabilities of payment when determining those fair values. It is more likely than not that written put options that are in-the-money to the counterparty will be exercised, for which the Group's exposure was limited to the carrying value reflected in the table.

Other guarantees

Other guarantees include bankers' acceptances, residual value guarantees, deposit insurance, contingent considerations in

business combinations, the minimum value of an investment in mutual funds or private equity funds and all other guarantees that were not allocated to one of the categories above.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Group's banking subsidiaries in Switzerland, the Group's share in the deposit insurance guarantee program for the period July 1, 2013 to June 30, 2014 is CHF 0.6 billion. These deposit insurance guarantees were reflected in other guarantees.

PAF2 transaction

The Group's results are impacted by the risk of counterparty defaults and the potential for changes in counterparty credit spreads related to derivative trading activities of the Group. In the first quarter of 2012, the Group entered into the PAF2 transaction to hedge the counterparty credit risk of a referenced portfolio of derivatives and their credit spread volatility. The hedge covered approximately USD 12 billion notional amount of expected positive exposure from counterparties of the Group, and was 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 was retained by the Group and actively managed through normal credit procedures. The mezzanine layer was hedged by transferring the risk of default and counterparty credit spread movements to eligible employees in the form of PAF2 awards, as part of their deferred compensation granted in the annual compensation process.

The model used to value the PAF2 awards is the standard Gaussian copula valuation model used for synthetic CDO trades with adjustments necessary to incorporate the specific nature of the PAF2 transaction. The key model inputs are notional value, correlation assumption, credit spreads, liquidity and recovery rates of the portfolio, the Group's own credit spread and the maturity of the trade. In the model, the credit spreads of the counterparties determine the respective probability of default. Such probability is used to compute the expected value of the cash flows contingent on survival and on default of the counterparties in the reference portfolio. The credit spreads are sourced using observable data from CDS on the specific reference entity. Where a specific reference entity curve does not exist for a reference name in the portfolio, a proxy curve is used. The expected value of the counterparty exposure on default determines the equivalent notional value for the given name. This is computed from the effective positive exposure which is the weighted average over time of the expected exposure used by the Group for counterparty risk management. As of December 31, 2013, the carrying value of the PAF2 awards

was CHF 652 million. The amount of the PAF2 awards compensation expense for 2013 was CHF 83 million and is included in the amount reflected in the “Deferred compensation expense” table in Note 28 – Employee deferred compensation, which includes deferred compensation expense for a smaller plan unrelated to the hedging aspects of this transaction.

The Group had 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. The value of the senior layer was calculated using the same model as for the PAF2 awards. The Group also had a credit support facility with this entity that allowed the Group to provide credit support in connection with other assets that are commonly financed through the issuance of CP and, in connection with the CDS, to provide immediately available funding to this entity in certain circumstances. Among others, such circumstances included: (i) a disruption of the CP market such that the entity could not issue or roll a CP to fund the CDS payment or repay a maturing CP; (ii) the interest payable on the CP exceeded certain thresholds and the Group instructed the entity to draw on the facility instead of issuing a CP; (iii) a CP was issued by the entity to fund a CDS payment and subsequently the short-term rating of the facility provider was downgraded; or (iv) to repay any outstanding CP at the maturity date of the facility. Any funded amount could be settled by the assignment of the rights and obligations of the CDS to the Group. The credit support facility was accounted for on an accrual basis.

In December 2012, the BCBS published updated regulatory guidance that made the PAF2 transaction as it was structured ineligible for counterparty credit spread hedging under the Basel III framework. As a result of this new guidance, the Group had the right to exercise a regulatory call to restructure or terminate the CDS and the credit support facility layer at par and terminate the mezzanine layer at fair value. In October 2013, the Group exercised the call to terminate the CDS and the credit support facility at par.

As of December 31, 2013, the mezzanine layer in the form of PAF2 awards remained in place. In the first quarter of 2014, the Group terminated the PAF2 awards and exchanged them at fair value for other compensation awards in the form of either Contingent Capital Awards or for an interest in a fund at the discretion of the award holders.

▶ Refer to “Note 28 – Employee deferred compensation” for further information.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking’s sale of US residential mortgage loans, the Group has provided certain representations and warranties relating to the loans sold. The Group has provided

these representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac (GSEs); institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that the Group has purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; loan-to-value ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were breached, the Group may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether the Group will incur a loss in connection with repurchases and make whole payments depends on: the extent to which claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether the Group can successfully claim against parties that sold loans to the Group and made representations and warranties to the Group; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

With respect to its outstanding repurchase claims, the Group is unable to estimate reasonably possible losses in excess of the amounts accrued because of the heterogeneity of its portfolio, the complexity of legal and factual determinations related to each claim, the limited amount of discovery and/or other factors.

The following tables present the total amount of residential mortgage loans sold during the period from January 1, 2004 to December 31, 2013 by counterparty type and the development of outstanding repurchase claims and provisions for outstanding repurchase claims in 2013 and 2012, including realized losses from the repurchase of residential mortgage loans sold.

Residential mortgage loans sold

January 1, 2004 to December 31, 2013 (USD billion)

Government-sponsored enterprises	8.2
Private investors ¹	23.5
Non-agency securitizations	133.8 ²
Total	165.5

¹ Primarily banks.

² The outstanding balance of residential mortgage loans sold was USD 26.2 billion as of December 31, 2013. The difference of the total balance of mortgage loans sold and the outstanding balance as of December 31, 2013 was attributable to borrower payments of USD 88.9 billion and losses of USD 18.7 billion due to loan defaults.

Residential mortgage loans sold – outstanding repurchase claims

	2013			2012			Total
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Government-sponsored enterprises	Private investors	Non-agency securitizations	
Outstanding repurchase claims (USD million)							
Balance at beginning of period	67	464	1,395	1,926	68	432	743
New claims	69	139	1,039	1,247	58	57	2,147
Claims settled through repurchases	(4)	(1)	(2)	(7) ¹	(7)	0	(14) ¹
Other settlements	(31)	(178)	(7)	(216) ²	(15)	(7)	(54) ²
Total claims settled	(35)	(179)	(9)	(223)	(22)	(7)	(68)
Claims rescinded	(24)	(4)	0	(28)	(37)	(18)	(55)
Transfers to/from arbitration and litigation, net ³	0	0	(2,342) ⁴	(2,342)	0	0	(841)
Balance at end of period	77	420	83	580	67	464	1,926

¹ Settled at a repurchase price of USD 6 million and USD 15 million in 2013 and 2012, respectively.

² Settled at USD 48 million and USD 41 million in 2013 and 2012, respectively.

³ Refer to "Note 38 – Litigation" for repurchase claims that are in arbitration or litigation.

⁴ Transfers to arbitration and litigation disclosed in 2013 include portfolios of claims of approximately USD 0.3 billion for which formal legal proceedings had commenced in prior periods.

Provisions for outstanding repurchase claims

	2013	2012
Provisions for outstanding repurchase claims (USD million)¹		
Balance at beginning of period	55	59
Increase/(decrease) in provisions, net	145	52
Realized losses ²	(54) ³	(56) ⁴
Balance at end of period	146³	55⁵

¹ Excludes provisions for repurchase claims related to residential mortgage loans sold that are in arbitration or litigation. Refer to "Note 38 – Litigation" for further information.

² Includes indemnifications paid to resolve loan repurchase claims.

³ Primarily related to government-sponsored enterprises and private investors.

⁴ Primarily related to government-sponsored enterprises and non-agency securitizations.

⁵ Primarily related to government-sponsored enterprises.

Representations and warranties relating to residential mortgage loans sold to non-agency securitization vehicles are more limited in scope than those relating to residential mortgage loans sold to GSEs, and it can be more difficult to establish causation and standing in making a repurchase claim for breach of representations and warranties on residential mortgage loans sold in non-agency securitizations. The Group is involved in litigation relating to representations and warranties on residential mortgage loans sold.

▶ Refer to "Note 38 – Litigation" for further information.

Repurchase claims on residential mortgage loans sold that are subject to arbitration or litigation proceedings, or become so during the reporting period, are not included in the Guarantees and commitments disclosure of repurchase claims and related loss contingencies and provisions but are addressed in litigation and related loss contingencies and provisions.

Repurchase claims relating to residential mortgage loans sold may increase in the future based on the large number of defaults in residential mortgages, including those sold or securitized by the Group.

Disposal-related contingencies and other indemnifications

The Group has certain guarantees for which its maximum contingent liability cannot be quantified. These guarantees are not reflected in the "Guarantees" table and are discussed below.

Disposal-related contingencies

In connection with the sale of assets or businesses, the Group sometimes provides the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax and intellectual property matters, from the acquirer to the seller. The Group closely monitors all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in the Group's consolidated financial statements.

Other indemnifications

The Group provides indemnifications to certain counterparties in connection with its normal operating activities, for which it is not possible to estimate the maximum amount that it could be obligated to pay. As a normal part of issuing its own securities, the Group typically agrees to reimburse holders for additional tax withholding charges or assessments resulting from changes in applicable tax laws or the interpretation of those laws. Securities that include these agreements to pay additional amounts generally also include a related redemption or call provision if the obligation to pay the additional amounts results from a change in law or its interpretation and the obligation cannot be avoided by the issuer taking reasonable steps to avoid the payment of additional amounts. Since such potential obligations are dependent on future changes in tax laws, the related liabilities the Group may incur as a result of such changes cannot be reasonably estimated. In light

of the related call provisions typically included, the Group does not expect any potential liabilities in respect of tax gross-ups to be material.

The Group is a member of numerous securities exchanges and clearing houses and may, as a result of its membership arrangements, be required to perform if another member defaults. The Group has determined that it is not possible to estimate the maximum amount of these obligations and believes that any potential requirement to make payments under these arrangements is remote.

Lease commitments

Lease commitments (CHF million)

2014	580
2015	527
2016	474
2017	412
2018	365
Thereafter	3,063
Future operating lease commitments	5,421
Less minimum non-cancellable sublease rentals	171
Total net future minimum lease commitments	5,250

Rental expense for operating leases

in	2013	2012	2011
Rental expense for operating leases (CHF million)			
Minimum rental expense	642	631	554
Sublease rental income	(85)	(98)	(97)
Total net expenses for operating leases	557	533	457

Operating lease commitments

The Group has contractual commitments under operating lease arrangements for certain premises and equipment. Under operating leases, the leased property is not reported on the balance sheet of the lessee. Lease payments required by the contract are generally expensed on a straight-line basis over the term of the

lease. The related commitments for future rental expenses under operating leases are included in the table "Lease commitments".

From time to time, the Group may enter into sale-leaseback transactions, in which an asset is sold and immediately leased back. If specific criteria are met, such asset is derecognized from the balance sheet and an operating lease is recognized. If the present value of the lease payments is equal to or higher than 10% of the fair value of the property sold, any resulting gains up to an amount equal to the present value of the lease payments are deferred and recognized in the statement of operations over the term of the lease as a reduction of rental expense. Gains on sale-leaseback transactions for which the lease payments are lower than 10% of the fair value of the property sold or gains in excess of the present value of the lease payments are recognized in the statements of operations upon completion of the sale.

Sale-leaseback transactions

In the first quarter of 2012, the Group sold the office complex of its European headquarters at One Cabot Square in London to OCS Investment S.à.r.l. and leased back this property under an operating lease arrangement for 22 years, with two options to extend the lease by five years each. OCS Investment S.à.r.l. is a company wholly owned by the Qatar Investment Authority, which is a minority shareholder of the Group.

In the fourth quarter of 2012, the Group sold the Uetlihof office complex in Zurich, the Group's principal office building worldwide, to Norges Bank, a minority shareholder of the Group, and leased back this property under an operating lease arrangement for 25 years, with the option to extend the lease by up to 15 years. Norges Bank, through its Investment Management unit, was acting as the buyer on behalf of the Norwegian Government Pension Fund Global.

During 2013 and 2012, the Group entered into several smaller sale-leaseback transactions in respect of own property, which were all recognized as operating lease arrangements with lease terms of between two and ten years and between five and ten years, respectively. The total contractual rental expenses were CHF 78 million for the 2013 sale-leaseback transactions and CHF 41 million for the 2012 sale-leaseback transactions.

Other commitments

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Collateral received
2013 (CHF million)							
Irrevocable commitments under documentary credits	5,484	27	1	0	5,512	5,452	3,381
Irrevocable loan commitments ²	27,250	26,877	35,376	7,487	96,990	92,732	47,996
Forward reverse repurchase agreements	26,893	0	0	0	26,893	26,893	26,893
Other commitments	2,481	1,020	104	286	3,891	3,891	350
Total other commitments	62,108	27,924	35,481	7,773	133,286	128,968	78,620
2012 (CHF million)							
Irrevocable commitments under documentary credits	6,217	35	6	0	6,258	6,061	3,219
Irrevocable loan commitments ²	32,794	23,612	37,790	6,023	100,219	94,748	32,765
Forward reverse repurchase agreements	45,556	0	0	0	45,556	45,556	45,556
Other commitments	949	864	172	576	2,561	2,561	131
Total other commitments	85,516	24,511	37,968	6,599	154,594	148,926	81,671

¹ Total net amount is computed as the gross amount less any participations.

² Irrevocable loan commitments do not include a total gross amount of CHF 90,254 million and CHF 78,887 million of unused credit limits as of December 31, 2013 and 2012, respectively, which were revocable at the Group's sole discretion upon notice to the client. Prior period has been adjusted to the current presentation.

Irrevocable commitments under documentary credits

Irrevocable commitments under documentary credits include exposures from trade finance related to commercial letters of credit under which the Group guarantees payments to exporters against presentation of shipping and other documents.

Irrevocable loan commitments

Irrevocable loan commitments are irrevocable credit facilities extended to clients and include fully or partially undrawn commitments that are legally binding and cannot be unconditionally cancelled by the Group. Commitments to originate mortgage loans that will be held for sale are considered derivatives for accounting purposes and are not included in this disclosure. Such commitments are reflected as derivatives in the consolidated balance sheets.

Forward reverse repurchase agreements

Forward reverse repurchase agreements represent transactions in which the initial cash exchange of the reverse repurchase transactions takes place on specified future dates.

Other commitments

Other commitments include private equity commitments, firm commitments in underwriting securities, commitments arising from deferred payment letters of credit and from acceptances in circulation and liabilities for call and put options on shares and other equity instruments.

33 Transfers of financial assets and variable interest entities

In the normal course of business, the Group enters into transactions with, and makes use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and is generally structured to isolate the SPE's assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist the Group and its clients in securitizing financial assets and creating investment products. The Group also uses SPEs for other client-driven activity, such as to facilitate financings, and for Group tax or regulatory purposes.

Transfers of financial assets

Securitizations

The majority of the Group's securitization activities involve mortgages and mortgage-related securities and are predominantly transacted using SPEs. In a typical securitization, the SPE purchases assets financed by proceeds received from the SPE's issuance of debt and equity instruments, certificates, CP and other notes of indebtedness. These assets and liabilities are recorded on the balance sheet of the SPE and not reflected on the Group's consolidated balance sheet, unless either the Group sold the assets to the entity and the accounting requirements for sale were not met or the Group consolidates the SPE.

The Group purchases commercial and residential mortgages for the purpose of securitization and sells these

mortgage loans to SPEs. These SPEs issue commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS) and ABS that are collateralized by the assets transferred to the SPE and that pay a return based on the returns on those assets. Investors in these mortgage-backed securities or ABS typically have recourse to the assets in the SPEs, unless a third-party guarantee has been received to further enhance the creditworthiness of the assets. The investors and the SPEs have no recourse to the Group's assets. The Group is typically an underwriter of, and makes a market in, these securities.

The Group also transacts in re-securitizations of previously issued RMBS securities. Typically, certificates issued out of an existing securitization vehicle are sold into a newly created and separate securitization vehicle. Often, these re-securitizations are initiated in order to repack an existing security to give the investor a higher rated tranche.

The Group also uses SPEs for other asset-backed financings relating to client-driven activity and for Group tax or regulatory purposes. Types of structures included in this category include CDOs, leveraged finance, repack and other types of transactions, including life insurance structures, emerging market structures set up for financing, loan participation or loan origination purposes, and other alternative structures created for the purpose of investing in venture capital-like investments. CDOs are collateralized by the assets transferred to the CDO vehicle and pay a return based on the returns on those assets. Leveraged finance structures are used to assist in the syndication of certain loans held by the Group, while repack structures are designed to give a client collateralized exposure to specific cash flows or credit risk backed by collateral purchased from the Group. In these asset-backed financing structures investors typically only have recourse to the collateral of the SPE and do not have recourse to the Group's assets.

When the Group transfers assets into an SPE, it must assess whether that transfer is accounted for as a sale of the assets. Transfers of assets may not meet sale requirements if the assets have not been legally isolated from the Group and/or if the Group's continuing involvement is deemed to give it effective control over the assets. If the transfer is not deemed a sale, it is instead accounted for as a secured borrowing, with the transferred assets as collateral.

Gains and losses on securitization transactions depend, in part, on the carrying values of mortgages and CDOs involved in the transfer and are allocated between the assets sold and any beneficial interests retained according to the relative fair values at the date of sale.

The Group does not retain material servicing responsibilities from securitization activities.

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2013, 2012 and 2011 securitizations of financial assets that qualify for sale accounting and

subsequent derecognition, along with the cash flows between the Group and the SPEs used in any securitizations in which the Group still has continuing involvement, regardless of when the securitization occurred.

Securitizations

in	2013	2012	2011
Gains and cash flows (CHF million)			
CMBS			
Net gain ¹	4	56	6
Proceeds from transfer of assets	5,574	6,156	974
Servicing fees	0	0	1
Cash received on interests that continue to be held	70	57	205
RMBS			
Net gain/(loss) ¹	(8)	3	65
Proceeds from transfer of assets	24,523	15,143	30,695
Purchases of previously transferred financial assets or its underlying collateral	(10)	(25)	(4)
Servicing fees	4	3	3
Cash received on interests that continue to be held	486	554	382
Other asset-backed financings			
Net gain ¹	15	83	24
Proceeds from transfer of assets	915	591	1,268
Purchases of previously transferred financial assets or its underlying collateral ²	(213)	(621)	(256)
Servicing fees	0	0	1
Cash received on interests that continue to be held	633	1,350	701

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral are the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans.

² Represents market making activity and voluntary repurchases at fair value where no repurchase obligations were present.

Continuing involvement in transferred financial assets

The Group may have continuing involvement in the financial assets that are transferred to an SPE, which may take several forms, including, but not limited to, servicing, recourse and guarantee arrangements, agreements to purchase or redeem transferred assets, derivative instruments, pledges of collateral and beneficial interests in the transferred assets. Beneficial interests, which are valued at fair value, include rights to receive all or portions of specified cash inflows received by an SPE, including, but not limited to, senior and subordinated shares of interest, principal, or other cash inflows to be "passed through" or "paid through", premiums due to guarantors, CP obligations, and residual interests, whether in the form of debt or equity.

The Group's exposure resulting from continuing involvement in transferred financial assets is generally limited to beneficial interests typically held by the Group in the form of instruments issued by SPEs that are senior, subordinated or residual tranches. These instruments are held by the Group typically in connection with underwriting or market-making activities and are included in trading assets in the consolidated balance sheets. Any changes in the fair value of these beneficial interests are recognized in the consolidated statements of operations.

Investors usually have recourse to the assets in the SPE and often benefit from other credit enhancements, such as collateral accounts, or from liquidity facilities, such as lines of credit or liquidity put option of asset purchase agreements. The SPE may also enter into a derivative contract in order to convert the yield or currency of the underlying assets to match the needs of the SPE investors, or to limit or change the credit risk of the SPE. The Group may be the provider of certain credit enhancements as well as the counterparty to any related derivative contract.

The following table provides the outstanding principal balance of assets to which the Group continued to be exposed after the transfer of the financial assets to any SPE and the total assets of the SPE as of the end of 2013 and 2012, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	2013	2012
CHF million		
CMBS		
Principal amount outstanding	37,308	30,050
Total assets of SPE	48,715	45,407
RMBS		
Principal amount outstanding	45,571	58,112
Total assets of SPE	48,741	60,469
Other asset-backed financings		
Principal amount outstanding	27,854	32,805
Total assets of SPE	27,854	32,805

Principal amount outstanding relates to assets transferred from the Group and does not include principal amounts for assets transferred from third parties.

Fair value of beneficial interests

The fair value measurement of the beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Group may utilize to hedge the inherent risks.

Key economic assumptions at the time of transfer

► Refer to "Fair value measurement" in Note 34 – Financial instruments for further information on fair value hierarchy.

Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer	2013		2012	
	CMBS	RMBS	CMBS	RMBS
CHF million, except where indicated				
Fair value of beneficial interests	633	2,993	761	2,219
of which level 2	476	2,879	654	2,090
of which level 3	156	114	107	129
Weighted-average life, in years	7.3	7.7	8.4	5.0
Prepayment speed assumption (rate per annum), in % ¹	– ²	2.0–31.0	– ²	0.1–34.9
Cash flow discount rate (rate per annum), in % ³	1.6–11.6	0.0–45.9	0.8–10.7	0.1–25.7
Expected credit losses (rate per annum), in %	0.0–7.5	0.0–45.8	0.5–9.0	0.0–25.1

Transfers of assets in which the Group does not have beneficial interests are not included in this table.

¹ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

² To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

³ The rate was based on the weighted-average yield on the beneficial interests.

Key economic assumptions as of the reporting date

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of the end of 2013 and 2012.

Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

	2013			2012		
	CMBS ¹	RMBS	Other asset-backed financing activities ²	CMBS ¹	RMBS	Other asset-backed financing activities ²
CHF million, except where indicated						
Fair value of beneficial interests	1,132	2,354	284	274	1,929	692
of which non-investment grade	26	359	204	90	342	686
Weighted-average life, in years	6.5	8.6	3.7	4.0	5.2	3.6
Prepayment speed assumption (rate per annum), in % ³	–	1.0–23.5	–	–	0.1–27.6	–
Impact on fair value from 10% adverse change	–	(26.6)	–	–	(38.5)	–
Impact on fair value from 20% adverse change	–	(48.6)	–	–	(74.3)	–
Cash flow discount rate (rate per annum), in % ⁴	1.1–37.1	1.7–22.4	1.0–23.1	1.1–50.2	0.2–42.8	0.7–51.7
Impact on fair value from 10% adverse change	(25.5)	(65.0)	(2.4)	(14.8)	(62.8)	(1.0)
Impact on fair value from 20% adverse change	(50.0)	(124.9)	(4.9)	(19.9)	(93.5)	(1.8)
Expected credit losses (rate per annum), in %	0.2–36.6	0.1–17.3	0.7–21.0	0.9–49.5	0.9–42.8	0.3–51.4
Impact on fair value from 10% adverse change	(10.9)	(42.2)	(0.4)	(14.4)	(55.9)	(0.8)
Impact on fair value from 20% adverse change	(21.5)	(79.6)	(0.7)	(19.2)	(80.3)	(1.6)

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

² CDOs within this category are generally structured to be protected from prepayment risk.

³ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

⁴ The rate was based on the weighted-average yield on the beneficial interests.

These sensitivities are hypothetical and do not reflect economic hedging activities. Changes in fair value based on a 10% or 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the beneficial interests is calculated without changing any other assumption. In practice, changes in one assumption may result in changes in other assumptions (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of the end of 2013 and 2012.

► Refer to "Note 35 – Asset pledged and collateral" for further information.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

	2013	2012
CHF million		
CMBS		
Other assets	432	467
Liability to SPE, included in Other liabilities	(432)	(467)
Other asset-backed financings		
Trading assets	216	1,171
Other assets	157	913
Liability to SPE, included in Other liabilities	(373)	(2,084)

Variable interest entities

As a normal part of its business, the Group engages in various transactions that include entities that are considered VIEs and are grouped into three primary categories: CDOs, CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. VIEs may be sponsored by the Group, unrelated third parties or clients. Such entities are required to be assessed for consolidation, compelling the primary beneficiary to consolidate the VIE. The consolidation assessment requires an entity to determine whether it has the power to direct the activities that most significantly affect the economics of the VIE as well as whether the reporting entity has potentially significant benefits or losses in the VIE. The primary beneficiary assessment must be re-evaluated on an ongoing basis.

Application of the requirements for consolidation of VIEs may require the exercise of significant management judgment. In the event consolidation of a VIE is required, the exposure to the Group is limited to that portion of the VIE's assets attributable to any variable interest held by the Group prior to any risk management activities to hedge the Group's net exposure. Any interests held in the VIE by third parties, even though consolidated by the Group, will not typically impact its results of operations.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, the Group may hold interests in the VIEs. Securitization-related transactions with VIEs involve selling or purchasing assets as well as possibly entering into related derivatives with those VIEs, providing liquidity, credit or other support. Other transactions with VIEs include derivative transactions in the Group's capacity as the prime broker. The Group also enters into lending arrangements with VIEs for the purpose of financing projects or the acquisition of assets. Typically, the VIE's assets are restricted in nature in that they are held primarily to satisfy the obligations of the entity. Further, the Group is involved with VIEs which were formed for the purpose of offering alternative investment solutions to clients. Such VIEs relate primarily to private equity investments, fund-linked vehicles or funds of funds, where the Group acts as structurer, manager, distributor, broker, market maker or liquidity provider.

As a consequence of these activities, the Group holds variable interests in VIEs. Such variable interests consist of financial instruments issued by VIEs and which are held by the Group, certain derivatives with VIEs or loans to VIEs. Guarantees issued by the Group to or on behalf of VIEs may also qualify as variable interests. For such guarantees, including derivatives that act as guarantees, the notional amount of the respective guarantees is presented to represent the exposure. In general, investors in consolidated VIEs do not have recourse to the Group in the event of a default, except where a guarantee was provided to the investors

or where the Group is the counterparty to a derivative transaction involving VIEs.

Total assets of consolidated and non-consolidated VIEs for which the Group has involvement represent the total assets of the VIEs even though the Group's involvement may be significantly less due to interests held by third-party investors. The asset balances for non-consolidated VIEs where the Group has significant involvement represent the most current information available to the Group regarding the remaining principal balance of assets owned. In most cases, the asset balances represent an amortized cost basis without regards to impairments in fair value, unless fair value information is readily available.

The Group's maximum exposure to loss is different from the carrying value of the assets of the VIE. This maximum exposure to loss consists of the carrying value of the Group variable interests held as trading assets, derivatives and loans and the notional amount of guarantees to VIEs, rather than the amount of total assets of the VIEs. The maximum exposure to loss does not reflect the Group's risk management activities, including effects from financial instruments that the Group may utilize to economically hedge the risks inherent in these VIEs. The economic risks associated with VIE exposures held by the Group, together with all relevant ◉ risk mitigation initiatives, are included in the Group's risk management framework.

The Group has not provided financial or other support to consolidated or non-consolidated VIEs that it was not contractually required to provide.

Collateralized debt obligations

The Group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The Group may act as underwriter, placement agent or asset manager and may warehouse assets prior to the closing of a transaction. As part of its structured finance business, the Group purchases loans and other debt obligations from and on behalf of clients for the purpose of securitization. The loans and other debt obligations are sold to VIEs, which in turn issue CDOs to fund the purchase of assets such as investment grade and high yield corporate debt instruments.

Typically, the collateral manager in a managed CDO is deemed to be the entity that has the power to direct the activities that most affect the economics of the entity. In a static CDO this "power" role is more difficult to analyze and may be the sponsor of the entity or the ◉ CDS counterparty.

CDOs provide credit risk exposure to a portfolio of ABS (cash CDOs) or a reference portfolio of securities (synthetic CDOs). Cash CDO transactions hold actual securities whereas synthetic CDO transactions use CDS to exchange the underlying credit risk instead of using cash assets. The Group may also act as a derivative counterparty to the VIEs, which are typically not variable interests, and may invest in portions of the notes or equity issued by the VIEs. The CDO entities may have actively managed portfolios or static portfolios.

The securities issued by these VIEs are payable solely from the cash flows of the related collateral, and third-party creditors of these VIEs do not have recourse to the Group in the event of default.

The Group's exposure in CDO transactions is typically limited to interests retained in connection with its underwriting or market-making activities. Unless the Group has been deemed to have "power" over the entity and these interests are potentially significant, the Group is not the primary beneficiary of the vehicle and does not consolidate the entity. The Group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the VIEs.

Commercial paper conduit

The Group continues to act as the administrator and provider of liquidity and credit enhancement facilities for one asset-backed CP conduit, Alpine, a client-focused multi-seller conduit vehicle. Alpine publishes portfolio and asset data and submits its portfolio to a rating agency for public ratings based on the cash flows of the portfolio taken as a whole. This CP conduit purchases assets, primarily loans and receivables, from clients and finances such purchases through the issuance of CP backed by these assets. For an asset to qualify for acquisition by the CP conduit, it must be rated at least investment grade after giving effect to the related asset-specific credit enhancement primarily provided by the client seller of the asset. The clients provide credit support to investors of the CP conduit in the form of over-collateralization and other asset-specific enhancements. Further, an unaffiliated investor retains a limited first-loss position in Alpine's entire portfolio. Alpine is a separate legal entity that is wholly owned by the Group. However, its assets are available to satisfy only the claims of its creditors. In addition, the Group, as administrator and liquidity and credit enhancement facilities provider, has significant exposure to and power over the activities of Alpine. Alpine is considered a VIE for accounting purposes and the Group is deemed the primary beneficiary and consolidates this entity.

The overall average maturity of the conduit's outstanding CP was approximately 19 days and 27 days as of December 31, 2013 and 2012, respectively. As of December 31, 2013 and 2012, Alpine had the highest short-term ratings from Moody's and Dominion Bond Rating Service and was rated A-1 by Standard & Poor's and F-1 by Fitch. The majority of Alpine's purchased assets were highly rated loans or receivables in the consumer sector, including residential mortgages and advance financing receivables, and auto and equipment loans or leases. As of December 31, 2013 and 2012, those assets had an average rating of AA, based on the lowest of each asset's external or internal rating, and an average maturity of 2.1 years and 2.9 years as of December 31, 2013 and 2012, respectively.

The Group's commitment to this CP conduit consists of obligations under liquidity agreements and a program-wide credit enhancement agreement. The liquidity agreements are asset-specific arrangements, which require the Group to purchase assets from the CP conduit in certain circumstances, including a lack of

liquidity in the CP market such that the CP conduit cannot refinance its obligations or, in some cases, a default of an underlying asset. The Group may, at its discretion, purchase assets that fall below investment grade in order to support the CP conduit. In both circumstances, the asset-specific credit enhancements provided by the client seller of the assets and the first-loss investor's respective exposures to those assets remain unchanged. In entering into such agreements, the Group reviews the credit risk associated with these transactions on the same basis that would apply to other extensions of credit. The program-wide credit enhancement agreement with the CP conduit would absorb potential defaults of the assets, but is senior to the credit protection provided by the client seller of assets and the first-loss investor.

The Group believes that the likelihood of incurring a loss equal to the maximum exposure is remote because the assets held by the CP conduit, after giving effect to related asset-specific credit enhancement primarily provided by the clients, are classified as investment grade. The Group's economic risks associated with the purchased assets of the CP conduit are included in the Group's risk management framework including counterparty, economic capital and scenario analysis.

Financial intermediation

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients.

The Group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the Group's risk mitigation efforts, including, but not limited to, economic hedging strategies and collateral arrangements. The Group's economic risks associated with consolidated and non-consolidated VIE exposures arising from financial intermediation, together with all relevant risk mitigation initiatives, are included in the Group's risk management framework.

Financial intermediation consists of securitizations, funds, loans, and other vehicles.

Securitizations

Securitizations are primarily ◉ CMBS, ◉ RMBS and ABS vehicles. The Group acts as an underwriter, market maker, liquidity provider, derivative counterparty and/or provider of credit enhancements to VIEs related to certain securitization transactions.

The maximum exposure to loss is the carrying value of the loan securities and derivative positions that are variable interests, if any, plus the exposure arising from any credit enhancements the Group provided. The Group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the VIEs.

The activities that have the most significant impact on the securitization vehicle are the decisions relating to defaulted loans, which are controlled by the servicer. The party that controls the servicing has the ability to make decisions that significantly affect the result of the activities of the securitization vehicle. If a securitization vehicle has multiple parties that control servicing over specific assets, the Group determines it has power when it has

control over the servicing of greater than 50% of the assets in the securitization vehicle. When a servicer or its related party also has an economic interest that has the potential to absorb a significant portion of the gains and/or losses, it will be deemed the primary beneficiary and consolidate the vehicle. If the Group determines that it controls the relevant servicing, it then determines if it has the obligation to absorb losses from, or the right to receive benefits of, the securitization vehicle that could potentially be significant to the vehicle, primarily by evaluating the amount and nature of securities issued by the vehicle that it holds. Factors considered in this analysis include the level of subordination of the securities held as well as the size of the position, based on the percentage of the class of securities and the total deal classes of securities issued. The more subordinated the level of securities held, the more likely it is that the Group will be the primary beneficiary. This consolidation analysis is performed each reporting period based on changes in inventory and the levels of assets remaining in the securitization. The Group typically consolidates securitization vehicles when it is the servicer and has holdings stemming from its role as underwriter. Short-term market making holdings in vehicles are not typically considered to be potentially significant for the purposes of this assessment.

In the case of re-securitizations of previously issued RMBS securities, the re-securitization vehicles are passive in nature and do not have any significant ongoing activities that require management, and decisions relating to the design of the securitization transaction at its inception is the key power relating to the vehicle. Activities at inception include selecting the assets and determining the capital structure. The power over a re-securitization vehicle is typically shared between the Group and the investor(s) involved in the design and creation of the vehicle. The Group concludes that it is the primary beneficiary of a re-securitization vehicle when it owns substantially all of the bonds issued from the vehicle.

Funds

Funds include investment structures such as mutual funds, funds of funds, private equity funds and fund-linked products where the investors' interest is typically in the form of debt rather than equity, thereby making them VIEs. The Group may have various relationships with such VIEs in the form of structurer, investment advisor, investment manager, administrator, custodian, underwriter, placement agent, market maker and/or as prime broker. These activities include the use of VIEs in structuring fund-linked products, hedge funds of funds or private equity investments to provide clients with investment opportunities in alternative investments. In such transactions, a VIE holds underlying investments and issues securities that provide the investors with a return based on the performance of those investments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the Group as a result of underwriting or market-making activities, financing provided to the vehicles and the Group's exposure resulting from principal protection and redemptions features. The investors

typically retain the risk of loss on such transactions, but for certain fund types, the Group may provide principal protection on the securities to limit the investors' exposure to downside market risk. The Group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risk of the VIEs.

Another model is used to assess funds for consolidation under US GAAP. Rather than the consolidation model which incorporates power and the potential to absorb significant risk and rewards, a previous consolidation model is used which results in the Group being the primary beneficiary and consolidating the funds if it holds more than 50% of their outstanding issuances.

Loans

Loans are single-financing vehicles where the Group provides financing for specified assets or business ventures and the respective owner of the assets or manager of the businesses provides the equity in the vehicle. These tailored lending arrangements are established to purchase, lease or otherwise finance and manage clients' assets.

The maximum exposure to loss is the carrying value of the Group's loan exposure, which is subject to the same credit risk management procedures as loans issued directly to clients. The clients' creditworthiness is carefully reviewed, loan-to-value ratios are strictly set and, in addition, clients provide equity, additional collateral or guarantees, all of which significantly reduce the Group's exposure. The Group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the Group's risk mitigation efforts, which includes over-collateralization and effective monitoring to ensure that a sufficient loan-to-value ratio is maintained.

The third-party sponsor of the VIE will typically have control over the assets during the life structure and have the potential to absorb significant gains and losses; the Group is typically not the primary beneficiary of these structures and will not have to consolidate them. However, a change in the structure, such as a default of the sponsor, may result in the Group gaining control over the assets. If the Group's lending is significant, it may then be required to consolidate the entity.

Other

Other includes additional vehicles where the Group provides financing and trust preferred issuance vehicles. Trust preferred issuance vehicles are utilized to assist the Group in raising capital-efficient financing. The VIE issues preference shares which are guaranteed by the Group and uses the proceeds to purchase the debt of the Group. The Group's guarantee of its own debt is not considered a variable interest and, as it has no holdings in these vehicles, the Group has no maximum exposure to loss. Non-consolidated VIEs include only the total assets of trust preferred issuance vehicles, as the Group has no variable interests with these entities.

Consolidated VIEs

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Group consolidates all VIEs related to financial intermediation for which it was the primary beneficiary.

The consolidated VIEs tables provide the carrying amounts and classifications of the assets and liabilities of consolidated VIEs as of the end of 2013 and 2012.

Consolidated VIEs in which the Group was the primary beneficiary

end of	CDO	CP Conduit	Financial intermediation				Total
			Securi- tizations	Funds	Loans	Other	
2013 (CHF million)							
Cash and due from banks	702	1	2	100	87	60	952
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	1,959	0	0	0	0	1,959
Trading assets	869	51	3	1,687	665	335	3,610
Investment securities	0	100	0	0	0	0	100
Other investments	0	0	0	0	1,491	492	1,983
Net loans	0	2,012	885	0	779	531	4,207
Premises and equipment	0	0	0	0	447	66	513
Other assets	7,516	1,473	3,353	0	308	1,680	14,330
of which loans held-for-sale	7,479	0	3,093	0	56	0	10,628
Total assets of consolidated VIEs	9,087	5,596	4,243	1,787	3,777	3,164	27,654
Customer deposits	0	0	0	0	0	265	265
Trading liabilities	9	0	0	0	8	76	93
Short-term borrowings	0	4,280	0	7	0	(1)	4,286
Long-term debt	9,067	17	3,187	179	93	449	12,992
Other liabilities	34	16	67	2	153	438	710
Total liabilities of consolidated VIEs	9,110	4,313	3,254	188	254	1,227	18,346
2012 (CHF million)							
Cash and due from banks	1,534	27	0	125	44	20	1,750
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	117	0	0	0	0	117
Trading assets	1,064	196	14	1,861	565	997	4,697
Investment securities	0	23	0	0	0	0	23
Other investments	0	0	0	0	1,712	577	2,289
Net loans	0	4,360	859	0	405	429	6,053
Premises and equipment	0	0	0	0	509	72	581
Other assets	7,369	1,637	3,111	4	572	1,843	14,536
of which loans held-for-sale	7,324	0	3,110	0	71	0	10,505
Total assets of consolidated VIEs	9,967	6,360	3,984	1,990	3,807	3,938	30,046
Customer deposits	0	0	0	0	0	247	247
Trading liabilities	20	0	0	0	4	101	125
Short-term borrowings	0	5,776	0	3	0	3,803	9,582
Long-term debt	9,944	14	3,608	500	38	428	14,532
Other liabilities	45	6	97	7	168	905	1,228
Total liabilities of consolidated VIEs	10,009	5,796	3,705	510	210	5,484	25,714

Non-consolidated VIEs

The non-consolidated VIEs tables provide the carrying amounts and classification of the assets of variable interests recorded in the Group's consolidated balance sheets, maximum exposure to loss and total assets of the non-consolidated VIEs.

Maximum exposure to loss represents the variable interests of non-consolidated VIEs that are recorded by the Group (for example, direct holdings in vehicles, loans and other receivables), as well as notional amounts of guarantees and off-balance sheet commitments which are variable interests that have been extended to non-consolidated VIEs. Such amounts, particularly notional

amounts of derivatives and guarantees, do not represent the anticipated losses in connection with these transactions as they do not take into consideration the effect of collateral, recoveries or the probability of loss. In addition, they exclude the effect of offsetting financial instruments that are held to mitigate these risks and have not been reduced by unrealized losses previously recorded by the Group in connection with guarantees or derivatives.

Non-consolidated VIE assets are related to the non-consolidated VIEs with which the Group has variable interests. These amounts represent the assets of the entities themselves and are typically unrelated to the exposures the Group has with the entity

and thus are not amounts that are considered for risk management purposes.

Certain VIEs have not been included in the following table, including VIEs structured by third parties in which the Group's interest is in the form of securities held in the Group's inventory, certain single-asset financing vehicles not sponsored by the Group to which the Group provides financing but has very little risk of loss due to over-collateralization and guarantees, failed sales where the Group does not have any other holdings and other entities out of scope.

Non-consolidated VIEs

end of	Financial intermediation					Total
	CDO	Secur- tizations	Funds	Loans	Other	
2013 (CHF million)						
Trading assets	183	4,920	979	725	713	7,520
Net loans	2	613	2,812	2,856	1,282	7,565
Other assets	0	0	47	0	6	53
Total variable interest assets	185	5,533	3,838	3,581	2,001	15,138
Maximum exposure to loss	186	7,496	4,026	7,433	2,090	21,231
Non-consolidated VIE assets	10,211	101,524	55,509	31,144	19,450	217,838
2012 (CHF million)						
Trading assets	100	3,210	1,143	868	600	5,921
Net loans	8	111	2,148	3,572	1,668	7,507
Other assets	0	17	49	0	4	70
Total variable interest assets	108	3,338	3,340	4,440	2,272	13,498
Maximum exposure to loss	108	14,123	3,575	4,906	3,039	25,751
Non-consolidated VIE assets	5,163	103,990	52,268	22,304	15,491	199,216

34 Financial instruments

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

- Concentration of credit risk;
- Fair value measurement (including fair value hierarchy, transfers between levels; level 3 reconciliation; qualitative and quantitative disclosures of valuation techniques and nonrecurring fair value changes)
- Fair value option; and
- Disclosures about fair value of financial instruments not carried at fair value.

CONCENTRATIONS OF CREDIT RISK

Credit risk concentrations arise when a number of counterparties are engaged in similar business activities, are located in the same geographic region or when there are similar economic features that would cause their ability to meet contractual obligations to be similarly impacted by changes in economic conditions.

The Group regularly monitors the credit risk portfolio by counterparties, industry, country and products to ensure that such potential concentrations are identified, using a comprehensive range of quantitative tools and metrics. Credit limits relating to counterparties and products are managed through counterparty limits which set the maximum credit exposures the Group is willing to assume to specific counterparties over specified periods. Country limits are established to avoid any undue country risk concentration.

From an industry point of view, the combined credit exposure of the Group is diversified. A large portion of the credit exposure is with individual clients, particularly through residential mortgages in Switzerland, or relates to transactions with financial institutions. In both cases, the customer base is extensive and the number and variety of transactions are broad. For transactions with financial institutions, the business is also geographically diverse, with operations focused in the Americas, Europe and, to a lesser extent, Asia Pacific.

FAIR VALUE MEASUREMENT

A significant portion of the Group's financial instruments are carried at fair value. Deterioration of financial markets could significantly impact the fair value of these financial instruments and the results of operations.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, certain CP, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain OTC derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment, depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and CDO securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance 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 a counterparty, and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as credit valuation adjustments) is considered when measuring the fair value of assets, and the impact of changes in the 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 Group's and the counterparty's credit standing is considered when measuring their fair value, based on current CDS prices. The adjustments also take into account contractual factors designed to reduce the Group's credit exposure to a counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the Group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

ASU 2011-04 permits a reporting entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position or paid to transfer a net short position for a particular risk

exposure in an orderly transaction between market participants at the measurement date. This change to the fair value measurement guidance is consistent with industry practice. As such, the Group continues to apply bid and offer adjustments to net portfolios of cash securities and/or derivative instruments to adjust the value of the net position from a mid-market price to the appropriate bid or offer level that would be realized under normal market conditions for the net long or net short position for a specific market risk. In addition, the Group reflects the net exposure to credit risk for its derivative instruments where the Group has legally enforceable agreements with its counterparties that mitigate credit risk exposure in the event of default. Valuation adjustments are recorded in a reasonable and consistent manner that results in an allocation to the relevant disclosures in the notes to the financial statements as if the valuation adjustment had been allocated to the individual unit of account.

Fair value hierarchy

The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.
- Level 2: Inputs 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 liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) inputs other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs that are unobservable for the asset or liability. These inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Group's own data. The Group's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

The Group records net open positions at bid prices if long, or at ask prices if short, unless the Group is a market maker in such positions, in which case mid-pricing is utilized. Fair value measurements are not adjusted for transaction costs.

Assets and liabilities measured at fair value on a recurring basis

end of 2013	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	527	0	0	527
Interest-bearing deposits with banks	0	311	0	0	311
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	96,383	204	0	96,587
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Securities received as collateral	21,098	1,702	0	0	22,800
Debt	41,829	63,218	5,069	0	110,116
of which foreign governments	40,199	6,980	230	0	47,409
of which corporates	14	24,268	2,128	0	26,410
of which RMBS	0	23,343	436	0	23,779
of which CMBS	0	5,255	417	0	5,672
of which CDO	0	3,305	1,567	0	4,872
Equity	70,322	5,778	595	0	76,695
Derivatives	6,610	563,649	5,217	(543,873)	31,603
of which interest rate products	1,065	444,056	1,574	–	–
of which foreign exchange products	8	60,807	484	–	–
of which equity/index-related products	5,278	28,763	1,240	–	–
of which credit derivatives	0	25,662	1,138	–	–
Other	3,691	4,479	2,829	0	10,999
Trading assets	122,452	637,124	13,710	(543,873)	229,413
Debt	1,788	1,098	0	0	2,886
of which foreign governments	1,386	2	0	0	1,388
of which corporates	0	606	0	0	606
of which CDO	0	490	0	0	490
Equity	2	97	2	0	101
Investment securities	1,790	1,195	2	0	2,987
Private equity	0	0	3,345	0	3,345
of which equity funds	0	0	2,236	0	2,236
Hedge funds	0	289	392	0	681
of which debt funds	0	174	329	0	503
Other equity investments	283	55	1,632	0	1,970
of which private	0	15	1,630	0	1,645
Life finance instruments	0	0	1,600	0	1,600
Other investments	283	344	6,969	0	7,596
Loans	0	11,459	7,998	0	19,457
of which commercial and industrial loans	0	6,302	5,309	0	11,611
of which financial institutions	0	4,484	1,322	0	5,806
Other intangible assets (mortgage servicing rights)	0	0	42	0	42
Other assets	4,861	21,530	6,159	(1,032)	31,518
of which loans held-for-sale	0	12,770	5,615	0	18,385
Total assets at fair value	150,484	770,575	35,084	(544,905)	411,238
Less other investments – equity at fair value attributable to noncontrolling interests	(246)	(149)	(2,781)	0	(3,176)
Less assets consolidated under ASU 2009-17 ²	0	(8,996)	(2,458)	0	(11,454)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	150,238	761,430	29,845	(544,905)	396,608

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2013	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	1,450	0	0	1,450
Customer deposits	0	3,197	55	0	3,252
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	75,990	114	0	76,104
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Obligation to return securities received as collateral	21,098	1,702	0	0	22,800
Debt	19,037	5,311	2	0	24,350
of which foreign governments	18,863	603	0	0	19,466
of which corporates	1	4,130	2	0	4,133
Equity	15,476	309	17	0	15,802
Derivatives	5,879	572,444	5,545	(547,385)	36,483
of which interest rate products	896	439,446	1,129	–	–
of which foreign exchange products	14	71,547	938	–	–
of which equity/index-related products	4,691	30,622	1,896	–	–
of which credit derivatives	0	25,942	1,230	–	–
Trading liabilities	40,392	578,064	5,564	(547,385)	76,635
Short-term borrowings	0	5,888	165	0	6,053
Long-term debt	0	53,589	9,780	0	63,369
of which treasury debt over two years	0	9,081	0	0	9,081
of which structured notes over two years	0	20,679	6,217	0	26,896
of which non-recourse liabilities	0	9,509	2,552	0	12,061
Other liabilities	0	19,511	2,861	(399)	21,973
of which failed sales	0	638	1,143	0	1,781
Total liabilities at fair value	61,490	739,391	18,539	(547,784)	271,636

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	569	0	0	569
Interest-bearing deposits with banks	0	627	0	0	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	113,664	0	0	113,664
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Securities received as collateral	29,677	368	0	0	30,045
Debt	55,592	74,391	5,888	0	135,871
of which foreign governments	53,918	11,032	79	0	65,029
of which corporates	1	25,932	3,192	0	29,125
of which RMBS	0	30,392	724	0	31,116
of which CMBS	0	4,335	1,023	0	5,358
of which CDO	0	2,620	447	0	3,067
Equity	66,664	7,746	485	0	74,895
Derivatives	3,428	823,016	6,650	(799,886)	33,208
of which interest rate products	703	698,297	1,859	–	–
of which foreign exchange products	1	62,717	754	–	–
of which equity/index-related products	2,538	25,820	1,920	–	–
of which credit derivatives	0	29,274	1,294	–	–
Other	7,203	2,736	2,486	0	12,425
Trading assets	132,887	907,889	15,509	(799,886)	256,399
Debt	2,066	1,168	169	0	3,403
of which foreign governments	1,583	1	21	0	1,605
of which corporates	0	720	125	0	845
of which CDO	0	447	23	0	470
Equity	4	90	1	0	95
Investment securities	2,070	1,258	170	0	3,498
Private equity	0	0	3,958	0	3,958
of which equity funds	0	0	2,633	0	2,633
Hedge funds	0	470	165	0	635
of which debt funds	0	349	84	0	433
Other equity investments	271	69	2,243	0	2,583
of which private	0	61	2,245	0	2,306
Life finance instruments	0	0	1,818	0	1,818
Other investments	271	539	8,184	0	8,994
Loans	0	13,381	6,619	0	20,000
of which commercial and industrial loans	0	6,191	4,778	0	10,969
of which financial institutions	0	5,934	1,530	0	7,464
Other intangible assets (mortgage servicing rights)	0	0	43	0	43
Other assets	5,439	26,912	5,164	(240)	37,275
of which loans held-for-sale	0	14,899	4,463	0	19,362
Total assets at fair value	170,344	1,065,207	35,689	(800,126)	471,114
Less other investments – equity at fair value attributable to noncontrolling interests	(240)	(99)	(3,292)	0	(3,631)
Less assets consolidated under ASU 2009-17 ²	0	(8,769)	(2,745)	0	(11,514)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	170,104	1,056,339	29,652	(800,126)	455,969

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	3,413	0	0	3,413
Customer deposits	0	4,618	25	0	4,643
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	108,784	0	0	108,784
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Obligation to return securities received as collateral	29,677	368	0	0	30,045
Debt	25,782	7,014	196	0	32,992
of which foreign governments	25,623	1,476	0	0	27,099
of which corporates	0	5,030	196	0	5,226
Equity	17,912	389	6	0	18,307
Derivatives	3,173	834,228	5,154	(803,038)	39,517
of which interest rate products	628	693,430	1,357	–	–
of which foreign exchange products	1	76,963	1,648	–	–
of which equity/index-related products	2,305	27,684	1,003	–	–
of which credit derivatives	0	28,952	819	–	–
Trading liabilities	46,867	841,631	5,356	(803,038)	90,816
Short-term borrowings	0	4,389	124	0	4,513
Long-term debt	218	55,068	10,098	0	65,384
of which treasury debt over two years	0	10,565	0	0	10,565
of which structured notes over two years	0	22,543	6,189	0	28,732
of which non-recourse liabilities	218	11,006	2,551	0	13,775
Other liabilities	0	24,399	2,848	(376)	26,871
of which failed sales	0	2,523	1,160	0	3,683
Total liabilities at fair value	76,762	1,042,670	18,451	(803,414)	334,469

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

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.

In 2013, transfers to level 1 out of level 2 were from trading assets and trading liabilities. The transfers were primarily in exchange traded derivatives 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 as of the end of 2013.

Transfers between level 1 and level 2

in	2013		2012	
	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2
Assets (CHF million)				
Debt	499	92	318	23,632
Equity	437	183	209	650
Derivatives	5,090	2	5,510	20
Trading assets	6,026	277	6,037	24,302
Liabilities (CHF million)				
Debt	11	18	87	34
Equity	248	17	100	226
Derivatives	4,433	11	6,441	72
Trading liabilities	4,692	46	6,628	332

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

2013	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	0	0	0
Debt	5,888	1,418	(1,977)	6,363
of which corporates	3,192	571	(552)	1,759
of which RMBS	724	467	(690)	1,012
of which CMBS	1,023	86	(310)	497
of which CDO	447	55	(357)	3,072
Equity	485	303	(237)	405
Derivatives	6,650	1,442	(2,208)	0
of which interest rate products	1,859	244	(363)	0
of which equity/index-related products	1,920	223	(1,020)	0
of which credit derivatives	1,294	923	(633)	0
Other	2,486	288	(487)	3,266
Trading assets	15,509	3,451	(4,909)	10,034
Investment securities	170	0	(230)	165
Equity	6,366	106	(63)	1,526
Life finance instruments	1,818	0	0	189
Other investments	8,184	106	(63)	1,715
Loans	6,619	320	(1,561)	800
of which commercial and industrial loans	4,778	305	(315)	727
of which financial institutions	1,530	15	(6)	71
Other intangible assets (mortgage servicing rights)	43	0	0	12
Other assets	5,164	3,552	(2,998)	4,781
of which loans held-for-sale ²	4,463	3,539	(2,918)	4,456
Total assets at fair value	35,689	7,429	(9,761)	17,507
Liabilities (CHF million)				
Customer deposits	25	0	0	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	0	0	0
Trading liabilities	5,356	1,503	(1,537)	66
of which interest rate derivatives	1,357	75	(134)	0
of which foreign exchange derivatives	1,648	13	(21)	0
of which equity/index-related derivatives	1,003	360	(676)	0
of which credit derivatives	819	1,001	(590)	0
Short-term borrowings	124	43	(99)	0
Long-term debt	10,098	2,322	(2,375)	0
of which structured notes over two years	6,189	453	(1,226)	0
of which non-recourse liabilities	2,551	1,836	(670)	0
Other liabilities	2,848	227	(149)	213
of which failed sales	1,160	176	(82)	154
Total liabilities at fair value	18,451	4,095	(4,160)	279
Net assets/(liabilities) at fair value	17,238	3,334	(5,601)	17,228

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

² Includes unrealized gains recorded in trading revenues of CHF 238 million primarily related to subprime exposures in securitized products business and market movements across the wider loans held-for-sale portfolio.

Sales	Issuances	Settlements	Trading revenues		Other revenues		Foreign currency translation impact	Balance at end of period
			On transfers in / out ¹	On all other	On transfers in / out ¹	On all other		
0	362	(153)	0	4	0	0	(9)	204
(7,043)	0	0	165	465	0	0	(210)	5,069
(3,022)	0	0	109	157	0	0	(86)	2,128
(1,162)	0	0	11	91	0	0	(17)	436
(866)	0	0	(4)	15	0	0	(24)	417
(1,810)	0	0	36	197	0	0	(73)	1,567
(431)	0	0	20	68	(1)	0	(17)	595
0	1,766	(2,446)	230	(53)	0	0	(164)	5,217
0	279	(663)	8	249	0	0	(39)	1,574
0	207	(538)	184	330	0	0	(66)	1,240
0	627	(631)	38	(461)	0	0	(19)	1,138
(2,656)	0	(65)	8	83	0	0	(94)	2,829
(10,130)	1,766	(2,511)	423	563	(1)	0	(485)	13,710
(82)	0	0	0	9	0	0	(30)	2
(3,220)	0	0	0	(3)	0	791	(134)	5,369
(365)	0	0	0	1	0	0	(43)	1,600
(3,585)	0	0	0	(2)	0	791	(177)	6,969
(1,673)	6,767	(2,920)	0	(21)	0	0	(333)	7,998
(1,280)	3,541	(2,171)	1	(85)	0	0	(192)	5,309
(207)	651	(650)	0	(48)	0	0	(34)	1,322
0	0	0	0	0	0	(12)	(1)	42
(4,213)	1,034	(1,148)	5	199	0	0	(217)	6,159
(3,964)	1,034	(1,147)	5	348	0	0	(201)	5,615
(19,683)	9,929	(6,732)	428	752	(1)	779	(1,252)	35,084
0	51	(3)	0	(13)	0	0	(5)	55
0	119	0	0	0	0	0	(5)	114
(197)	1,561	(2,556)	235	1,302	0	0	(169)	5,564
0	107	(508)	10	254	0	0	(32)	1,129
0	15	(662)	(16)	(21)	0	0	(18)	938
0	632	(380)	210	831	0	0	(84)	1,896
0	655	(856)	39	186	0	0	(24)	1,230
0	318	(216)	0	3	0	0	(8)	165
0	5,006	(5,330)	25	321	0	(1)	(286)	9,780
0	3,602	(2,534)	(18)	(36)	0	(1)	(212)	6,217
0	818	(2,128)	24	151	0	0	(30)	2,552
(393)	10	(86)	(17)	70	26	217	(105)	2,861
(308)	0	0	0	72	0	0	(29)	1,143
(590)	7,065	(8,191)	243	1,683	26	216	(578)	18,539
(19,093)	2,864	1,459	185	(931)	(27)	563	(674)	16,545

Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)

2012	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,204	0	0	0
Securities received as collateral	193	0	(188)	0
Debt	10,028	2,312	(5,035)	7,479
of which corporates	5,076	1,113	(3,609)	5,210
of which RMBS	1,786	831	(958)	937
of which CMBS	1,517	188	(262)	664
of which CDO	727	158	(121)	483
Equity	467	419	(100)	377
Derivatives	9,587	1,465	(2,175)	0
of which interest rate products	2,547	168	(686)	0
of which equity/index-related products	2,732	681	(844)	0
of which credit derivatives	2,171	592	(544)	0
Other	2,196	179	(366)	2,842
Trading assets	22,278	4,375	(7,676)	10,698
Investment securities	102	0	0	94
Equity	7,076	4	(61)	880
Life finance instruments	1,969	0	0	102
Other investments	9,045	4	(61)	982
Loans	6,842	605	(642)	509
of which commercial and industrial loans	4,559	537	(391)	275
of which financial institutions	2,179	64	(248)	218
Other intangible assets (mortgage servicing rights)	70	0	0	11
Other assets	7,469	2,509	(2,949)	3,007
of which loans held-for-sale	6,901	2,471	(2,948)	2,801
Total assets at fair value	47,203	7,493	(11,516)	15,301
Liabilities (CHF million)				
Customer deposits	0	0	0	0
Obligation to return securities received as collateral	193	0	(188)	0
Trading liabilities	7,343	1,294	(1,783)	94
of which interest rate derivatives	1,588	230	(754)	0
of which foreign exchange derivatives	2,836	3	(178)	0
of which equity/index-related derivatives	1,022	132	(262)	0
of which credit derivatives	1,520	700	(571)	0
Short-term borrowings	236	23	(96)	0
Long-term debt	12,715	2,616	(4,044)	0
of which structured notes over two years	7,576	789	(1,668)	0
of which non-recourse liabilities	3,585	1,701	(2,225)	0
Other liabilities	3,891	246	(315)	321
of which failed sales	1,909	136	(47)	302
Total liabilities at fair value	24,378	4,179	(6,426)	415
Net assets/(liabilities) at fair value	22,825	3,314	(5,090)	14,886

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

Sales	Issuances	Settlements	Trading revenues		Other revenues		Foreign currency translation impact	Balance at end of period
			On transfers in / out ¹	On all other	On transfers in / out ¹	On all other		
0	0	(1,174)	0	(28)	0	0	(2)	0
0	0	0	0	0	0	0	(5)	0
(8,826)	0	0	72	129	(4)	0	(267)	5,888
(4,745)	0	0	49	278	(4)	0	(176)	3,192
(1,924)	0	0	18	60	0	0	(26)	724
(809)	0	0	(4)	(228)	0	0	(43)	1,023
(851)	0	0	(4)	67	0	0	(12)	447
(611)	0	0	0	(63)	0	0	(4)	485
0	1,007	(3,262)	60	163	0	0	(195)	6,650
0	303	(976)	47	515	0	0	(59)	1,859
0	346	(844)	(31)	(56)	0	0	(64)	1,920
0	161	(914)	43	(179)	0	0	(36)	1,294
(2,290)	0	0	2	(3)	0	0	(74)	2,486
(11,727)	1,007	(3,262)	134	226	(4)	0	(540)	15,509
(17)	0	0	0	0	0	0	(9)	170
(1,918)	0	0	0	2	0	567	(184)	6,366
(274)	0	0	0	72	0	0	(51)	1,818
(2,192)	0	0	0	74	0	567	(235)	8,184
(1,286)	4,490	(3,473)	15	(250)	0	0	(191)	6,619
(469)	3,084	(2,773)	15	76	0	0	(135)	4,778
(745)	1,078	(672)	(1)	(293)	0	0	(50)	1,530
(16)	0	0	0	0	0	(20)	(2)	43
(3,356)	298	(2,319)	128	580	0	0	(203)	5,164
(3,182)	298	(2,319)	127	486	0	0	(172)	4,463
(18,594)	5,795	(10,228)	277	602	(4)	547	(1,187)	35,689
0	25	0	0	0	0	0	0	25
0	0	0	0	0	0	0	(5)	0
(346)	853	(2,599)	151	505	0	0	(156)	5,356
0	115	(194)	75	340	0	0	(43)	1,357
0	1	(1,037)	24	48	0	0	(49)	1,648
0	537	(315)	(16)	(61)	0	0	(34)	1,003
0	88	(939)	79	(36)	0	0	(22)	819
0	288	(332)	(3)	14	0	0	(6)	124
0	4,015	(6,043)	182	989	(4)	0	(328)	10,098
0	1,925	(2,867)	32	604	(4)	0	(198)	6,189
0	1,473	(2,312)	144	275	0	0	(90)	2,551
(1,322)	2	(219)	(15)	74	0	279	(94)	2,848
(1,260)	0	0	0	153	0	0	(33)	1,160
(1,668)	5,183	(9,193)	315	1,582	(4)	279	(589)	18,451
(16,926)	612	(1,035)	(38)	(980)	0	268	(598)	17,238

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	2013			2012		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	(746)	536	(210)¹	(1,018)	268	(750)¹
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(2,850)	414	(2,436)	(1,209)	(82)	(1,291)

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within level 3. As a result, the unrealized gains and losses for assets and liabilities within level 3 presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Group employs various economic hedging techniques in order to manage risks, including risks in level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in levels 1 and/or 2. The realized and unrealized gains and losses for assets and liabilities in level 3 presented in the table above do not reflect the related realized or unrealized gains and losses arising on economic hedging instruments classified in levels 1 and/or 2.

Transfers in and out of level 3

Transfers into level 3 assets during 2013 were CHF 7,429 million, primarily from loans held-for-sale and trading assets. The transfers were primarily in the corporate credit, private equity and prime services businesses due to limited observability of pricing data and reduced pricing information from external providers. Transfers out of level 3 assets during 2013 were CHF 9,761 million, primarily in trading assets, loans held-for-sale and loans. The transfers out of level 3 assets were primarily in the Brazil trading, private equity, corporate credit, prime services, rates and equity derivatives businesses due to improved observability of pricing data and increased availability of pricing information from external providers.

Transfers into level 3 assets during 2012 were CHF 7,493 million, primarily from trading assets and loans held-for-sale. The transfers were primarily in the equity derivatives, private equity, corporate credit, corporate bank and securitized products (consolidated SPE positions) businesses due to limited observability of pricing data and reduced pricing information from external providers. Transfers out of level 3 assets during 2012 were CHF 11,516 million, primarily in trading assets and loans held-for-sale. The transfers out of level 3 assets were primarily in the equity derivatives, private equity, securitized products (consolidated SPE positions), corporate credit, rates and CMBS businesses due to improved observability of pricing data and increased availability of pricing information from external providers.

Qualitative disclosures of valuation techniques

Overview

The Group has implemented and maintains a valuation control framework, which is supported by policies and procedures that define the principles for controlling the valuation of the Group's financial instruments. Product Control and Risk Management create, review and approve significant valuation policies and procedures. The framework includes three main internal processes: (i) valuation governance; (ii) independent price verification and significant unobservable inputs review; and (iii) a cross-functional pricing model review. Through this framework, the Group determines the reasonableness of the fair value of its financial instruments.

On a monthly basis, meetings are held for each business line with senior representatives of the Front Office and Product Control to discuss independent price verification results, valuation adjustments, and other significant valuation issues. On a quarterly basis, a review of significant changes in the fair value of financial instruments is undertaken by Product Control and conclusions are reached regarding the reasonableness of those changes. Additionally, on a quarterly basis, meetings are held for each business line with senior representatives of the Front Office, Product Control, Risk Management, and Financial Accounting to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee (VARMC) and the Audit Committee. The VARMC, which is comprised of Executive Board members and the heads of the business and control functions, meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the Group. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the Group's Executive Board through the VARMC.

One of the key components of the governance process is the segregation of duties between the Front Office and Product Control. The Front Office is responsible for measuring inventory at fair value on a daily basis, while Product Control is responsible for independently reviewing and validating those valuations on a periodic basis. The Front Office values the inventory using, wherever

possible, observable market data which may include executed transactions, dealer quotes, or broker quotes for the same or similar instruments. Product Control validates this inventory using independently sourced data that also includes executed transactions, dealer quotes, and broker quotes.

Product Control utilizes independent pricing service data as part of their review process. Independent pricing service data is analyzed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors to ensure they are active market participants, review of statistical data and utilization of pricing challenges. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results. The purpose of the review is to judge the quality and reliability of the data for fair value measurement purposes and its appropriate level of usage within the Product Control independent valuation review.

For certain financial instruments the fair value is estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices, rates, or other inputs. In addition, there may be uncertainty about a valuation, which results from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a consequence of other elements affecting the valuation technique or model. Model calibration is performed when significant new market information becomes available or at a minimum on a quarterly basis as part of the business review of significant unobservable inputs for level 3 instruments. For models that have been deemed to be significant to the overall fair value of the financial instrument, model validation is performed as part of the periodic review of the related model.

The Group performs a sensitivity analysis of its significant level 3 financial instruments. This sensitivity analysis estimates a fair value range by changing the related significant unobservable inputs value. This sensitivity analysis is an internal mechanism to monitor the impact of reasonable alternative inputs or prices for level 3 financial instruments. Where a model-based technique is used to determine the fair value of the level 3 financial instrument, an alternative input value is utilized to derive an estimated fair value range. Where a price-based technique is used to determine the fair value of the level 3 financial instruments, Front Office professional judgment is used to estimate a fair value range.

The following information on the valuation techniques and significant unobservable inputs of the various financial instruments, and the sensitivity of fair value measurements to changes in significant unobservable inputs, should be read in conjunction with the tables “Quantitative information about level 3 assets at fair value” and “Quantitative information about level 3 liabilities at fair value”.

Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions

Securities purchased under resale agreements and securities sold under repurchase agreements are measured at fair value

using discounted cash flow analysis. Future cash flows are discounted using observable market interest rate repurchase/resale curves for the applicable maturity and underlying collateral of the instruments. As such, the significant majority of both securities purchased under resale agreements and securities sold under repurchase agreements are included in level 2 of the fair value hierarchy. Structured resale and repurchase agreements include embedded derivatives, which are measured using the same techniques as described below for stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships. If the value of the embedded derivative is determined using significant unobservable inputs, those structured resale and repurchase agreements are classified within level 3 of the fair value hierarchy. Significant unobservable input is funding spread.

Securities purchased under resale agreements are usually fully collateralized or over collateralized by government securities, money market instruments, corporate bonds, or other debt instruments. In the event of counterparty default, the collateral service agreement provides the Group with the right to liquidate the collateral held.

Debt securities

Foreign governments and corporates

Government debt securities typically have quoted prices in active markets and are categorized as level 1 instruments. For debt securities for which market prices are not available, valuations are based on yields reflecting credit rating, historical performance, delinquencies, loss severity, the maturity of the security, recent transactions in the market or other modeling techniques, which may involve judgment. Those securities where the price or model inputs are observable in the market are categorized as level 2 instruments, while those securities where prices are not observable and significant model inputs are unobservable are categorized as level 3 of the fair value hierarchy.

Corporate bonds are priced to reflect current market levels either through recent market transactions or broker or dealer quotes. Where a market price for the particular security is not directly available, valuations are obtained based on yields reflected by other instruments in the specific or similar entity's capital structure and adjusting for differences in seniority and maturity, benchmarking to a comparable security where market data is available (taking into consideration differences in credit, liquidity and maturity), or through the application of cash flow modeling techniques utilizing observable inputs, such as current interest rate curves and observable CDS spreads. Significant unobservable inputs may include price, buyback probability, correlation and credit spread. For securities using market comparable price, the differentiation between level 2 and level 3 is based upon the relative significance of any yield adjustments as well as the accuracy of the comparison characteristics (i.e., the observable comparable security may be in the same country but a different industry and may have a different seniority level – the lower the comparability the more likely the security will be level 3).

CMBS, RMBS and CDO securities

Fair values of ◉ RMBS, ◉ CMBS and CDO may be available through quoted prices, which are often based on the prices at which similarly structured and collateralized securities trade between dealers and to and from customers. Fair values of RMBS, CMBS and CDO for which there are significant unobservable inputs are valued using capitalization rate. 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 the Front Office's own assumptions about how market participants would price the asset. Collateralized bond and loan obligations are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure. Valuation models are used to value both cash and synthetic CDOs.

Equity securities

The majority of the Group's positions in equity securities are traded on public stock exchanges for which quoted prices are readily and regularly available and are therefore categorized as level 1 instruments. Level 2 and level 3 equities include fund-linked products, convertible bonds or equity securities with restrictions that are not traded in active markets. Significant unobservable inputs may include earnings before interest, taxes, depreciation and amortization (EBITDA) multiple, discount rate and capitalization rate.

Derivatives

◉ Derivatives held for trading purposes or used in hedge accounting relationships include both OTC and exchange-traded derivatives. The fair values of exchange-traded derivatives measured using observable exchange prices are included in level 1 of the fair value hierarchy. For exchange-traded derivatives where the volume of trading is low, the observable exchange prices may not be considered executable at the reporting date. These derivatives are valued in the same manner as similar observable OTC derivatives and are included in level 2 of the fair value hierarchy. If the similar OTC derivative used for valuing the exchange-traded derivative is not observable, than the exchange-traded derivative is included in level 3 of the fair value hierarchy.

The fair values of OTC derivatives are determined on the basis of either industry standard models or internally developed proprietary models. Both model types use various observable and

unobservable inputs in order to determine fair value. The inputs include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the marketplace, while more complex derivatives may use unobservable inputs that rely on specific proprietary modeling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products). For inputs that cannot be derived from other sources, estimates from historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorized as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorized as level 3 of the fair value hierarchy.

Our valuation of derivatives does not include an adjustment for the cost of funding uncollateralized OTC derivatives due to a lack of clear observability in the marketplace.

Interest rate derivatives

OTC vanilla interest rate products, such as interest rate swaps, swaptions, and caps and floors are valued by discounting the anticipated future cash flows. The future cash flows and discounting are derived from market standard yield curves and industry standard volatility inputs. Where applicable, exchange-traded prices are also used to value exchange-traded futures and options and can be used in yield curve construction. For more complex products, inputs include, but are not limited to correlation, volatility, volatility skew, prepayment rate, credit spread, basis spread and mean reversion.

Foreign exchange derivatives

Foreign exchange derivatives include vanilla products such as spot, forward and option contracts where the anticipated discounted future cash flows are determined from foreign exchange forward curves and industry standard optionality modeling techniques. Where applicable, exchange-traded prices are also used for futures and option prices. For more complex products inputs include, but are not limited to prepayment rate and correlation.

Equity and index-related derivatives

Equity derivatives include vanilla options and swaps in addition to different types of exotic options. Inputs for equity derivatives can include correlation, volatility, skew and buyback probability.

Generally, the interrelationship between the volatility and correlation is positively correlated.

Credit derivatives

Credit derivatives include index and single name CDS in addition to more complex structured credit products. Vanilla products are

valued using industry standard models and inputs that are generally market observable including credit spread and recovery rate.

Complex structured credit derivatives are valued using proprietary models requiring unobservable inputs such as recovery rate, credit spread, correlation and price. These inputs are generally implied from available market observable data. Fair values determined by price may include discounted cash flow models using the inputs prepayment rate, default rate, loss severity and discount rate.

Other trading assets

Other trading assets primarily include RMBS loans and life settlement and premium finance instruments. Life settlement and premium finance instruments are valued using proprietary models with several inputs. The significant unobservable inputs of the fair value for life settlement and premium finance instruments is the estimate of market implied life expectancy, while for RMBS loans it is market comparable price.

For life settlement and premium finance instruments, individual life expectancy rates are typically obtained by multiplying a base mortality curve for the general insured population provided by a professional actuarial organization together with an individual-specific multiplier. Individual-specific multipliers are determined based on data from third-party life expectancy data providers, which examine the insured individual's medical conditions, family history and other factors to arrive at a life expectancy estimate.

For RMBS loans, the use of market comparable price varies depending upon each specific loan. For some loans, similar to unobservable RMBS securities, 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 other RMBS loans, the loans are categorized by specific characteristics, such as loan-to-value ratio, average account balance, loan type (single or multi-family), lien, seasoning, coupon, FICO score, locality, delinquency status, cash flow velocity, roll rates, loan purpose, occupancy, servicers advance agreement type, modification status, Federal Housing Administration insurance, property value and documentation quality. Loans with unobservable prices are put into consistent buckets which are then compared to market observable comparable prices in order to assess the reasonableness of those unobservable prices.

Other investments

Private equity, hedge funds and other equity investments

Other equity investments principally includes equity investments in the form of a) direct investments in third-party hedge funds, private equity funds and funds of funds, b) equity-method investments where the Group has the ability to significantly influence the operating and financial policies of the investee, and c) direct investments in non-marketable equity securities.

Direct investments in third-party hedge funds, private equity funds and funds of funds are measured at fair value based on

their published NAVs. Most of these investments are classified as level 3 of the fair value hierarchy, as there are restrictions imposed upon the redemption of the funds at their NAV in the near term. In some cases, NAVs may be adjusted where there is sufficient evidence that the NAV published by the investment manager is not current with observed market movements, it is probable that these investments will be sold for an amount other than NAV or there exist other circumstances that would require an adjustment to the published NAV. Although rarely adjusted, significant judgment is involved in making any adjustments to the published NAVs.

Direct investments in non-marketable equity securities consist of both real estate investments and non-real estate investments. Equity-method investments and direct investments in non-marketable equity securities are initially measured at their transaction price, as this is the best estimate of fair value. Thereafter, these investments are individually measured at fair value based upon a number of factors that include any recent rounds of financing involving third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. Unobservable inputs may include credit spread, contingent probability and EBITDA multiple. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. As a result, these investments are included in level 3 of the fair value hierarchy.

Life finance instruments

Life finance instruments include SPIA and other premium finance instruments. Life finance instruments are valued in a similar manner as described for life settlement and premium finance instruments under the other trading assets section above.

Loans

The Group's loan portfolio which is measured at fair value primarily consists of commercial and industrial loans and loans to financial institutions. Within these categories, loans measured at fair value include commercial loans, real estate loans, corporate loans, leverage finance loans and emerging market loans. Fair value is based on recent transactions and quoted prices, where available. Where recent transactions and quoted prices are not available, fair value may be determined by relative value benchmarking (which includes pricing based upon another position in the same capital structure, other comparable loan issues, generic industry credit spreads, implied credit spreads derived from CDS for the specific borrower, and enterprise valuations) or calculated based on the exit price of the collateral, based on current market conditions.

Both the funded and unfunded portion of revolving credit lines on the corporate lending portfolio are valued using a CDS pricing model, which requires estimates of significant inputs including credit spreads, recovery rates, credit conversion factors, and weighted average life of the loan. Significant unobservable inputs may include credit spread and price.

The Group's other assets and liabilities include mortgage loans held in conjunction with securitization activities and assets and

liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP. The fair value of mortgage loans held in conjunction with securitization activities is determined on a whole-loan basis and is consistent with the valuation of RMBS loans discussed in “Other trading assets” above. Whole-loan valuations are calculated based on the exit price reflecting the current market conditions. The fair value of assets and liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP are determined based on the quoted prices for securitized bonds, where available, or on cash flow analyses for securitized bonds, when quoted prices are not available.

Accrual based Private Banking & Wealth Management loans, for which an estimated fair value is disclosed in the table “Carrying value and fair value of financial instruments not carried at fair value” below, include consumer loans relating to mortgages, loans collateralized by securities or consumer finance, as well as corporate and institutional loans relating to real estate, commercial and industrial loans, and loans to financial institutions, governments and public institutions. Fair values for these loans are determined by using a discounted cash flow model. Future cash flows are discounted using risk-adjusted discount rates which are derived from observable market interest rates for the applicable maturity and currency and from counterparty-related credit spreads.

Deposits

Accrual based deposits with a stated maturity, for which an estimated fair value is disclosed in the table “Carrying value and fair value of financial instruments not carried at fair value” below, are generally fair valued by using a discounted cash flow model incorporating the Group’s credit spreads. The estimated fair value of accrual accounted deposits without a stated maturity approximates the carrying amount; however, the value does not include an estimate of the value attributed to the long-term relationships with its customers that in the aggregate adds significant value to the Group’s stable deposit base.

Short-term borrowings and long-term debt

The Group’s short-term borrowings and long-term debt include structured notes (hybrid financial instruments that are both bifurcated and non-bifurcated) and vanilla debt. The fair value of structured notes is based on quoted prices, where available. When quoted prices are not available, fair value is determined by using a discounted cash flow model incorporating the Group’s credit spreads, the value of derivatives embedded in the debt and the residual term of the issuance based on call options. Derivatives structured into the issued debt are valued consistently with the Group’s stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships as discussed above. The fair value of structured debt is heavily influenced by the combined call options and performance of the underlying derivative returns.

Significant unobservable inputs for long-term debt include buyback probability, gap risk, correlation, volatility and price.

Generally, the interrelationships between volatility, skew, correlation, gap risk and credit spreads inputs are positively correlated.

Other liabilities

Failed sales

These liabilities represent the financing of assets that did not achieve sale accounting treatment under US GAAP. Failed sales are valued in a manner consistent with the related underlying financial instruments.

Short-term financial instruments

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table “Carrying value and fair value of financial instruments not carried at fair value” below. These instruments include: cash and due from banks, cash collateral receivables and payables and other receivables and payables arising in the ordinary course of business. For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realization, as well as the minimal credit risk inherent in these instruments.

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 assets with a significant unobservable input of buyback probability, EBITDA multiple, market implied life expectancy (for life finance instruments), correlation, recovery rate, price, volatility, volatility skew, contingent probability and market implied life expectancy (for life settlement and premium finance instruments), in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets instruments with a significant unobservable input of capitalization rate, default rate, discount rate, funding spread, loss severity, prepayment rate and credit spread, in general, an increase in the significant unobservable input would decrease the fair value.

For level 3 liabilities an increase in the related significant unobservable inputs would have the inverse impact on fair value. An increase in the significant unobservable inputs basis spread, mean reversion and skew would decrease the fair value. An increase in the significant unobservable input gap risk would increase the fair value.

Interrelationships between significant unobservable inputs

Except as noted above, there are no material interrelationships between the significant unobservable inputs for the financial instruments. As the significant unobservable inputs move independently, generally an increase or decrease in one significant unobservable input will have no impact on the other significant unobservable inputs.

Quantitative disclosures of valuation techniques

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

Quantitative information about level 3 assets at fair value

end of 2013	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	204	Discounted cash flow	Funding spread, in bp	90	350	178
Debt	5,069					
of which corporates	2,128					
of which	129	Option model	Correlation, in %	(83)	96	14
			Buyback probability, in % ²	50	100	62
of which	592	Market comparable	Price, in %	0	112	91
of which	807	Discounted cash flow	Credit spread, in bp	22	957	348
of which RMBS	436	Discounted cash flow	Discount rate, in %	2	33	9
			Prepayment rate, in %	0	27	7
			Default rate, in %	0	25	5
			Loss severity, in %	0	100	48
of which CMBS	417	Discounted cash flow	Capitalization rate, in %	5	12	9
			Discount rate, in %	1	30	9
			Prepayment rate, in %	0	20	10
			Default rate, in %	0	18	1
			Loss severity, in %	0	40	3
of which CDO	1,567					
of which	118	Vendor price	Price, in %	0	100	94
of which	278	Discounted cash flow	Discount rate, in %	2	24	6
			Prepayment rate, in %	0	30	7
			Default rate, in %	1	15	3
			Loss severity, in %	25	100	68
of which	423	Market comparable	Price, in %	85	101	98

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 2013	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Equity	595					
of which	270	Market comparable	EBITDA multiple	3	12	7
of which	35	Discounted cash flow	Capitalization rate, in %	7	7	7
			Discount rate, in %	15	15	15
Derivatives	5,217					
of which interest rate products	1,574	Option model	Correlation, in %	15	100	82
			Prepayment rate, in %	5	31	24
			Volatility, in %	2	31	6
			Volatility skew, in %	(9)	2	(1)
			Credit spread, in bp	95	2,054	218
of which equity/index-related products	1,240	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	2	252	26
of which credit derivatives	1,138	Discounted cash flow	Credit spread, in bp	1	2,054	298
			Recovery rate, in %	0	77	25
			Discount rate, in %	4	29	14
			Default rate, in %	1	16	6
			Loss severity, in %	10	100	59
			Correlation, in %	34	97	83
			Prepayment rate, in %	0	17	5
Other	2,829					
of which	2,139	Market comparable	Price, in %	0	146	34
of which	589	Discounted cash flow	Market implied life expectancy, in years	3	19	9
Trading assets	13,710					
Investment securities	2	–	–	–	–	–
Private equity	3,345	– ²	– ²	– ²	– ²	– ²
Hedge funds	392	– ²	– ²	– ²	– ²	– ²
Other equity investments	1,632					
of which private	1,630					
of which	384	Discounted cash flow	Credit spread, in bp	897	3,175	1,207
			Contingent probability, in %	59	59	59
of which	813	Market comparable	EBITDA multiple	1	10	8
			Market implied life expectancy, in years	1	21	9
Life finance instruments	1,600	Discounted cash flow				
Other investments	6,969					
Loans	7,998					
of which commercial and industrial loans	5,309					
of which	4,526	Discounted cash flow	Credit spread, in bp	50	2,488	504
of which	326	Market comparable	Price, in %	0	100	69
of which financial institutions	1,322	Discounted cash flow	Credit spread, in bp	98	884	302
Other intangible assets (mortgage servicing rights)	42	–	–	–	–	–
Other assets	6,159					
of which loans held-for-sale	5,615					
of which	1,954	Vendor price	Price, in %	0	160	99
of which	1,042	Discounted cash flow	Credit spread, in bp	75	2,389	467
			Recovery rate, in %	1	1	0
of which	2,420	Market comparable	Price, in %	0	105	59
Total level 3 assets at fair value	35,084					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Disclosure not required as balances are carried at unadjusted NAV. Refer to "Fair value measurements of investments in certain entities that calculate NAV per share" for further information.

Quantitative information about level 3 assets at fair value (continued)

end of 2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Debt	5,888				
of which corporates	3,192				
of which	754	Option model	Correlation, in %	(87)	97
			Buyback probability, in % ¹	50	100
of which	797	Market comparable	Price, in %	0	146
of which	1,231	Discounted cash flow	Credit spread, in bp	0	2,439
of which RMBS	724	Discounted cash flow	Discount rate, in %	2	50
			Prepayment rate, in %	0	55
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which CMBS	1,023	Discounted cash flow	Capitalization rate, in %	5	12
			Internal rate of return, in %	9	15
			Discount rate, in %	2	35
			Prepayment rate, in %	0	10
			Default rate, in %	0	40
			Loss severity, in %	0	90
of which CDO	447				
of which	193	Vendor price	Price, in %	0	102
of which	123	Discounted cash flow	Discount rate, in %	2	35
			Prepayment rate, in %	0	40
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which	78	Market comparable	Price, in %	80	93

¹ Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Equity	485				
of which	237	Market comparable	EBITDA multiple	3	12
of which	26	Discounted cash flow	Capitalization rate, in %	7	7
Derivatives	6,650				
of which interest rate products	1,859	Option model	Correlation, in %	17	100
			Prepayment rate, in %	2	45
			Volatility, in %	(5)	31
			Credit spread, in bp	34	157
of which equity/index-related products	1,920	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
of which credit derivatives	1,294	Discounted cash flow	Credit spread, in bp	1	5,843
			Recovery rate, in %	0	75
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Loss severity, in %	0	100
			Correlation, in %	30	97
			Prepayment rate, in %	0	40
Other	2,486				
of which	1,891	Market comparable	Price, in %	0	103
of which	564	Discounted cash flow	Life expectancy, in years	4	20
Trading assets	15,509				
Investment securities	170	–	–	–	–
Private equity	3,958	– ¹	– ¹	– ¹	– ¹
Hedge funds	165	– ¹	– ¹	– ¹	– ¹
Other equity investments	2,243				
of which private	2,245				
of which	759	Discounted cash flow	Credit spread, in bp	1,070	2,049
			Contingent probability, in %	50	50
of which	903	Market comparable	EBITDA multiple	2	13
Life finance instruments	1,818	Discounted cash flow	Life expectancy, in years	1	23
Other investments	8,184				
Loans	6,619				
of which commercial and industrial loans	4,778	Discounted cash flow	Credit spread, in bp	0	2,763
of which financial institutions	1,530	Discounted cash flow	Credit spread, in bp	0	888
Other intangible assets (mortgage servicing rights)	43	–	–	–	–
Other assets	5,164				
of which loans held-for-sale	4,463				
of which	2,031	Vendor price	Price, in %	0	103
of which	328	Discounted cash flow	Credit spread, in bp	20	1,458
of which	2,009	Market comparable	Price, in %	0	115
Total level 3 assets at fair value	35,689				

¹ Disclosure not required as balances are carried at unadjusted NAV. Refer to "Fair value measurements of investments in certain entities that calculate NAV per share" for further information.

Quantitative information about level 3 liabilities at fair value

end of 2013	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Customer deposits	55	–	–	–	–	–
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	114	Discounted cash flow	Funding spread, in bp	90	90	90
Trading liabilities	5,564					
of which interest rate derivatives	1,129	Option model	Basis spread, in bp	(5)	148	74
			Correlation, in %	17	99	62
			Mean reversion, in % ²	5	10	6
			Prepayment rate, in %	5	31	23
of which foreign exchange derivatives	938	Option model	Correlation, in %	(10)	70	48
			Prepayment rate, in %	19	31	25
of which equity/index-related derivatives	1,896	Option model	Correlation, in %	(83)	96	14
			Skew, in %	79	152	118
			Volatility, in %	2	252	26
			Buyback probability, in % ³	50	100	62
of which credit derivatives	1,230	Discounted cash flow	Credit spread, in bp	1	2,052	252
			Discount rate, in %	4	29	14
			Default rate, in %	1	15	6
			Recovery rate, in %	14	77	43
			Loss severity, in %	6	100	62
			Correlation, in %	34	98	55
			Prepayment rate, in %	0	17	2
Short-term borrowings	165	–	–	–	–	–
Long-term debt	9,780					
of which structured notes over two years	6,217	Option model	Correlation, in %	(83)	99	16
			Volatility, in %	5	252	28
			Buyback probability, in % ³	50	100	62
			Gap risk, in % ⁴	0	5	0
of which non-recourse liabilities	2,552					
of which	2,105	Vendor price	Price, in %	0	217	104
of which	301	Market comparable	Price, in %	0	93	13
Other liabilities	2,861					
of which failed sales	1,143					
of which	829	Market comparable	Price, in %	0	100	63
of which	195	Discounted cash flow	Credit spread, in bp	813	1,362	1,185
			Recovery rate, in %	23	23	23
Total level 3 liabilities at fair value	18,539					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Management's best estimate of the speed at which interest rates will revert to the long-term average.

³ Estimate of the probability of structured notes being put back to the Group at the option of the investor over the remaining life of the financial instruments.

⁴ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Quantitative information about level 3 liabilities at fair value (continued)

end of 2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Customer deposits	25	–	–	–	–
Trading liabilities	5,356				
of which interest rate derivatives	1,357	Option model	Basis spread, in bp	(28)	54
			Correlation, in %	17	100
			Mean reversion, in % ¹	(33)	5
			Prepayment rate, in %	4	45
of which foreign exchange derivatives	1,648	Option model	Correlation, in %	(10)	70
			Prepayment rate, in %	4	22
of which equity/index-related derivatives	1,003	Option model	Correlation, in %	(87)	97
			Skew, in %	56	128
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	4
of which credit derivatives	819	Discounted cash flow	Credit spread, in bp	0	5,843
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Recovery rate, in %	0	77
			Loss severity, in %	0	100
			Correlation, in %	0	47
			Prepayment rate, in %	0	40
Short-term borrowings	124	–	–	–	–
Long-term debt	10,098				
of which structured notes over two years	6,189	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	12
of which non-recourse liabilities	2,551				
of which	2,255	Vendor price	Price, in %	0	103
of which	230	Market comparable	Price, in %	0	87
Other liabilities	2,848				
of which failed sales	1,160				
of which	646	Market comparable	Price, in %	0	100
of which	290	Discounted cash flow	Credit spread, in bp	0	1,532
Total level 3 liabilities at fair value	18,451				

¹ Management's best estimate of the speed at which interest rates will revert to the long-term average.

² Estimate of the probability of structured notes being put back to the Group at the option of the investor over the remaining life of the financial instruments.

³ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Qualitative discussion of the ranges of significant unobservable inputs

The following sections provide further information about the ranges of significant unobservable inputs included in the tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Discount rate

The discount rate is the rate of interest used to calculate the present value of the expected cash flows of a financial instrument. There are multiple factors that will impact the discount rate for any given financial instrument including the coupon on the instrument, the term and the underlying risk of the expected cash flows. Two instruments of similar term and expected cash flows may have significantly different discount rates because the coupons on the instruments are different.

Default rate and loss severity

For financial instruments backed by residential real estate or other assets, diversity in the portfolio is reflected in a wide range for loss severity due to varying levels of default. The lower end of the range represents high performing or government guaranteed collateral with a low probability of default or guaranteed timely payment of principal and interest, while the higher end of the range relates collateral with a greater risk of default.

Credit spread and recovery rate

For financial instruments where credit spread is the significant unobservable input, the wide range represents positions with varying levels of risk. The lower end of the credit spread range typically represents shorter-dated instruments and/or those with better perceived credit risk. The higher end of the range typically comprises longer-dated financial instruments or those referencing non-performing, distressed or impaired reference credits. Similarly, the spread between the reference credit and an index can vary significantly based on the risk of the instrument. The spread will be positive for instruments that have a higher risk of default than the index (which is based on a weighted average of its components) and negative for instruments that have a lower risk of default than the index.

Similarly, recovery rates can vary significantly depending upon the specific assets and terms of each transaction. Transactions with higher seniority or more valuable collateral will have higher recovery rates, while those transactions which are more subordinated or with less valuable collateral will have lower recovery rates.

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. Generally, same-asset correlation inputs have a narrower range than cross-asset correlation inputs. However, due to the complex and unique nature of these instruments, the ranges for correlation inputs can vary widely across portfolios.

Prepayment rate

Prepayment rates may vary from collateral pool to collateral pool, and are driven by a variety of collateral-specific factors, including the type and location of the underlying borrower, the remaining tenor of the obligation and the level and type (e.g., fixed or floating) of interest rate being paid by the borrower.

Volatility and skew

Volatility and skew are impacted by the underlying risk, term and strike price of the derivative. In the case of interest rate derivatives, volatility rates may vary significantly between different underlying currencies and expiration dates on the options. Similarly, equity derivatives' volatility may vary greatly depending upon the underlying reference name on the derivative.

Market implied life expectancy

Market implied life expectancy is the primary significant unobservable input on such products as life settlement, premium finance and SPIA, and represents the estimated mortality rate for the underlying insured for each contract. This estimate may vary depending upon multiple factors including the age and specific health characteristics of each insured.

Fair value measurements of investments in certain entities that calculate NAV per share

Investments in funds held in trading assets and liabilities primarily include positions held in equity funds of funds as an economic hedge for structured notes and derivatives issued to clients that reference the same underlying risk and liquidity terms of the fund. A majority of these funds have limitations imposed on the amount of withdrawals from the fund during the redemption period due to illiquidity of the investments. In other instances, the withdrawal amounts may vary depending on the redemption notice period and are usually larger for the longer redemption notice periods. In addition, penalties may apply if redemption is within a certain time period from initial investment.

Investment in funds held in other investments principally involves private securities and, to a lesser extent, publicly traded securities and fund of funds. Several of these investments have redemption restrictions subject to the discretion of the Board of Directors of the fund and/or redemption is permitted without restriction, but is limited to a certain percentage of total assets or only after a certain date.

Furthermore, for those investments held in both trading assets and other investments that are nonredeemable, the underlying assets of such funds are expected to be liquidated over the life of the fund, which are generally up to 10 years.

The following table pertains to investments in certain entities that calculate NAV per share or its equivalent, primarily private equity and hedge funds. These investments do not have a readily determinable fair value and are measured at fair value using NAV.

Fair value, unfunded commitments and term of redemption conditions

end of	2013						2012	
	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)								
Debt funds	1	18	19	0	127	38	165	0
Equity funds	28	3,096 ¹	3,124	0	52	3,810 ²	3,862	0
Equity funds sold short	0	(17)	(17)	0	0	(111)	(111)	0
Total funds held in trading assets and liabilities	29	3,097	3,126	0	179	3,737	3,916	0
Debt funds	320	183	503	6	69	364	433	157
Equity funds	0	25	25	0	3	43	46	0
Others	0	153	153	31	3	153	156	46
Hedge funds	320	361 ³	681	37	75	560 ⁴	635	203
Debt funds	53	0	53	2	97	0	97	17
Equity funds	2,236	0	2,236	464	2,633	0	2,633	724
Real estate funds	350	0	350	110	382	0	382	131
Others	706	0	706	250	846	0	846	198
Private equities	3,345	0	3,345	826	3,958	0	3,958	1,070
Equity method investments	349	0	349	0	385	0	385	0
Total funds held in other investments	4,014	361	4,375	863	4,418	560	4,978	1,273
Total fair value	4,043⁵	3,458⁶	7,501	863⁷	4,597⁵	4,297⁶	8,894	1,273⁷

¹ 55% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 19% is redeemable on an annual basis with a notice period primarily of more than 60 days, 17% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 9% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

² 57% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 17% is redeemable on an annual basis with a notice period primarily of more than 60 days, 13% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 13% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

³ 45% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 33% is redeemable on demand with a notice period primarily of less than 30 days, and 21% is redeemable on an annual basis with a notice period of more than 60 days.

⁴ 66% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 19% is redeemable on demand with a notice period primarily of less than 30 days, and 11% is redeemable on an annual basis with a notice period of more than 60 days.

⁵ Includes CHF 1,819 million and CHF 1,958 million attributable to noncontrolling interests in 2013 and 2012, respectively.

⁶ Includes CHF 107 million and CHF 107 million attributable to noncontrolling interests in 2013 and 2012, respectively.

⁷ Includes CHF 405 million and CHF 418 million attributable to noncontrolling interests in 2013 and 2012, respectively.

Nonrecurring fair value changes

Certain assets and liabilities are measured at fair value on a non-recurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain

circumstances, for example, when there is evidence of impairment. The Group typically uses nonfinancial assets measured at fair value on a recurring or nonrecurring basis in a manner that reflects their highest and best use.

Nonrecurring fair value changes

end of	2013	2012
Assets held-for-sale recorded at fair value on a nonrecurring basis (CHF billion)		
Assets held-for-sale recorded at fair value on a nonrecurring basis	0.3	0.5
of which level 3	0.3	0.5

FAIR VALUE OPTION

The Group has availed itself of the simplification in accounting offered under the fair value option, primarily in Investment Banking and Private Banking & Wealth Management's Asset Management business. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. That is, for instruments for which there was an inability to achieve hedge accounting and for which the Group is economically hedged, the Group has elected the fair value option. Similarly, where the Group manages an activity on a fair value basis but previously has been unable to achieve fair value accounting, the Group has utilized the fair value option to align its risk management reporting to its financial accounting.

The Group elected fair value for certain of its financial statement captions as follows:

Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions

The Group has elected to account for structured resale agreements and most matched book resale agreements at fair value. These activities are managed on a fair value basis; thus, fair value accounting is deemed more appropriate for reporting purposes. The Group did not elect the fair value option for firm financing resale agreements as these agreements are generally overnight agreements which approximate fair value, but which are not managed on a fair value basis.

Other investments

The Group has elected to account for certain equity method investments at fair value. These activities are managed on a fair value basis; thus, fair value accounting is deemed more appropriate for reporting purposes. Certain similar instruments, such as those relating to equity method investments in strategic relationships, for example, the Group's ownership interest in certain clearance organizations, which were eligible for the fair value option, were not elected due to the strategic relationship.

Loans

The Group has elected to account for substantially all Investment Banking commercial loans and loan commitments and certain Investment Banking emerging market loans at fair value. These activities are managed on a fair value basis and fair value accounting was deemed more appropriate for reporting purposes. Additionally, recognition on a fair value basis eliminates the mismatch that existed due to the economic hedging the Group employs to manage these loans. Certain similar loans, such as project finance, lease finance, cash collateralized and some bridge loans, which were eligible for the fair value option, were not elected due to the lack of currently available infrastructure to fair value such loans and/or the inability to economically hedge such loans. Additionally, the Group elected not to account for loans granted by its Private Banking & Wealth Management segment at fair value, such as

domestic consumer lending, mortgages and corporate loans, as these loans are not managed on a fair value basis.

Other assets

The Group elected the fair value option for loans held-for-sale, due to the short period over which such loans are held and the intention to sell such loans in the near term. Other assets also include assets of VIEs and mortgage securitizations which do not meet the criteria for sale treatment under US GAAP. The Group did elect the fair value option for these types of transactions.

Due to banks

The Group elected the fair value option for certain time deposits associated with its emerging markets activities.

Customer deposits

The Group's customer deposits include fund-linked deposits. The Group elected the fair value option for these fund-linked deposits. Fund-linked products are managed on a fair value basis and fair value accounting was deemed more appropriate for reporting purposes.

Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions

The Group has elected to account for structured repurchase agreements and most matched book repurchase agreements at fair value. These activities are managed on a fair value basis and fair value accounting was deemed more appropriate for reporting purposes. The Group did not elect the fair value option for firm financing repurchase agreements as these agreements are generally overnight agreements which approximate fair value, but which are not managed on a fair value basis.

Short-term borrowings

The Group's short-term borrowings include hybrid debt instruments with embedded derivative features. Some of these embedded derivative features create bifurcable debt instruments. The Group elected the fair value option for some of these instruments as of January 1, 2006, in accordance with the provisions of US GAAP. New bifurcable debt instruments which were entered into in 2006 are carried at fair value. Some hybrid debt instruments do not result in bifurcable debt instruments. US GAAP permits the Group to elect fair value accounting for non-bifurcable hybrid debt instruments. With the exception of certain bifurcable hybrid debt instruments which the Group did not elect to account for at fair value, the Group has elected to account for all hybrid debt instruments held as of January 1, 2007, and hybrid debt instruments originated after January 1, 2007, at fair value. These activities are managed on a fair value basis and fair value accounting was deemed appropriate for reporting purposes. There are two main populations of similar instruments for which fair value accounting was not elected. The first relates to the lending business transacted by the Group's Private Banking & Wealth Management segment, which includes structured deposits and

similar investment products. These are managed on a bifurcated or accrual basis and fair value accounting was not considered appropriate. The second is where the instruments were or will be maturing in the near term and their fair value will be realized at that time.

Long-term debt

The Group's long-term debt includes hybrid debt instruments with embedded derivative features as described above in Short-term borrowings. The Group's long-term debt also includes debt issuances managed by its Treasury department that do not contain derivative features (vanilla debt). The Group actively manages the interest rate risk on these instruments with derivatives. In particular, fixed-rate debt is hedged with receive-fixed, pay-floating

interest rate swaps. The Group elected to fair value this fixed-rate debt upon implementation of the fair value option on January 1, 2007, with changes in fair value recognized as a component of trading revenues. The Group did not elect to apply the fair value option to fixed-rate debt issued by the Group since January 1, 2008, and instead applies hedge accounting per the guidance of US GAAP.

Other liabilities

Other liabilities include liabilities of VIEs and mortgage securitizations which do not meet the criteria for sale treatment under US GAAP. The Group did elect the fair value option for these types of transactions.

Difference between the aggregate fair value and the aggregate unpaid principal balances of loans and financial instruments

end of	2013			2012		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-interest-earning loans	956	3,262	(2,306)	920	3,810	(2,890)
Financial instruments (CHF million)						
Interest-bearing deposits with banks	311	307	4	627	615	12
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	96,587	96,217	370	113,664	113,196	468
Loans	19,457	19,653	(196)	20,000	20,278	(278)
Other assets ¹	20,749	25,756	(5,007)	22,060	29,787	(7,727)
Due to banks and customer deposits	(690)	(680)	(10)	(531)	(493)	(38)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(76,104)	(76,012)	(92)	(108,784)	(108,701)	(83)
Short-term borrowings	(6,053)	(5,896)	(157)	(4,513)	(4,339)	(174)
Long-term debt	(63,369)	(62,991)	(378)	(65,384)	(66,998)	1,614
Other liabilities	(1,780)	(3,285)	1,505	(3,683)	(6,186)	2,503

¹ Primarily loans held-for-sale.

Gains and losses on financial instruments

	2013	2012	2011
	Net gains/ (losses)	Net gains/ (losses)	Net gains/ (losses)
in			
Financial instruments (CHF million)			
Cash and due from banks	0	(13) ²	–
of which related to credit risk	0	(13)	–
Interest-bearing deposits with banks	10 ¹	12 ¹	0
of which related to credit risk	(3)	3	0
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,143 ¹	1,183 ¹	1,698 ¹
Other trading assets	0	10 ²	10 ²
Other investments	126 ³	144 ³	196 ²
of which related to credit risk	11	34	(14)
Loans	1,470 ¹	925 ¹	(1,105) ²
of which related to credit risk	26	318	(256)
Other assets	2,058 ¹	2,641 ¹	476 ¹
of which related to credit risk	604	355	(332)
Due to banks and customer deposits	0	(22) ¹	(2) ¹
of which related to credit risk	(5)	8	45
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(67) ¹	(114) ¹	(575) ¹
Short-term borrowings	(256) ²	(350) ²	91 ²
of which related to credit risk ⁴	0	0	(2)
Long-term debt	(2,759) ²	(7,905) ²	2,342 ²
of which related to credit risk ⁴	(384)	(2,552)	1,909
Other liabilities	441 ²	826 ²	(286) ²
of which related to credit risk	112	912	(348)

¹ Primarily recognized in net interest income.

² Primarily recognized in trading revenues.

³ Primarily recognized in other revenues.

⁴ Changes in fair value related to credit risk are due to the change in the Group's own credit spreads. Other changes in fair value are attributable to changes in foreign currency exchange rates and interest rates, as well as movements in the reference price or index for structured notes. Changes in fair value on Credit Suisse vanilla debt and on debit valuation adjustments on structured notes related to credit risk were CHF (268) million and CHF (111) million in 2013, respectively, CHF (1,663) million and CHF (931) million in 2012, respectively, and CHF 1,210 million and CHF 697 million in 2011, respectively.

Interest income and expense are calculated based on contractual rates specified in the transactions. Interest income and expense are recorded in the consolidated statements of operations depending on the nature of the instrument and related market convention. When interest is included as a component of the change in the instrument's fair value, it is included in trading revenues. Otherwise, it is included in interest and dividend income or interest expense. Dividend income is recognized separately from trading revenues.

The impacts of credit risk on debt securities held as assets presented in the table above have been calculated as the component of the total change in fair value, excluding the impact of changes in base or risk-free interest rates. The impacts of changes in own credit risk on liabilities presented in the table above have been calculated as the difference between the fair values of those instruments as of the reporting date and the theoretical fair values of those instruments calculated by using the yield curve prevailing at the end of the reporting period, adjusted up or down for changes in the Group's own credit spreads from the transition date to the reporting date.

FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE

The following table provides the carrying value and fair value of financial instruments which are not carried at fair value in the consolidated balance sheet. The disclosure excludes all non-financial

instruments such as lease transactions, real estate, premises and equipment, equity method investments and pension and benefit obligations.

Carrying value and fair value of financial instruments not carried at fair value

end of	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
2013 (CHF million)					
Financial assets					
Central banks funds sold, securities purchased under resale agreements and securities borrowing transactions	63,435	0	62,891	544	63,435
Loans	223,902	0	225,641	3,940	229,581
Other financial assets ¹	142,656	72,134	69,310	1,568	143,012
Financial liabilities					
Due to banks and deposits	351,476	212,418	138,980	9	351,407
Central banks funds purchased, securities sold under repurchase agreements and securities lending transactions	17,928	0	17,928	0	17,928
Short-term borrowings	14,140	0	14,148	0	14,148
Long-term debt	66,673	0	64,043	3,774	67,817
Other financial liabilities ²	96,611	1,129	94,414	1,085	96,628
2012 (CHF million)					
Financial assets					
Central banks funds sold, securities purchased under resale agreements and securities borrowing transactions	69,791	0	69,764	27	69,791
Loans	218,281	0	221,030	4,482	225,512
Other financial assets ¹	132,147	63,900	66,798	1,772	132,470
Financial liabilities					
Due to banks and deposits	331,270	200,838	130,313	9	331,160
Central banks funds purchased, securities sold under repurchase agreements and securities lending transactions	23,937	0	23,939	0	23,939
Short-term borrowings	14,128	0	14,131	0	14,131
Long-term debt	82,750	0	79,846	4,546	84,392
Other financial liabilities ²	89,361	0	88,121	1,171	89,292

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities.

² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

35 Assets pledged and collateral

Assets pledged

The Group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning they have the right to be sold or repledged. The encumbered assets are parenthetically disclosed on the consolidated balance sheet.

Assets pledged

end of	2013	2012
Assets pledged (CHF million)		
Total assets pledged or assigned as collateral	142,952	151,419
of which encumbered	92,300	90,745

Collateral

The Group receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A substantial portion of the collateral and securities received by the Group was sold or repledged in connection with repurchase agreements, securities sold not yet

purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

Collateral

end of	2013	2012
Collateral (CHF million)		
Fair value of collateral received with the right to sell or repledge	359,517	402,793
of which sold or repledged	267,896	292,514

Other information

end of	2013	2012
Other information (CHF million)		
Cash and securities restricted under foreign banking regulations	18,130	14,340
Swiss National Bank required minimum liquidity reserves	2,447	2,441

36 Capital adequacy

The Group is subject to regulation by FINMA. The capital levels of the Group are subject to qualitative judgments by regulators, including FINMA, about the components of capital, risk weightings and other factors. Since January 2013, the Group has operated under the international capital adequacy standards known as **Basel III** set forth by the BCBS. These standards have affected the measurement of both total eligible capital and **risk-weighted assets**. The Group has based its capital adequacy calculations on US GAAP, as permitted by FINMA Circular 2008/34.

According to FINMA and Bank for International Settlements (BIS) capital requirements, total regulatory capital is comprised of the following categories: common equity tier 1 (CET1), tier 1 capital and tier 2 capital. CET1 capital consists of total shareholders' equity, regulatory adjustments, including a cumulative dividend accrual, and certain adjustments subject to phase in, including an adjustment for the accounting treatment of pension plans. Tier 1 capital consists of CET1 and additional tier 1 capital, which includes high-trigger and low-trigger capital instruments, certain instruments subject to phase out and certain deductions subject to phase in. Deductions from tier 1 capital during the phase-in period include, among other items, goodwill and intangible assets and other capital deductions, including gains/(losses) due to changes in own credit risks on fair valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented. Tier 1 capital is supplemented for capital adequacy purposes by tier 2 capital, which consists primarily of unsecured, perpetual, subordinated instruments that are senior only to tier 1 instruments. The sum of tier 1 and tier 2 capital equals total eligible capital.

Risk-weighted assets include consolidated balance sheet assets, net positions in securities not held in the trading portfolio, off-balance sheet transactions converted into credit equivalents, market positions in the trading portfolio and operational risk from processes, people, systems and external events.

As of December 31, 2013 and 2012, the Group was adequately capitalized under the regulatory provisions outlined under both FINMA and BIS guidelines.

BIS statistics – Basel III

end of	2013	2012
Eligible capital (CHF million)		
CET1 capital	42,989	41,500
Additional tier 1 capital	3,072	2,857
Total tier 1 capital	46,061	44,357
Tier 2 capital	10,227	7,162
Total eligible capital	56,288	51,519
Risk-weighted assets (CHF million)		
Credit risk	175,631	201,764
Market risk	39,133	39,466
Operational risk	53,075	45,125
Non-counterparty risk	6,007	6,126
Risk-weighted assets	273,846	292,481
Capital ratios (%)		
CET1 ratio	15.7	14.2
Tier 1 ratio	16.8	15.2
Total capital ratio	20.6	17.6

Broker-dealer operations

Certain Group broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2013 and 2012, the Group and its subsidiaries complied with all applicable regulatory capital adequacy requirements.

Dividend restrictions

Certain of the Group's subsidiaries are subject to legal restrictions governing the amount of dividends they can pay (for example, pursuant to corporate law as defined by the Swiss Code of Obligations).

Under the Swiss Code of Obligations, dividends may be paid out only if and to the extent the corporation has distributable profits from previous business years, or if the free reserves of the corporation are sufficient to allow distribution of a dividend. In addition, at least 5% of the annual net profits must be retained and booked as general legal reserves for so long as these reserves amount to less than 20% of the paid-in share capital. The reserves currently exceed this 20% threshold. Furthermore, dividends may be paid out only after shareholder approval at the Annual General Meeting.

As of December 31, 2013 and 2012, the Group was not subject to restrictions on its ability to pay the proposed dividends.

37 Assets under management

The following disclosure provides information regarding assets under management and net new assets as regulated by FINMA.

Assets under management include assets from clients for which the Group provides investment advisory or discretionary asset management services. Assets that are held solely for transaction-related or safekeeping/custody purposes are not considered assets under management. Assets of corporate clients and public institutions that are used primarily for cash management or transaction-related purposes are also not considered assets under management. The classification of assets under management is individually assessed on the basis of each client's intentions and objectives and the banking services provided to the client. Reclassifications between assets under management and assets held for transaction-related or safekeeping purposes result in corresponding net assets inflows or outflows.

Net new assets measure the degree of success in acquiring assets under management. The calculation is based on the direct method, taking into account individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients and commissions, interest and fees charged for banking services are not taken into account when calculating net new assets, as such charges are not directly related to the Group's success in acquiring assets under management. Similarly, changes in assets under management due to currency and market volatility as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

A portion of the Group's assets under management result from double counting. Double counting arises when assets under management are subject to more than one level of asset management services. Each such separate advisory or discretionary service provides additional benefits to the client and represents additional income for the Group. Specifically, double counting primarily results from the investment of assets under management in collective investment instruments managed by the Group. The extent of double counting is disclosed in the following table.

Assets under management

in / end of	2013	2012
Assets under management (CHF billion)		
Assets in collective investment instruments managed by Credit Suisse	160.3	182.2
Assets with discretionary mandates	255.4	225.3
Other assets under management	866.7	843.3
Assets under management (including double counting)¹	1,282.4	1,250.8
of which double counting	47.0	63.8
Net new assets (CHF billion)		
Total net new assets (including double counting)	32.1²	10.8

¹ Includes CHF 29.0 billion and CHF 53.0 billion assets under management from discontinued operations as of December 31, 2013 and 2012, respectively.

² Includes CHF (4.0) billion and CHF (0.6) billion net asset outflows from discontinued operations in 2013 and 2012, respectively.

38 Litigation

The Group is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses, including those disclosed below. Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

The Group accrues loss contingency litigation provisions and takes a charge to income in connection with certain proceedings when losses, additional losses or ranges of loss are probable and reasonably estimable. The Group also accrues litigation provisions for the estimated fees and expenses of external lawyers and other service providers in relation to such proceedings, including in cases for which it has not accrued a loss contingency provision. The Group accrues these fee and expense litigation provisions and takes a charge to income in connection therewith when such fees and expenses are probable and reasonably estimable. The Group reviews its legal proceedings each quarter to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgment and the advice of counsel. The establishment of additional provisions or releases of litigation provisions may be necessary in the future as developments in such proceedings warrant.

The specific matters described below include (a) proceedings where the Group has accrued a loss contingency provision, given that it is probable that a loss may be incurred and such loss is reasonably estimable; and (b) proceedings where the Group has not accrued such a loss contingency provision for various reasons, including, but not limited to, the fact that any related losses are not reasonably estimable. The description of certain of the matters below includes a statement that the Group has established a loss contingency provision and discloses the amount of such provision; for the other matters no such statement is made. With respect to the matters for which no such statement is made, either (a) the Group has not established a loss contingency provision, in which case the matter is treated as a contingent liability under the applicable accounting standard, or (b) the Group has established such a provision but believes that disclosure of that fact would violate confidentiality obligations to which the Group is subject or otherwise compromise attorney-client privilege, work product protection or other protections against disclosure or compromise the Group's management of the matter. The future outflow of funds in respect of any matter for which the Group has accrued loss contingency provisions cannot be determined with certainty based on currently available information, and accordingly may ultimately prove to be substantially greater (or may be less) than the provision that is reflected on the Group's balance sheet.

It is inherently difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount of any loss or loss range for many of the Group's legal proceedings. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but

not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, the Group's defenses and its experience in similar matters, as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. Factual and legal determinations, many of which are complex, must be made before a loss, additional losses or ranges of loss can be reasonably estimated for any proceeding.

Most matters pending against the Group seek damages of an indeterminate amount. While certain matters specify the damages claimed, such claimed amount may not represent the Group's reasonably possible losses. For certain of the proceedings discussed below the Group has disclosed the amount of damages claimed and certain other quantifiable information that is publicly available.

The following table presents a roll forward of the Group's aggregate litigation provisions.

Litigation provisions

	2013
CHF million	
Balance at beginning of period	1,157
Increase in litigation accruals	2,109
Decrease in litigation accruals	(141)
Decrease for settlements and other cash payments	(762)
Foreign exchange translation	(31)
Balance at end of period	2,332

The Group's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. The Group does not believe that it can estimate an aggregate range of reasonably possible losses for certain of its proceedings because of their complexity, the novelty of some of the claims, the early stage of the proceedings, the limited amount of discovery that has occurred and/or other factors. The Group's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for the proceedings discussed below for which the Group believes an estimate is possible is zero to CHF 2.4 billion.

After taking into account its litigation provisions, the Group believes, based on currently available information and advice of counsel, that the results of its legal proceedings, in the aggregate, will not have a material adverse effect on the Group's financial condition. However, in light of the inherent uncertainties of such proceedings, including those brought by regulators or other governmental authorities, the ultimate cost to the Group of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period, depending, in part, upon the operating results for such period.

Research-related litigation

Putative class action lawsuits were filed against Credit Suisse Securities (USA) LLC (CSS LLC) in the wake of publicity surrounding the 2002 industry-wide governmental and regulatory investigations into research analyst practices, with *In re Credit Suisse – AOL Securities Litigation*, filed in the US District Court for the District of Massachusetts, being the remaining outstanding matter. The case was brought on behalf of a class of purchasers of common shares of the former AOL Time Warner Inc. (AOL) who have alleged that CSS LLC's equity research coverage of AOL between January 2001 and July 2002 was false and misleading. The second amended complaint in this action asserted federal securities fraud and control person liability claims against CSS LLC and certain affiliates and former employees of CSS LLC. Plaintiffs estimated damages of approximately USD 3.9 billion. On January 13, 2012, the district court granted summary judgment in favor of the defendants upon its determination to preclude a plaintiff expert witness. The plaintiffs have appealed the summary judgment decision and oral argument on the appeal was held on March 6, 2013.

Enron-related litigation

Two Enron-related actions remain pending against CSS LLC and certain of its affiliates, both in the US District Court for the Southern District of Texas. In these actions, plaintiffs assert they relied on Enron's financial statements, and seek to hold the defendants responsible for any inaccuracies in Enron's financial statements. In *Connecticut Resources Recovery Authority v. Lay, et al.*, the plaintiff seeks to recover from multiple defendants, pursuant to the Connecticut Unfair Trade Practices Act and Connecticut state common law, approximately USD 130 million to USD 180 million in losses it allegedly suffered in a business transaction it entered into with Enron. A motion to dismiss is pending. In *Silvercreek Management Inc. v. Citigroup, Inc., et al.*, the plaintiff seeks to assert federal and state law claims relating to its alleged USD 280 million in losses relating to its Enron investments. A motion to dismiss is pending.

NCFE-related litigation

Lawsuits were filed against CSS LLC and certain of its affiliates with respect to services that they provided to National Century Financial Enterprises, Inc. and its affiliates (NCFE). In these lawsuits, which were consolidated as a multi-district litigation in the US District Court for the Southern District of Ohio (SDO) for pre-trial purposes, investors holding approximately USD 1.9 billion face amount of NCFE's bonds and approximately USD 12 million in preferred stock sued numerous defendants, including the founders and directors of NCFE, the trustees for the bonds, NCFE's auditors and law firm, the rating agencies that rated NCFE's bonds and NCFE's placement agents, including CSS LLC. The lawsuits asserted claims for breach of contract, negligence, fraud and violation of federal and state securities laws and generally alleged that CSS LLC and/or its affiliates knew or should have known that the health care receivables purportedly backing the bonds were

either ineligible for the programs or non-existent. In April 2009, CSS LLC settled with the New York City Pension Fund bond investor plaintiffs for an amount covered by existing provisions. On October 26, 2012, the SDO issued a decision which granted CSS LLC's summary judgment motion to dismiss all the claims brought by the investor in NCFE preferred stock; on October 23, 2013, the US Court of Appeals for the Sixth Circuit affirmed that decision. On March 13, 2013, CSS LLC and its affiliate entered into agreements to settle the bond investor lawsuits and resolve all remaining bond investor claims for an amount partially covered by existing provisions.

Mortgage-related matters

CSS LLC and certain of its affiliates have received requests for information from certain regulators and/or government entities regarding the origination, purchase, securitization and servicing of subprime and non-subprime residential mortgages and related issues. CSS LLC and its affiliates are cooperating with such requests.

Following an investigation, on November 20, 2012, the New York Attorney General, on behalf of the State of New York, filed a civil action in the Supreme Court for the State of New York, New York County (SCNY) against CSS LLC and affiliated entities in their roles as issuer, sponsor, depositor and/or underwriter of RMBS transactions prior to 2008. The action, which references 64 RMBS issued, sponsored, deposited and underwritten by CSS LLC and its affiliates in 2006 and 2007, alleges that CSS LLC and its affiliates misled investors regarding the due diligence and quality control performed on the mortgage loans underlying the RMBS at issue, and seeks an unspecified amount of damages. On December 18, 2013, the New Jersey Attorney General, on behalf of the State of New Jersey, filed a civil action in the Superior Court of New Jersey, Chancery Division, Mercer County, against CSS LLC and affiliated entities in their roles as issuer, sponsor, depositor and/or underwriter of RMBS transactions prior to 2008. The action, which references 13 RMBS issued, sponsored, deposited and underwritten by CSS LLC and its affiliates in 2006 and 2007, alleges that CSS LLC and its affiliates misled investors and engaged in fraud or deceit in connection with the offer and sale of RMBS, and seeks an unspecified amount of damages. Both actions are at early procedural points.

CSS LLC and/or certain of its affiliates have also been named as defendants in various civil litigation matters related to their roles as issuer, sponsor, depositor, underwriter and/or servicer of RMBS transactions. These cases include class action lawsuits and putative class action lawsuits, actions by individual investors in RMBS, actions by monoline insurance companies that guaranteed payments of principal and interest for certain RMBS, and repurchase actions by RMBS trusts. Although the allegations vary by lawsuit, plaintiffs in the class and putative class actions and individual investor actions generally allege that the offering documents of securities issued by various RMBS securitization trusts contained material misrepresentations and omissions, including statements regarding the underwriting standards pursuant to

which the underlying mortgage loans were issued; monoline insurers allege that loans that collateralize RMBS they insured breached representations and warranties made with respect to the loans at the time of securitization; and repurchase action plaintiffs allege breached representations and warranties in respect of mortgage loans and failure to repurchase such mortgage loans as required under the applicable agreements. The amounts disclosed below do not reflect actual realized plaintiff losses to date or anticipated future litigation exposure. Rather, unless otherwise stated, these amounts reflect the original unpaid principal balance amounts as alleged in these actions and do not include any reduction in principal amounts since issuance. Further, amounts attributable to an “operative pleading” for the individual investor actions are not altered for settlements, dismissals or other occurrences, if any, that may have caused the amounts to change subsequent to the operative pleading. In addition to the mortgage-related actions discussed below, a number of other entities have threatened to assert claims against CSS LLC and/or its affiliates in connection with various RMBS issuances, and CSS LLC and/or its affiliates have entered into agreements with some of those entities to toll the relevant statutes of limitations.

Class action litigations

In class actions and putative class actions against CSS LLC as an underwriter of other issuers' RMBS offerings, CSS LLC generally has or had contractual rights to indemnification from the issuers. However, some of these issuers are now defunct, including affiliates of IndyMac Bancorp (IndyMac) and Thornburg Mortgage (Thornburg). With respect to IndyMac, CSS LLC is named as a defendant in a class action, *In re IndyMac Mortgage-Backed Securities Litigation*, pending in the US District Court for the Southern District of New York (SDNY), brought on behalf of purchasers of securities in various IndyMac RMBS offerings. On May 17, 2013, the parties in the suit agreed to a stipulation adding 36 additional offerings to the action, which is subject to court approval. Certain investors sought to intervene in the action to assert claims with respect to additional RMBS offerings. The SDNY denied in part the investors' motions to intervene, and the proposed intervenors appealed that ruling. On June 27, 2013, the US Court of Appeals for the Second Circuit affirmed the SDNY's ruling. Plaintiffs' motion for reconsideration of the court's June 21, 2010 decision on defendants' motion to dismiss was granted on July 23, 2013. With the additional 36 offerings, the claims against CSS LLC and numerous other underwriters and individual defendants relate to approximately USD 26 billion of IndyMac RMBS offerings. CSS LLC served as an underwriter with respect to approximately 34.2% of the IndyMac RMBS at issue or approximately USD 8.9 billion. In a second IndyMac-related class action, *Tsereteli v. Residential Asset Securitization Trust 2006-A8*, in which CSS LLC was the sole underwriter defendant, the parties reached a settlement in the amount of USD 11 million, which was approved by the SDNY and the entire action was thereby resolved. A further class action lawsuit pending in the SDNY against CSS LLC and certain affiliates and employees, *New Jersey Carpenters Health Fund*

v. Home Equity Mortgage Trust 2006-5, relates to two RMBS offerings, totaling approximately USD 1.6 billion, sponsored and underwritten by the Credit Suisse defendants. On March 17, 2014, the SDNY granted plaintiff's motion for class certification for the second of the two RMBS offerings, having previously certified the class for purchasers of the first offering. With respect to a putative class action in the US District Court for the District of New Mexico, *Genesee County Employees' Retirement System v. Thornburg*, in which CSS LLC was a named defendant, the parties reached a settlement in the amount of USD 11.5 million, which was approved by the court and the entire action was thereby resolved.

Individual investor actions

CSS LLC and, in some instances, its affiliates, as an RMBS issuer, underwriter and/or other participant, and in some instances its employees, along with other defendants, are defendants in: two actions brought by Cambridge Place Investment Management Inc. in Massachusetts state court, in which claims against CSS LLC, following the court's motion to dismiss ruling dismissing certain claims, relate to less than USD 525 million of the RMBS at issue, in an amount to be determined; one action brought by The Charles Schwab Corporation in California state court, in which claims against CSS LLC and its affiliates relate to USD 125 million of the RMBS at issue (approximately 9% of the USD 1.4 billion at issue against all defendants in the operative pleading); one action brought by the Federal Deposit Insurance Corporation (FDIC), as receiver for Citizens National Bank and Strategic Capital Bank in the SDNY, in which claims against CSS LLC and its affiliates relate to approximately USD 28 million of the RMBS at issue (approximately 20% of the USD 141 million at issue against all defendants in the operative pleading); three actions brought by the FDIC, as receiver for Colonial Bank: one action in the SDNY, in which claims against CSS LLC relate to approximately USD 92 million of the RMBS at issue (approximately 23% of the USD 394 million at issue against all defendants in the operative pleading), one action in the Circuit Court of Montgomery County, Alabama, in which claims against CSS LLC and its affiliates relate to approximately USD 153 million of the RMBS at issue (approximately 49% of the USD 311 million at issue against all defendants in the operative pleading), and one action in the US District Court for the Central District of California, in which claims against CSS LLC relate to approximately USD 34 million of the RMBS at issue (approximately 12% of the USD 283 million at issue against all defendants in the operative pleading); one action brought by Commerzbank AG London Branch in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 148 million of the RMBS at issue (approximately 6% of the USD 2.3 billion at issue against all defendants in the operative pleading); six individual actions brought by the Federal Home Loan Banks of Seattle, San Francisco, Chicago, Indianapolis and Boston in various state and federal courts, in which claims against CSS LLC and its affiliates relate to approximately USD 249 million in the Seattle action, approximately USD 2.2 billion in the San Francisco actions (approximately 11% of the USD 19 billion at issue against all defendants in the operative

pleadings), approximately USD 38 million in the Chicago action (approximately 1% of the USD 3.3 billion at issue against all defendants in the operative pleading), approximately USD 224 million in the Indianapolis action (approximately 9% of the USD 2.6 billion at issue against all defendants in the operative pleading), and USD 373 million in the Boston action (approximately 7% of the USD 5.7 billion at issue against all defendants in the operative pleading); one action brought by the Federal Housing Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac, in the SDNY, in which claims against CSS LLC relate to approximately USD 230 million of the RMBS at issue (approximately 26% of the USD 880 million at issue against all defendants in the operative pleading); one action brought by John Hancock Life Insurance Co. (U.S.A.) and affiliated entities in the US District Court for the District of Minnesota, in which claims against CSS LLC relate to an unstated amount of the RMBS at issue; two actions brought by Massachusetts Mutual Life Insurance Company in the US District Court for the District of Massachusetts, in which claims against CSS LLC and its employee relate to approximately USD 107 million of the RMBS at issue (approximately 97% of the USD 110 million at issue against all defendants in the operative pleadings); one action brought by Watertown Savings Bank in the SCNY, in which claims against CSS LLC and its affiliates relate to an unstated amount of the RMBS at issue; and one action brought by the Western & Southern Life Insurance Company and affiliated entities in Ohio state court, in which claims against CSS LLC and its affiliates relate to approximately USD 260 million of the RMBS at issue (approximately 94% of the USD 276 million at issue against all defendants in the operative pleading).

CSS LLC and certain of its affiliates and/or employees are the only defendants named in: one action brought by Allstate Insurance Company in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 187 million of RMBS; one action brought by Deutsche Zentral-Genossenschaftsbank AG, New York Branch in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 138 million of RMBS; one action brought by IKB Deutsche Industriebank AG and affiliated entities in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 97 million of RMBS; one action brought by Minnesota Life Insurance Company and affiliated entities in Minnesota state court, in which claims against CSS LLC and its affiliates relate to approximately USD 43 million of RMBS; two actions brought by the National Credit Union Administration Board: one as liquidating agent of the US Central Federal Credit Union, Western Corporate Federal Credit Union and Southwest Corporate Federal Credit Union in the US District Court for the District of Kansas, in which claims against CSS LLC and its affiliate relate to approximately USD 311 million of RMBS, and one as liquidating agent of the Southwest Corporate Federal Credit Union and Members United Corporate Federal Credit Union in the SDNY, in which claims against CSS LLC and its affiliates relate to approximately USD 229 million of RMBS; one action brought by Phoenix Light SF Ltd. and affiliated entities in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately

USD 362 million of RMBS; one action brought by The Prudential Insurance Company of America and affiliated entities in the US District Court for the District of New Jersey, in which claims against CSS LLC and its affiliates relate to approximately USD 461 million of RMBS; one action brought by Royal Park Investments SA/NV in the SCNY, in which claims against CSS LLC and its affiliate relate to approximately USD 360 million of RMBS; one dismissed action initially brought by The Union Central Life Insurance Company and affiliated entities in the SDNY, in which there is a pending letter motion to propose a second amended complaint in which claims against CSS LLC and its affiliates and employees relate to approximately USD 65 million of RMBS. These actions are at early or intermediate procedural points.

As disclosed in Credit Suisse's quarterly Financial Reports for 2013, individual investor actions discontinued during the course of 2013 included the following: one of two actions brought by the Federal Home Loan Bank of Chicago against CSS LLC and other financial institutions; one of four actions against CSS LLC brought by the FDIC, as receiver for Colonial Bank; Federal Housing Finance Agency v. JPMorgan Chase & Co., one of the FHFA's actions against CSS LLC and its affiliates and employees and other financial institutions; the action brought by Phoenix Light SF Ltd., with leave to replead, which resulted in the filing of a new action; following a settlement, the action brought by Sealink Funding Limited against CSS LLC and its affiliates; following a settlement, the action brought by Stichting Pensioenfonds ABP against CSS LLC and its affiliates and employees; and, following a settlement, the action brought by West Virginia Investment Management Board against CSS LLC. In addition, on February 14, 2014, as a result of a settlement, the SDNY entered a stipulation of voluntary dismissal with prejudice, discontinuing FHFA v. Morgan Stanley, one of the FHFA's actions against CSS LLC and its affiliates and employees, and other financial institutions, relating to approximately USD 1.4 billion of RMBS at issue against CSS LLC. Further, on March 21, 2014, CSS LLC and certain affiliates and employees entered into an agreement with the FHFA to settle all claims in two of three remaining actions filed by the FHFA in the SDNY for USD 885 million, which amount was partially covered by existing provisions. The actions settled on March 21, 2014 related to approximately USD 16.6 billion of RMBS at issue against the Credit Suisse defendants. Additionally, on March 25, 2014, a stipulation of voluntary discontinuance with prejudice was filed with the SCNY, discontinuing the two consolidated actions brought by Landesbank Baden-Württemberg and affiliated entities against CSS LLC and other financial institutions, relating to approximately USD 200 million of RMBS at issue against CSS LLC.

Monoline insurer disputes

CSS LLC and certain of its affiliates are defendants in three pending actions, each commenced by a monoline insurer. The insurers include MBIA Insurance Corp. (MBIA), Assured Guaranty Corp. (Assured), and Financial Guaranty Insurance Company (FGIC), each of which guaranteed payments of principal and interest related to approximately USD 770 million, USD 570 million, and

USD 240 million of RMBS, respectively, issued in eight different offerings sponsored by Credit Suisse. One theory of liability advanced by the monoline insurers is that an affiliate of CSS LLC must repurchase affected mortgage loans from the trusts at issue. In each action, plaintiffs claim that the vast majority of the underlying mortgage loans breach certain representations and warranties, and that CSS LLC and its affiliates have failed to repurchase the allegedly defective loans. In addition, the monoline insurers allege claims for fraud, fraudulent inducement, material misrepresentations, and breaches of warranties, repurchase obligations, access rights and servicing obligations, and reimbursement. MBIA, Assured and FGIC have submitted repurchase demands for loans with an original principal balance of approximately USD 475 million, USD 2.2 billion and USD 37 million, respectively. These actions are pending in the SCNY and are at early or intermediate procedural points. Further, on November 15, 2013, CIFG Assurance North America, Inc. (CIFG) filed an action against CSS LLC in the SCNY, relating to financial guaranty insurance issued by CIFG on a credit default swap guaranteeing payment on approximately USD 396 million of notes of a collateralized debt obligation. CIFG alleges material misrepresentation in the inducement of an insurance contract and fraud relating to alleged affirmative misrepresentations and material omissions made to induce CIFG to guarantee the securities.

Repurchase litigations

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in: one action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7, in which plaintiff alleges damages of not less than USD 319 million; one action brought by Home Equity Asset Trust, Series 2006-8, in which plaintiff alleges damages of not less than USD 436 million; one action brought by Home Equity Asset Trust 2007-1, in which plaintiff alleges damages of not less than USD 400 million; one action brought by Home Equity Asset Trust Series 2007-3, in which plaintiff alleges damages of not less than USD 206 million; one action brought by Asset Backed Securities Corporation Home Equity Loan Trust Series AMQ 2007-HE2, in which no damages amount is alleged; one action brought by Home Equity Asset Trust 2007-2, in which plaintiff alleges damages of not less than USD 495 million; and one action brought by CSMC Asset-Backed Trust 2007-NC1, in which no damages amount is alleged. DLJ and its affiliate, Select Portfolio Servicing, Inc. (SPS), are defendants in: one action brought by Home Equity Mortgage Trust Series 2006-1, Home Equity Mortgage Trust Series 2006-3 and Home Equity Mortgage Trust Series 2006-4, in which plaintiffs allege damages of not less than USD 730 million, and allege that SPS obstructed the investigation into the full extent of the defects in the mortgage pools by refusing to afford the trustee reasonable access to certain origination files; and one action brought by Home Equity Mortgage Trust Series 2006-5, in which plaintiff alleges damages of not less than USD 500 million, and alleges that SPS likely discovered DLJ's alleged breaches of representations and warranties but did not notify the trustee of such breaches, in alleged violation of its

contractual obligations. These actions are brought in the SCNY and are at early procedural points.

As disclosed in Credit Suisse's fourth quarter Financial Report of 2013, the following repurchase actions were dismissed with prejudice in 2013: the three consolidated actions brought by Home Equity Asset Trust 2006-5, Home Equity Asset Trust 2006-6 and Home Equity Asset Trust 2006-7 against DLJ.

Refco-related litigation

In March 2008, CSS LLC was named, along with other financial services firms, accountants, lawyers, officers, directors and controlling persons, as a defendant in an action filed in New York State court (later removed to the Southern District of New York) by the Joint Official Liquidators of various SPhinX Funds and the trustee of the SphinX Trust, which holds claims that belonged to PlusFunds Group, Inc. (PlusFunds), the investment manager for the SPhinX Funds. The operative amended complaint asserted claims against CSS LLC for aiding and abetting breaches of fiduciary duty and aiding and abetting fraud by Refco's insiders in connection with Refco's August 2004 notes offering and August 2005 IPO. Plaintiffs sought to recover from defendants more than USD 800 million, consisting of USD 263 million that the SphinX Managed Futures Fund, a SPhinX fund, had on deposit and lost at Refco, several hundred million dollars in alleged additional "lost enterprise" damages of PlusFunds, and pre-judgment interest. In November 2008, CSS LLC filed a motion to dismiss the amended complaint. In February 2012, the court granted in part and denied in part the motion to dismiss, which left intact part of plaintiffs' claim for aiding and abetting fraud. In August 2012, CSS LLC filed a motion for summary judgment with respect to the remaining part of plaintiffs' aiding and abetting fraud claim. In December 2012, the court granted the motion, thus dismissing CSS LLC from the case. The court has not yet issued a final judgment as to CSS LLC, and the dismissal of the claims against CSS LLC will be subject to appeal.

Bank loan litigation

On January 3, 2010, the Bank and other affiliates were named as defendants in a lawsuit filed in the US District Court for the District of Idaho by homeowners in four real estate developments, Tamarack Resort, Yellowstone Club, Lake Las Vegas and Ginn Sur Mer. The Bank arranged, and was the agent bank for, syndicated loans provided for all four developments, which have been or are now in bankruptcy or foreclosure. Plaintiffs generally allege that the Bank and other affiliates committed fraud by using an unaccepted appraisal method to overvalue the properties with the intention to have the borrowers take out loans they could not repay because it would allow the Bank and other affiliates to later push the borrowers into bankruptcy and take ownership of the properties. Plaintiffs demanded USD 24 billion in damages. Cushman & Wakefield, the appraiser for the properties at issue, is also named as a defendant. After the filing of amended complaints and motions to dismiss, the claims were significantly reduced. On September 24, 2013, the court denied the plaintiffs' motion for class certification so the case

cannot proceed as a class action. The Bank and other affiliates are also the subject of certain other related litigation regarding these four and other similar real estate developments.

Auction Rate Securities

On May 27, 2009, Elbit Systems Ltd (Elbit) filed a complaint against the Group in the US District Court for the Northern District of Illinois, seeking approximately USD 16 million related to the purchase of auction rate securities, alleging federal securities law claims and state law aiding and abetting fraud and unjust enrichment causes of action. The case was transferred to the SDNY. On May 22, 2013, the Group and Elbit settled the lawsuit.

Tax and securities law matters

Credit Suisse has been responding to subpoenas and other requests for information from the United States Department of Justice (DOJ), the US Securities and Exchange Commission (SEC) and other authorities involving historical Private Banking services provided on a cross-border basis to US persons. US authorities are investigating possible violations of US tax and securities laws. In particular, the DOJ is investigating whether US clients violated their US tax obligations and whether Credit Suisse and certain of its employees assisted such clients. The SEC has investigated whether certain of our relationship managers triggered obligations for Credit Suisse or the relationship managers in Switzerland to register with the SEC as a broker-dealer or investment advisor. A limited number of current or former employees have been indicted and two former employees have pleaded guilty (in one case, as to conduct while employed at other financial institutions that did not involve Credit Suisse and in the other case as to conduct while employed at a former Credit Suisse subsidiary prior to 2006 and other financial institutions after 2006). Credit Suisse received a grand jury target letter from the DOJ. We understand that certain US authorities are also investigating other Swiss and non-US financial institutions. We have been conducting an internal investigation and are continuing to cooperate with the authorities both in the US and Switzerland to resolve this matter in a responsible manner that complies with our legal obligations. Our provision of Swiss-based information to these US authorities has been in accordance with permission granted by Swiss authorities. The Group has established a loss contingency provision of CHF 895 million with respect to the tax and securities law matters described in this subsection. The Group had previously disclosed a provision of CHF 470 million with respect to these matters, including CHF 175 million in connection with the settlement with the SEC described in the following paragraph.

On February 21, 2014, Credit Suisse AG reached a settlement with the SEC that resolves the SEC's investigation regarding registration as an investment advisor and broker-dealer. In a settled administrative and cease-and-desist proceeding, the SEC charged Credit Suisse AG with violating Section 15(a) of the US Securities Exchange Act of 1934 (Exchange Act) and Section 203(a) of the US Investment Advisers Act of 1940 (Advisers Act). Specifically, the SEC's Order finds that from at least 2002 through its exit from

the US cross-border securities business which Credit Suisse AG began in 2008, Credit Suisse AG, through actions of certain of its relationship managers, violated the federal securities laws by providing certain cross-border brokerage and investment advisory services to US clients at a time when Credit Suisse AG was not registered with the SEC as a broker-dealer or investment advisor. As part of the settlement of the investigation, Credit Suisse AG agreed, among other things, to cease-and-desist from committing or causing any future violations of Section 15(a) of the Exchange Act or Section 203(a) of the Advisers Act and to pay approximately USD 196 million, inclusive of disgorgement of approximately USD 82 million, prejudgment interest of approximately USD 64 million, and a civil money penalty in the amount of USD 50 million. Credit Suisse AG also agreed to the appointment of an independent consultant who will review its cross-border compliance policies with respect to the US securities laws and will verify that Credit Suisse AG has exited the US cross-border business.

Rates-related matters

Regulatory authorities in a number of jurisdictions, including the US, UK, EU and Switzerland, have for an extended period of time been conducting investigations into the setting of LIBOR and other reference rates with respect to a number of currencies, as well as the pricing of certain related derivatives. These ongoing investigations have included information requests from regulators regarding LIBOR-setting practices and reviews of the activities of various financial institutions, including the Group. The Group, which is a member of three LIBOR rate-setting panels (US Dollar LIBOR, Swiss Franc LIBOR and Euro LIBOR), is cooperating fully with these investigations. In particular, it has been reported that regulators are investigating whether financial institutions engaged in an effort to manipulate LIBOR, either individually or in concert with other institutions, in order to improve market perception of these institutions' financial health and/or to increase the value of their proprietary trading positions. In response to regulatory inquiries, Credit Suisse commissioned a review of these issues. To date, Credit Suisse has seen no evidence to suggest that it is likely to have any material exposure in connection with these issues.

In addition, members of the US Dollar LIBOR panel, including Credit Suisse, have been named in various civil lawsuits filed in the US. All but one of these matters have been consolidated for pre-trial purposes into a multi-district litigation in the SDNY. On March 29, 2013, the court dismissed a substantial portion of the case against the panel banks, dismissing the RICO and Sherman Act antitrust claims as well as all state law claims, leaving only certain claims under the Commodity Exchange Act based on LIBOR-related instruments entered into after May 30, 2008.

Subsequently, on August 23, 2013, the court rejected plaintiffs' requests to replead the dismissed causes of action, except for certain of plaintiffs' state law claims, which are being replead by the plaintiffs. The court held a hearing on defendants' motion to dismiss the remaining claims on February 4, 2014. The matter not consolidated in the multi-district litigation is also in the SDNY, which is considering defendants' motion to dismiss that lawsuit.

The reference rates investigations have also included information requests from regulators regarding trading activities and the setting of benchmark rates in the foreign exchange markets. On March 31, 2014, the Swiss Competition Commission announced a formal investigation of numerous Swiss and international financial institutions, including the Group, in relation to the setting of exchange rates in foreign exchange trading. The Group is cooperating fully with these investigations. The investigations are ongoing and it is too soon to predict the final outcome of the investigations. In addition, Credit Suisse and other financial institutions have been named in a number of related civil class action lawsuits filed in US federal court.

Singapore MAS matter

On June 14, 2013, the Monetary Authority of Singapore (MAS) announced it was taking supervisory action against 20 banks for various deficiencies relating to the benchmark processes regarding the Singapore dollar interest rate benchmarks, Singapore Interbank Offered Rates and Swap Offered Rates, and the foreign exchange spot benchmarks commonly used to settle Non-Deliverable Forward foreign exchange contracts. Credit Suisse AG Singapore Branch (CSSB) was one of the named banks. The MAS censured the banks and directed them to adopt measures to address these deficiencies. The MAS has also required 19 of the 20 banks, including CSSB, to set aside additional statutory

reserves for a period of one year. CSSB, along with six other panel banks, has been calibrated in the third of five tiers by the MAS and required to set aside additional statutory reserves of SGD 400-600 million, which were deposited with the MAS in a non-interest bearing account. These additional reserves will be returned to each bank within one year, assuming it has satisfied the MAS that it has adopted sufficient measures to address the identified deficiencies.

CDS-related matters

In July 2013, the Directorate General for Competition of the European Commission (DG Comp) issued a Statement of Objections (SO) to various entities of thirteen CDS dealer banks, certain Markit entities and the International Swaps and Derivatives Association, Inc. (ISDA) in relation to DG Comp's investigation into possible violations of competition law by certain CDS market participants. Certain Credit Suisse entities were among the named bank entities. The SO marks the commencement of enforcement proceedings in respect of what DG Comp alleges were unlawful attempts to prevent the development of exchange traded platforms for CDS between 2006 and 2009. The next step in the process is for the named entities to provide written responses.

In addition, certain Credit Suisse entities, as well as other banks, have been named in civil litigation in the US. Further, Credit Suisse (USA), Inc. has received civil investigative demands from the DOJ.

39 Significant subsidiaries and equity method investments

Significant subsidiaries

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
as of December 31, 2013				
Credit Suisse Group AG				
100	BANK-now AG	Horgen, Switzerland	CHF	30.0
100	Credit Suisse AG	Zurich, Switzerland	CHF	4,399.7
100	Credit Suisse Group Finance (U.S.) Inc.	Wilmington, United States	USD	100.0
100	Credit Suisse Trust AG	Zurich, Switzerland	CHF	5.0
100	Credit Suisse Trust Holdings Limited	St. Peter Port, Guernsey	GBP	2.0
100	CS LP Holding AG	Zug, Switzerland	CHF	0.1
100	Inreska Limited	St. Peter Port, Guernsey	GBP	3.0
100	Neue Aargauer Bank AG	Aarau, Switzerland	CHF	134.1
88	Savoy Hotel Baur en Ville AG	Zurich, Switzerland	CHF	7.5
Credit Suisse AG				
100	AJP Cayman Ltd.	George Town, Cayman Islands	JPY	8,025.6
100	Banco Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	53.6
100	Banco Credit Suisse (México), S.A.	Mexico City, Mexico	MXN	1,716.7
100	Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	164.8
100	Boston Re Ltd.	Hamilton, Bermuda	USD	2.0
100	CJSC Bank Credit Suisse (Moscow)	Moscow, Russia	USD	37.8
100	Column Financial, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1
100	Credit Suisse (Brasil) Distribuidora de Títulos e Valores Mobiliários S.A.	São Paulo, Brazil	BRL	5.0
100	Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários	São Paulo, Brazil	BRL	98.4
100	Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany	EUR	130.0
100	Credit Suisse (France)	Paris, France	EUR	52.9
100	Credit Suisse (Gibraltar) Limited	Gibraltar, Gibraltar	GBP	5.0
100	Credit Suisse (Channel Islands) Limited	St. Peter Port, Guernsey	USD	6.1
100	Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	6,910.9
100	Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	139.6
100 ¹	Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	150.0
100	Credit Suisse (Monaco) S.A.M.	Monte Carlo, Monaco	EUR	18.0
100	Credit Suisse (Poland) SP. z o.o	Warsaw, Poland	PLN	20.0
100	Credit Suisse (Qatar) LLC	Doha, Qatar	USD	24.0
100	Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	743.3
100	Credit Suisse (UK) Limited	London, United Kingdom	GBP	168.2
100	Credit Suisse (USA), Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Asset Management (UK) Holding Limited	London, United Kingdom	GBP	144.2
100	Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft mbH	Frankfurt, Germany	EUR	6.1
100	Credit Suisse Asset Management International Holding Ltd	Zurich, Switzerland	CHF	20.0
100	Credit Suisse Asset Management Investments Ltd	Zurich, Switzerland	CHF	0.1
100	Credit Suisse Asset Management Limited	London, United Kingdom	GBP	45.0
100	Credit Suisse Asset Management, LLC	Wilmington, United States	USD	1,086.8
100	Credit Suisse Business Analytics (India) Private Limited	Mumbai, India	INR	40.0
100	Credit Suisse Capital (Guernsey) I Limited	St. Peter Port, Guernsey	USD	0.0
100	Credit Suisse Capital LLC	Wilmington, United States	USD	737.6
100	Credit Suisse Energy (Canada) Limited	Toronto, Canada	USD	0.0

Significant subsidiaries (continued)

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
100	Credit Suisse Energy LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Equities (Australia) Limited	Sydney, Australia	AUD	62.5
100	Credit Suisse Finance (Guernsey) Limited	St. Peter Port, Guernsey	USD	0.2
100	Credit Suisse Finance (India) Private Limited	Mumbai, India	INR	1,050.1
100	Credit Suisse First Boston (Latin America Holdings) LLC	George Town, Cayman Islands	USD	23.8
100	Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	EUR	0.0
100	Credit Suisse First Boston Mortgage Capital LLC	Wilmington, United States	USD	356.6
100	Credit Suisse First Boston Next Fund, Inc.	Wilmington, United States	USD	10.0
100	Credit Suisse Fund Management S.A.	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Fund Services (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	1.5
100	Credit Suisse Funds AG	Zurich, Switzerland	CHF	7.0
100	Credit Suisse Hedging-Griffo Corretora de Valores S.A.	São Paulo, Brazil	BRL	29.6
100	Credit Suisse Holding Europe (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	32.6
100	Credit Suisse Holdings (Australia) Limited	Sydney, Australia	AUD	3.0
100 ²	Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	4,184.7
100 ³	Credit Suisse International	London, United Kingdom	USD	13,107.7
100	Credit Suisse Leasing 92A, L.P.	New York, United States	USD	43.9
100	Credit Suisse Life & Pensions AG	Vaduz, Liechtenstein	CHF	15.0
100	Credit Suisse Life (Bermuda) Ltd.	Hamilton, Bermuda	USD	1.0
100	Credit Suisse Loan Funding LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Management LLC	Wilmington, United States	USD	896.8
100	Credit Suisse Principal Investments Limited	George Town, Cayman Islands	JPY	3,324.0
100	Credit Suisse Private Equity, LLC	Wilmington, United States	USD	42.2
100	Credit Suisse PSL GmbH	Zurich, Switzerland	CHF	0.0
100	Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4
100	Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	2,859.3
100	Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	530.9
100	Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.8
100	Credit Suisse Securities (Japan) Limited	Tokyo, Japan	JPY	78,100.0
100	Credit Suisse Securities (Johannesburg) Proprietary Limited	Johannesburg, South Africa	ZAR	0.0
100	Credit Suisse Securities (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR	100.0
100	Credit Suisse Securities (Moscow)	Moscow, Russia	RUB	97.1
100	Credit Suisse Securities (Singapore) Pte Limited	Singapore, Singapore	SGD	30.0
100	Credit Suisse Securities (Thailand) Limited	Bangkok, Thailand	THB	500.0
100	Credit Suisse Securities (USA) LLC	Wilmington, United States	USD	1,881.5
100	CSAM Americas Holding Corp.	Wilmington, United States	USD	0.0
100	CS International Advisors AG	Zurich, Switzerland	CHF	0.1
100	CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1
100	DLJ LBO Plans Management, LLC	Wilmington, United States	USD	7.8
100	DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0
100	Merban Equity AG	Zug, Switzerland	CHF	0.1
100	SPS Holding Corporation	Wilmington, United States	USD	0.1
99	PT Credit Suisse Securities Indonesia	Jakarta, Indonesia	IDR	235,000.0
98	Credit Suisse Hypotheken AG	Zurich, Switzerland	CHF	0.1
83	Asset Management Finance LLC	Wilmington, United States	USD	341.8
71	Credit Suisse Saudi Arabia	Riyadh, Saudi Arabia	SAR	300.0

¹ 58% owned by Credit Suisse AG.

² 43% of voting rights held by Credit Suisse Group AG, Guernsey Branch.

³ 80% of voting rights and 98% of equity interest held by Credit Suisse AG.

Significant equity method investments

Equity interest in %	Company name	Domicile
as of December 31, 2013		
Credit Suisse Group AG		
100 ¹	Credit Suisse Group Finance (Guernsey) Limited	St. Peter Port, Guernsey
100 ¹	Credit Suisse Group (Guernsey) I Limited	St. Peter Port, Guernsey
100 ¹	Credit Suisse Group (Guernsey) II Limited	St. Peter Port, Guernsey
100 ¹	Credit Suisse Group (Guernsey) IV Limited	St. Peter Port, Guernsey
50	Swisscard AECS AG	Horgen, Switzerland
25	SECB Swiss Euro Clearing Bank GmbH	Frankfurt, Germany
Credit Suisse AG		
33	Credit Suisse Founder Securities Limited	Beijing, China
23	E.L. & C. Baillieu Stockbroking (Holdings) Pty Ltd	Melbourne, Australia
20	ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China
5 ²	York Capital Management Global Advisors, LLC	New York, United States

¹ Deconsolidated under US GAAP as the Group is not the primary beneficiary.

² The Group holds a significant noncontrolling interest.

40 Subsidiary guarantee information

Certain wholly owned finance subsidiaries of the Group, including Credit Suisse Group (Guernsey) I Limited and Credit Suisse Group (Guernsey) III Limited, each of which is a Guernsey incorporated non-cellular company limited by shares, may issue contingent convertible securities fully and unconditionally guaranteed by the Group. There are various legal and regulatory requirements, including the satisfaction of a solvency test under Guernsey law, applicable to some of the Group's subsidiaries that limit their ability to pay dividends or distributions and make loans and advances to the Group.

On March 26, 2007, the Group and the Bank issued full, unconditional and several guarantees of Credit Suisse (USA), Inc.'s outstanding SEC-registered debt securities. In accordance with the guarantees, if Credit Suisse (USA), Inc. fails to make

any timely payment under the agreements governing such debt securities, the holders of the debt securities may demand payment from either the Group or the Bank, without first proceeding against Credit Suisse (USA), Inc. The guarantee from the Group is subordinated to senior liabilities. Credit Suisse (USA), Inc. is an indirect, wholly owned subsidiary of the Group.

In the fourth quarter of 2013, as part of an announced program to evolve the Group's legal entity structure to meet developing and future regulatory requirements and Fed regulation on establishing Intermediate Holding Companies in the US for non-US banks, several existing legal entities were re-parented as subsidiaries of Credit Suisse (USA), Inc. In the tables below, prior periods have been restated to conform to the current presentation to reflect the impact of these transactions.

Condensed consolidating statements of operations

in 2013	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	6,553	12,468	19,021	62	473	19,556
Interest expense	(3,899)	(7,407)	(11,306)	(60)	(75)	(11,441)
Net interest income	2,654	5,061	7,715	2	398	8,115
Commissions and fees	3,756	9,302	13,058	4	164	13,226
Trading revenues	(507)	3,271	2,764	(23)	(2)	2,739
Other revenues	1,361	432	1,793	2,288 ²	(2,305)	1,776
Net revenues	7,264	18,066	25,330	2,271	(1,745)	25,856
Provision for credit losses	4	89	93	0	74	167
Compensation and benefits	3,380	7,807	11,187	59	10	11,256
General and administrative expenses	2,843	5,811	8,654	(135)	80	8,599
Commission expenses	227	1,499	1,726	1	11	1,738
Total other operating expenses	3,070	7,310	10,380	(134)	91	10,337
Total operating expenses	6,450	15,117	21,567	(75)	101	21,593
Income/(loss) from continuing operations before taxes	810	2,860	3,670	2,346	(1,920)	4,096
Income tax expense	14	1,163	1,177	20	79	1,276
Income/(loss) from continuing operations	796	1,697	2,493	2,326	(1,999)	2,820
Income from discontinued operations, net of tax	66	79	145	0	0	145
Net income/(loss)	862	1,776	2,638	2,326	(1,999)	2,965
Net income/(loss) attributable to noncontrolling interests	575	285	860	0	(221)	639
Net income/(loss) attributable to shareholders	287	1,491	1,778	2,326	(1,778)	2,326
of which from continuing operations	221	1,412	1,633	2,326	(1,778)	2,181
of which from discontinued operations	66	79	145	0	0	145

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2013	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	862	1,776	2,638	2,326	(1,999)	2,965
Gains/(losses) on cash flow hedges	0	2	2	16	0	18
Foreign currency translation	(648)	(1,567)	(2,215)	0	1,194	(1,021)
Unrealized gains/(losses) on securities	(2)	(16)	(18)	0	(14)	(32)
Actuarial gains/(losses)	138	(181)	(43)	0	1,087	1,044
Net prior service credit/(cost)	0	0	0	0	(95)	(95)
Other comprehensive income/(loss), net of tax	(512)	(1,762)	(2,274)	16	2,172	(86)
Comprehensive income/(loss)	350	14	364	2,342	173	2,879
Comprehensive income/(loss) attributable to noncontrolling interests	471	353	824	0	(299)	525
Comprehensive income/(loss) attributable to shareholders	(121)	(339)	(460)	2,342	472	2,354

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations (continued)

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	7,584	13,960	21,544	81	465	22,090
Interest expense	(4,472)	(10,262)	(14,734)	(79)	(134)	(14,947)
Net interest income	3,112	3,698	6,810	2	331	7,143
Commissions and fees	3,940	8,609	12,549	(12)	187	12,724
Trading revenues	1,638	(309)	1,329	1	(134)	1,196
Other revenues	861	1,629	2,490	1,319 ²	(1,261)	2,548
Net revenues	9,551	13,627	23,178	1,310	(877)	23,611
Provision for credit losses	(5)	93	88	0	82	170
Compensation and benefits	3,601	8,618	12,219	56	28	12,303
General and administrative expenses	2,130	5,074	7,204	(101)	143	7,246
Commission expenses	252	1,433	1,685	1	16	1,702
Total other operating expenses	2,382	6,507	8,889	(100)	159	8,948
Total operating expenses	5,983	15,125	21,108	(44)	187	21,251
Income/(loss) from continuing operations before taxes	3,573	(1,591)	1,982	1,354	(1,146)	2,190
Income tax expense/(benefit)	1,333	(886)	447	5	13	465
Income/(loss) from continuing operations	2,240	(705)	1,535	1,349	(1,159)	1,725
Income from discontinued operations, net of tax	17	(57)	(40)	0	0	(40)
Net income/(loss)	2,257	(762)	1,495	1,349	(1,159)	1,685
Net income/(loss) attributable to noncontrolling interests	281	(881)	(600)	0	936	336
Net income/(loss) attributable to shareholders	1,976	119	2,095	1,349	(2,095)	1,349
of which from continuing operations	1,959	176	2,135	1,349	(2,095)	1,389
of which from discontinued operations	17	(57)	(40)	0	0	(40)

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	2,257	(762)	1,495	1,349	(1,159)	1,685
Gains/(losses) on cash flow hedges	0	7	7	30	0	37
Foreign currency translation	(575)	(658)	(1,233)	1	118	(1,114)
Unrealized gains/(losses) on securities	2	(45)	(43)	0	28	(15)
Actuarial gains/(losses)	20	38	58	0	(108)	(50)
Net prior service credit/(cost)	(2)	1	(1)	0	249	248
Other comprehensive income/(loss), net of tax	(555)	(657)	(1,212)	31	287	(894)
Comprehensive income/(loss)	1,702	(1,419)	283	1,380	(872)	791
Comprehensive income/(loss) attributable to noncontrolling interests	186	(997)	(811)	0	1,022	211
Comprehensive income/(loss) attributable to shareholders	1,516	(422)	1,094	1,380	(1,894)	580

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations (continued)

in 2011	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	7,580	14,831	22,411	161	404	22,976
Interest expense	(4,687)	(11,717)	(16,404)	(153)	7	(16,550)
Net interest income	2,893	3,114	6,007	8	411	6,426
Commissions and fees	3,368	8,992	12,360	9	269	12,638
Trading revenues	(1,665)	6,406	4,741	1	279	5,021
Other revenues	1,310	435	1,745	1,888 ²	(1,827)	1,806
Net revenues	5,906	18,947	24,853	1,906	(868)	25,891
Provision for credit losses	7	116	123	0	64	187
Compensation and benefits	3,665	9,311	12,976	80	(55)	13,001
General and administrative expenses	1,718	5,610	7,328	(135)	100	7,293
Commission expenses	263	1,652	1,915	1	23	1,939
Total other operating expenses	1,981	7,262	9,243	(134)	123	9,232
Total operating expenses	5,646	16,573	22,219	(54)	68	22,233
Income/(loss) from continuing operations before taxes	253	2,258	2,511	1,960	(1,000)	3,471
Income tax expense/(benefit)	(287)	731	444	7	205	656
Income/(loss) from continuing operations	540	1,527	2,067	1,953	(1,205)	2,815
Income/(loss) from discontinued operations, net of tax	17	(42)	(25)	0	0	(25)
Net income/(loss)	557	1,485	2,042	1,953	(1,205)	2,790
Net income/(loss) attributable to noncontrolling interests	734	167	901	0	(64)	837
Net income/(loss) attributable to shareholders	(177)	1,318	1,141	1,953	(1,141)	1,953
of which from continuing operations	(194)	1,360	1,166	1,953	(1,141)	1,978
of which from discontinued operations	17	(42)	(25)	0	0	(25)

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2011	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	557	1,485	2,042	1,953	(1,205)	2,790
Gains/(losses) on cash flow hedges	0	(32)	(32)	(1)	0	(33)
Foreign currency translation	50	(343)	(293)	1	29	(263)
Unrealized gains/(losses) on securities	0	(3)	(3)	0	(15)	(18)
Actuarial gains/(losses)	(79)	221	142	0	(757)	(615)
Net prior service credit/(cost)	0	(1)	(1)	0	396	395
Other comprehensive income/(loss), net of tax	(29)	(158)	(187)	0	(347)	(534)
Comprehensive income/(loss)	528	1,327	1,855	1,953	(1,552)	2,256
Comprehensive income/(loss) attributable to noncontrolling interests	775	165	940	0	(58)	882
Comprehensive income/(loss) attributable to shareholders	(247)	1,162	915	1,953	(1,494)	1,374

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets

end of 2013	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	4,787	63,290	68,077	795	(180)	68,692
Interest-bearing deposits with banks	81	3,304	3,385	0	(1,870)	1,515
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	127,153	32,860	160,013	0	9	160,022
Securities received as collateral	23,479	(679)	22,800	0	0	22,800
Trading assets	73,580	156,156	229,736	0	(323)	229,413
Investment securities	2	1,625	1,627	1,481	(121)	2,987
Other investments	5,116	5,091	10,207	42,570	(42,448)	10,329
Net loans	19,955	211,202	231,157	3,185	12,712	247,054
Premises and equipment	891	4,004	4,895	0	196	5,091
Goodwill	658	6,463	7,121	0	878	7,999
Other intangible assets	78	132	210	0	0	210
Brokerage receivables	25,667	26,377	52,044	0	1	52,045
Other assets	18,104	43,452	61,556	243	1,266	63,065
Assets of discontinued operations held-for-sale	11	1,573	1,584	0	0	1,584
Total assets	299,562	554,850	854,412	48,274	(29,880)	872,806
Liabilities and equity (CHF million)						
Due to banks	251	22,896	23,147	3,242	(3,281)	23,108
Customer deposits	1	321,850	321,851	0	11,238	333,089
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	98,600	(4,568)	94,032	0	0	94,032
Obligation to return securities received as collateral	23,479	(679)	22,800	0	0	22,800
Trading liabilities	14,304	62,508	76,812	0	(177)	76,635
Short-term borrowings	42,842	(22,649)	20,193	0	0	20,193
Long-term debt	31,300	95,341	126,641	2,784	617	130,042
Brokerage payables	55,749	17,405	73,154	0	0	73,154
Other liabilities	11,284	39,795	51,079	84	284	51,447
Liabilities of discontinued operations held-for-sale	19	1,121	1,140	0	0	1,140
Total liabilities	277,829	533,020	810,849	6,110	8,681	825,640
Total shareholders' equity	18,583	21,409	39,992	42,164	(39,992)	42,164
Noncontrolling interests	3,150	421	3,571	0	1,431	5,002
Total equity	21,733	21,830	43,563	42,164	(38,561)	47,166
Total liabilities and equity	299,562	554,850	854,412	48,274	(29,880)	872,806

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets (continued)

end of 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	4,523	56,853	61,376	19	368	61,763
Interest-bearing deposits with banks	82	3,637	3,719	0	(1,774)	1,945
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	130,175	53,271	183,446	0	9	183,455
Securities received as collateral	34,980	(4,935)	30,045	0	0	30,045
Trading assets	87,974	168,628	256,602	0	(203)	256,399
Investment securities	22	1,917	1,939	0	1,559	3,498
Other investments	6,252	5,564	11,816	35,088	(34,882)	12,022
Net loans	22,945	204,553	227,498	4,459	10,266	242,223
Premises and equipment	1,062	4,354	5,416	0	202	5,618
Goodwill	581	6,929	7,510	0	879	8,389
Other intangible assets	77	166	243	0	0	243
Brokerage receivables	20,672	25,096	45,768	0	0	45,768
Other assets	15,993	56,789	72,782	173	(43)	72,912
Total assets	325,338	582,822	908,160	39,739	(23,619)	924,280
Liabilities and equity (CHF million)						
Due to banks	164	30,410	30,574	3,753	(3,313)	31,014
Customer deposits	1	297,689	297,690	0	10,622	308,312
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	130,411	2,310	132,721	0	0	132,721
Obligation to return securities received as collateral	34,980	(4,935)	30,045	0	0	30,045
Trading liabilities	23,332	67,759	91,091	0	(275)	90,816
Short-term borrowings	22,157	(7,319)	14,838	0	3,803	18,641
Long-term debt	35,485	111,512	146,997	437	700	148,134
Brokerage payables	44,401	20,275	64,676	0	0	64,676
Other liabilities	12,927	44,440	57,367	51	219	57,637
Total liabilities	303,858	562,141	865,999	4,241	11,756	881,996
Total shareholders' equity	17,970	16,797	34,767	35,498	(34,767)	35,498
Noncontrolling interests	3,510	3,884	7,394	0	(608)	6,786
Total equity	21,480	20,681	42,161	35,498	(35,375)	42,284
Total liabilities and equity	325,338	582,822	908,160	39,739	(23,619)	924,280

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of cash flows

in 2013	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	6,126	15,912	22,038	400²	(364)	22,074
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	(1)	444	443	0	95	538
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	(594)	17,714	17,120	0	0	17,120
Purchase of investment securities	0	(676)	(676)	(1,402)	1,401	(677)
Proceeds from sale of investment securities	23	153	176	0	0	176
Maturities of investment securities	0	673	673	0	159	832
Investments in subsidiaries and other investments	232	(1,570)	(1,338)	(2,458)	2,004	(1,792)
Proceeds from sale of other investments	2,139	1,026	3,165	481	91	3,737
(Increase)/decrease in loans	2,456	(10,306)	(7,850)	1,228	(2,504)	(9,126)
Proceeds from sales of loans	0	1,483	1,483	0	0	1,483
Capital expenditures for premises and equipment and other intangible assets	(238)	(657)	(895)	0	(8)	(903)
Proceeds from sale of premises and equipment and other intangible assets	0	9	9	0	0	9
Other, net	(87)	202	115	0	7	122
Net cash provided by/(used in) investing activities of continuing operations	3,930	8,495	12,425	(2,151)	1,245	11,519
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	95	22,252	22,347	(500)	616	22,463
Increase/(decrease) in short-term borrowings	22,124	(16,122)	6,002	0	0	6,002
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(29,400)	(6,947)	(36,347)	0	0	(36,347)
Issuances of long-term debt	687	37,227	37,914	2,292	(1,116)	39,090
Repayments of long-term debt	(3,482)	(52,830)	(56,312)	0	1,177	(55,135)
Issuances of common shares	0	0	0	976	0	976
Sale of treasury shares	0	0	0	58	9,706	9,764
Repurchase of treasury shares	0	0	0	(217)	(9,985)	(10,202)
Dividends paid	0	(305)	(305)	(154)	(105)	(564)
Excess tax benefits related to share-based compensation	0	0	0	1	(1)	0
Other, net	258	923	1,181	75	(1,724)	(468)
Net cash provided by/(used in) financing activities of continuing operations	(9,718)	(15,802)	(25,520)	2,531	(1,432)	(24,421)
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(74)	(1,141)	(1,215)	(4)	3	(1,216)
Net cash provided by/(used in) discontinued operations (CHF million)						
Net cash provided by/(used in) discontinued operations	0	(1,027)	(1,027)	0	0	(1,027)
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	264	6,437	6,701	776	(548)	6,929
Cash and due from banks at beginning of period	4,523	56,853	61,376	19	368	61,763
Cash and due from banks at end of period	4,787	63,290	68,077	795	(180)	68,692

¹ Includes eliminations and consolidation adjustments.

² Consists of dividend payments from Group companies of CHF 161 million and CHF 208 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

Condensed consolidating statements of cash flows (continued)

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	(4,312)	(7,671)	(11,983)	357 ²	(1,042)	(12,668)
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	(2)	317	315	0	(131)	184
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	22,780	24,153	46,933	0	19	46,952
Purchase of investment securities	0	(276)	(276)	0	(204)	(480)
Proceeds from sale of investment securities	0	936	936	0	0	936
Maturities of investment securities	0	1,442	1,442	0	184	1,626
Investments in subsidiaries and other investments	34	(1,981)	(1,947)	(3,584)	3,492	(2,039)
Proceeds from sale of other investments	1,922	996	2,918	110	76	3,104
(Increase)/decrease in loans	1,075	(11,326)	(10,251)	1,154	(1,925)	(11,022)
Proceeds from sales of loans	0	1,090	1,090	0	0	1,090
Capital expenditures for premises and equipment and other intangible assets	(364)	(863)	(1,227)	0	(15)	(1,242)
Proceeds from sale of premises and equipment and other intangible assets	16	10	26	0	0	26
Other, net	235	3,441	3,676	28	(21)	3,683
Net cash provided by/(used in) investing activities of continuing operations	25,696	17,939	43,635	(2,292)	1,475	42,818
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	78	(14,532)	(14,454)	(1,015)	2,902	(12,567)
Increase/(decrease) in short-term borrowings	5,508	(17,151)	(11,643)	0	3,803	(7,840)
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(20,167)	(19,791)	(39,958)	0	0	(39,958)
Issuances of long-term debt	879	36,338	37,217	10	1,178	38,405
Repayments of long-term debt	(5,094)	(49,371)	(54,465)	(1,149)	(322)	(55,936)
Issuances of common shares	0	0	0	1,930	0	1,930
Sale of treasury shares	0	0	0	367	7,988	8,355
Repurchase of treasury shares	0	0	0	(495)	(8,364)	(8,859)
Dividends paid	0	(321)	(321)	(944)	(31)	(1,296)
Excess tax benefits related to share-based compensation	0	42	42	0	(42)	0
Other, net	(1,714)	5,317	3,603	3,180	(6,389)	394
Net cash provided by/(used in) financing activities of continuing operations	(20,510)	(59,469)	(79,979)	1,884	723	(77,372)
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(105)	(1,070)	(1,175)	57	(124)	(1,242)
Net cash provided by/(used in) discontinued operations (CHF million)						
Net cash provided by/(used in) discontinued operations	6	(352)	(346)	0	0	(346)
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	775	(50,623)	(49,848)	6	1,032	(48,810)
Cash and due from banks at beginning of period	3,748	107,476	111,224	13	(664)	110,573
Cash and due from banks at end of period	4,523	56,853	61,376	19	368	61,763

¹ Includes eliminations and consolidation adjustments.

² Consists of dividend payments from Group companies of CHF 166 million and CHF 46 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

Condensed consolidating statements of cash flows (continued)

in 2011	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	11,286	25,809	37,095	431²	1,096	38,622
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	(1)	(1,019)	(1,020)	0	288	(732)
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	(20,567)	5,886	(14,681)	0	(540)	(15,221)
Purchase of investment securities	0	(1,232)	(1,232)	0	(310)	(1,542)
Proceeds from sale of investment securities	0	2,118	2,118	0	0	2,118
Maturities of investment securities	0	2,294	2,294	0	168	2,462
Investments in subsidiaries and other investments	(1,032)	(378)	(1,410)	(101)	(271)	(1,782)
Proceeds from sale of other investments	4,357	1,967	6,324	9	451	6,784
(Increase)/decrease in loans	6,326	(21,139)	(14,813)	547	(2,971)	(17,237)
Proceeds from sales of loans	0	689	689	0	0	689
Capital expenditures for premises and equipment and other intangible assets	(477)	(1,250)	(1,727)	0	(12)	(1,739)
Proceeds from sale of premises and equipment and other intangible assets	0	11	11	0	0	11
Other, net	2	187	189	0	33	222
Net cash provided by/(used in) investing activities of continuing operations	(11,392)	(11,866)	(23,258)	455	(3,164)	(25,967)
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	(27)	27,456	27,429	(1,514)	1,825	27,740
Increase/(decrease) in short-term borrowings	(21,801)	25,899	4,098	0	0	4,098
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	30,267	(23,085)	7,182	0	0	7,182
Issuances of long-term debt	3,395	30,255	33,650	10	574	34,234
Repayments of long-term debt	(9,974)	(26,617)	(36,591)	(489)	(47)	(37,127)
Issuances of common shares	44	(46)	(2)	1,129	0	1,127
Sale of treasury shares	0	615	615	550	10,688	11,853
Repurchase of treasury shares	0	(612)	(612)	(201)	(10,977)	(11,790)
Dividends paid	0	(481)	(481)	(1,560)	93	(1,948)
Other, net	(4,184)	1,405	(2,779)	617	(346)	(2,508)
Net cash provided by/(used in) financing activities of continuing operations	(2,280)	34,789	32,509	(1,458)	1,810	32,861
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(105)	(586)	(691)	567	(508)	(632)
Net cash provided by/(used in) discontinued operations (CHF million)						
Net cash provided by/(used in) discontinued operations	21	201	222	0	0	222
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	(2,470)	48,347	45,877	(5)	(766)	45,106
Cash and due from banks at beginning of period	6,218	59,129	65,347	18	102	65,467
Cash and due from banks at end of period	3,748	107,476	111,224	13	(664)	110,573

¹ Includes eliminations and consolidation adjustments.² Consists of dividend payments from Group companies of CHF 162 million and CHF 188 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

41 Credit Suisse Group parent company

► Refer to “Note 40 – Subsidiary guarantee information” for the condensed Credit Suisse Group parent company financial information.

42 Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)

The Group’s consolidated financial statements have been prepared in accordance with US GAAP.

FINMA requires Swiss-domiciled banks which present their financial statements under either US GAAP or International Financial Reporting Standards (IFRS) to provide a narrative explanation of the major differences between Swiss GAAP banking law (true and fair view) and its primary accounting standard.

The principal provisions of the Banking Ordinance and the FINMA Circular 2008/2, “Accounting – banks”, governing financial reporting for banks (Swiss GAAP) differ in certain aspects from US GAAP. The following are the major differences:

► Refer to “Note 1 – Summary of significant accounting policies” for a detailed description of the Group’s accounting policies.

Scope of consolidation

Under US GAAP, the Group does not consolidate certain entities that issue redeemable preferred securities. Under Swiss GAAP, these entities would continue to be consolidated as the Group holds 100% of the voting rights.

Under Swiss GAAP, majority-owned subsidiaries that are not considered long-term investments or do not operate in the core business of the Group are either accounted for as financial investments or as equity method investments. US GAAP has no such exception relating to the consolidation of majority-owned subsidiaries.

Fair value option

Unlike US GAAP, Swiss GAAP generally does not allow the fair value option concept that creates an optional alternative measurement treatment for certain non-trading financial assets and liabilities, guarantees and commitments. The fair value option permits the use of fair value for initial and subsequent measurement with changes in fair value recorded in the consolidated statements of income.

For issued structured products that include own debt and meet certain restrictive conditions, fair value measurement is applied on a case-by-case basis. The related changes in fair value of both the embedded derivative and the host contract are recorded in trading revenues, except for fair value adjustments relating to own credit that cannot be recognized in the consolidated statements of income.

Other issued structured products which are not in the scope of this interpretation or for which fair value accounting is not elected under Swiss GAAP but for which the fair value option is elected

under US GAAP continue to be bifurcated for Swiss GAAP purposes. This means that the embedded derivative is carried at fair value and the host contract is accounted for at amortized cost.

Other non-trading assets measured at fair value

Under US GAAP, all of our mortgage servicing rights and most of our life settlement contracts are reported at fair value, with changes in value reported in the consolidated statements of operations.

Under Swiss GAAP, mortgage servicing rights and life settlement contracts are carried at the lower of cost or market.

Goodwill amortization

Under US GAAP, goodwill is not amortized but must be tested for impairment annually or more frequently if an event or change in circumstances indicates that the goodwill may be impaired.

Under Swiss GAAP, goodwill is amortized over its useful life, generally not exceeding five years, except for justified cases where a maximum useful life of up to 20 years is acceptable. In addition, goodwill is tested for impairment.

Intangible assets with indefinite lives

Under US GAAP, intangible assets with indefinite lives are not amortized but are tested for impairment annually or more frequently if an event or change in circumstances indicates that the asset may be impaired.

Under Swiss GAAP, intangible assets with indefinite lives are amortized over a useful life, up to a maximum of five years. In addition, these assets are tested for impairment.

Pensions and post-retirement benefits

Under US GAAP, the liability and related pension expense is determined based on the projected unit credit actuarial calculation of the benefit obligation.

Under Swiss GAAP, the liability and related pension expense is primarily determined based on the pension plan valuation in accordance with Swiss GAAP FER 26. A pension asset is recorded if a statutory overfunding of a pension plan leads to a future economic benefit, and a pension liability is recorded if a statutory underfunding of a pension plan leads to a future economic obligation. Pension expenses include the required contributions defined by Swiss law, any additional contribution mandated by the pension fund trustees and any change in value of the pension asset or liability between two measurement dates as determined on the basis of the annual year-end pension plan valuation.

Loan origination fees

US GAAP requires the deferral of certain fees received upfront in connection with the loan origination for loans not held under the fair value option.

Under Swiss GAAP, only upfront payments or fees that are considered interest-related components are deferred (e.g., premiums and discounts). Fees received from the borrower which are considered service-related fees such as commitment fees, structuring fees and arrangement fees are immediately recognized in commission income.

Sale of financial instruments held at amortized cost

Under US GAAP, the gain or loss on sale or early redemption of a financial instrument is immediately recognized in the consolidated statements of operations.

Under Swiss GAAP, the gain or loss on sale or early redemption of an interest-related financial instrument held at amortized cost is deferred over the remaining original term of the financial instrument.

Extinguishment of own debt

Under US GAAP, repurchased or reacquired own debt instruments are extinguished and gains or losses from extinguishment are immediately recognized in other income.

Under Swiss GAAP, repurchased own debt is only extinguished if the respective securities are legally extinguished. Gains or losses from extinguishment of own debt that was accounted for at amortized cost are deferred and amortized over the original term of the repurchased instruments. For reacquired own debt instruments that are not legally extinguished, the repurchased own debt instruments are either held as financial investments at the lower of cost or market or as trading assets at fair value. The carrying value of the repurchased instruments is offset against the respective liability of own debt instruments issued.

Real estate held for investment

Under US GAAP, real estate held for investment is valued at cost less accumulated depreciation and any impairment.

Under Swiss GAAP, real estate held for investment that the Group intends to hold permanently is also valued at cost less accumulated depreciation and any other-than-temporary impairment. If the Group does not intend to hold real estate permanently, it is carried at the lower of cost or market.

Sale and leaseback transactions

Under US GAAP, gains from the sale of property subject to a sale and leaseback agreement are deferred and amortized over the leaseback period.

Under Swiss GAAP, gains from the sale of property subject to a sale and leaseback agreement are only deferred if the provisions of the leaseback contract indicate that the leaseback is a capital lease; if the leaseback contract meets the requirements of an operating lease, such gains are immediately recognized upon sale of the property.

Investments in securities

Available-for-sale securities

Under US GAAP, available-for-sale securities are valued at fair value. Unrealized gains and losses due to fluctuations in fair value (including foreign exchange) are not recorded in the consolidated statements of operations but included net of tax in AOCI, which is part of total shareholders' equity. Declines in fair value below cost deemed to be other-than-temporary are recognized as impairments in the consolidated statements of operations, except for amounts relating to factors other than credit loss on debt securities with no intent or requirement to sell that continue to be included in AOCI. The new cost basis will not be changed for subsequent recoveries in fair value.

Under Swiss GAAP, available-for-sale securities are accounted for at the lower of cost or market with valuation reductions and recoveries due to market fluctuations recorded in other ordinary expenses and income, respectively. Foreign exchange gains and losses are recognized in net trading income.

Non-marketable equity securities

Under US GAAP, non-marketable equity securities are valued at cost less other-than-temporary impairment or at fair value.

Under Swiss GAAP, non-marketable equity securities are carried at the lower of cost or market.

Impairments on held-to-maturity securities

Under US GAAP, declines in fair value of held-to-maturity securities below cost deemed to be other-than-temporary are recognized as impairments in the consolidated statements of operations except for amounts relating to factors other than credit loss on debt securities held with no intent or requirement to sell that are included in AOCI. The impairment cannot be reversed in future periods.

Under Swiss GAAP, all impairments are recognized in the consolidated statements of income. Impairments recognized on held-to-maturity securities are reversed up to the amortized cost if the fair value of the instrument subsequently recovers. A reversal is recorded in the consolidated statements of income.

Trading positions

Under both US GAAP and Swiss GAAP, positions classified in the trading portfolio are valued at fair value. Under US GAAP, this classification is based on management's intent concerning the specific instrument, whereas under Swiss GAAP, the prevailing criteria is the active management of the specific instrument in the context of a documented trading strategy.

Derivatives used for cash flow hedges

Under US GAAP, the effective portion of a cash flow hedge is reported in AOCI.

Under Swiss GAAP, the effective portion of a cash flow hedge is recorded in the compensation account in other assets or other liabilities.

Security collateral received in securities lending transactions

Under US GAAP, security collateral received in securities lending transactions are recorded as assets and a corresponding liability to return the collateral is recognized.

Under Swiss GAAP, security collateral received and the obligation to return collateral of securities lending transactions are not recognized on the balance sheet.

Derecognition of financial instruments

Under US GAAP, financial instruments are only derecognized if the transaction meets certain criteria.

Under Swiss GAAP, a financial instrument is derecognized when the economic control has been transferred from the seller to the buyer.

Discontinued operations

Under US GAAP, the assets and liabilities of an operation held-for-sale are separated from the ordinary captions of the consolidated balance sheets and are reported as discontinued operations measured at the lower of the carrying value or fair value less cost to sell. Accordingly, income and expense from discontinued operations are reported in a separate line item of the consolidated statements of operations.

Under Swiss GAAP, these positions remain in their initial balance sheet captions until disposed of and continue to be valued according to the respective captions.

Extraordinary income and expenses

Unlike US GAAP, Swiss GAAP does report certain expenses or revenues as extraordinary. Extraordinary income and expenses are reported net of tax.

Reserves for general banking risks

US GAAP does not allow general unallocated provisions.

Under Swiss GAAP, reserves for general banking risks are recorded as a separate component between liabilities and shareholders' equity. Reserves for general banking risks are established or released through extraordinary expense and extraordinary income, respectively, or result from the reallocation of provisions which are no longer economically required.

Loan commitments

Under US GAAP, the Group includes unused credit facilities that can be revoked at its sole discretion upon notice to the client in loan commitments.

Under Swiss GAAP, credit facilities that can be revoked at the Group's sole discretion are only disclosed if the notice period exceeds six weeks.

43 Risk assessment

In accordance with the Swiss Code of Obligations the following disclosure provides information regarding the risk assessment process, which was in place for the reporting period and followed by the Board of Directors.

The primary objectives of risk management are to protect the financial strength and reputation of the Group, while ensuring that capital is well deployed to support business activities and grow shareholder value. The risk management organization reflects the specific nature of the various risks in order to ensure that risks are managed within set limits in a transparent and timely manner.

The Board of Directors is responsible for the strategic direction, supervision and control of the Group and for defining its overall tolerance for risk in the form of a risk appetite statement. The Board of Directors has delegated certain responsibilities regarding risk management and oversight to the Risk Committee, the Audit Committee and to the Executive Board.

The Risk Committee is responsible for assisting the Board in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and overall risk limits. In addition to its other responsibilities, such as reviewing the quarterly and annual financial statements and the performance and effectiveness of internal and external auditors, the Audit Committee reviews management's report on internal control over financial reporting (SOX 404), the annual report on the internal control system and the annual compliance report.

Within the Executive Board of the Group, the Chief Risk Officer (CRO) is responsible for providing risk management oversight and

for establishing an organizational basis to manage and report on all risk management matters. The Capital Allocation & Risk Management Committee (CARMC), the Risk Processes & Standards Committee and the Reputational Risk & Sustainability Committee have been established at senior management level to further support the risk management function. CARMC is comprised of at least five members of the Executive Board and senior management appointed by the CEO and operates rotating through the following three cycles: (i) Asset & Liability Management including capital, funding and liquidity; (ii) Market & Credit Risks; and (iii) Internal Control Systems including operational risks, legal and compliance issues and internal control matters. CARMC may delegate its authority to set and approve certain limits for position risk, funding, liquidity and capital to the CRO or divisional risk management committees. The divisional risk management committees regularly review and discuss division-specific market and credit risk matters, operational risks, legal and compliance issues and internal control matters.

During the reporting period, the Board of Directors received the quarterly risk reports from the CRO and the annual internal control system and compliance reports from the office of the General Counsel, which formed the basis of the Board of Directors' risk reviews. Additional risk information was provided at each meeting of the Risk Committee and at most Board meetings. The Board of Directors, assisted by its Risk and Audit Committees, performed a systematic risk assessment in accordance with established policies and procedures.

Controls and procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Group has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report under the supervision and with the participation of management, including the Group CEO and Chief Financial Officer (CFO), pursuant to Rule 13(a)-15(a) under the Securities Exchange Act of 1934 (the Exchange Act). There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives.

The CEO and CFO concluded that, as of December 31, 2013, the design and operation of the Group's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in reports filed and submitted under the Exchange Act is recorded, processed, summarized and reported as and when required.

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Group is responsible for establishing and maintaining adequate internal control over financial reporting. The Group's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has made an evaluation and assessment of the Group's internal control over financial reporting as of December 31, 2013 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control – Integrated Framework (1992)".

Based upon its review and evaluation, management, including the Group CEO and CFO, has concluded that the Group's internal control over financial reporting is effective as of December 31, 2013.

KPMG AG, the Group's independent auditors, have issued an unqualified opinion on the effectiveness of the Group's internal control over financial reporting as of December 31, 2013, as stated in their report, which follows.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Group's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Group's internal control over financial reporting.



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Report of the Independent Registered Public Accounting Firm to the General Meeting of Shareholders of
Credit Suisse Group AG, Zurich

We have audited Credit Suisse Group AG and subsidiaries' (the "Group") internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Group's board of directors and management are responsible for maintaining effective internal control over financial reporting and the Group's management is responsible for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards, the consolidated balance sheets of the Group as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2013, and our report dated April 3, 2014 expressed an unqualified opinion on those consolidated financial statements.

KPMG AG


 Simon Ryder
 Licensed Audit Expert
 Auditor in Charge


 Anthony Arreveno
 Global Lead Partner

Zurich, Switzerland
 April 3, 2014

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholder of

Credit Suisse Group AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Credit Suisse Group AG (the "Group"), which comprise the balance sheet, income statement and notes for the year ended December 31, 2013.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Group's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the Group's articles of incorporation.



Credit Suisse Group AG, Zurich
Report of the Statutory Auditor
on the Financial Statements to the
General Meeting of Shareholder

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) (Switzerland) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Group's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Simon Ryder
Licensed Audit Expert
Auditor in Charge

Ralph Dicht
Licensed Audit Expert

Zurich, Switzerland
April 3, 2014

Parent company financial statements

Statements of income

in	2013	2012
Income (CHF million)		
Dividend income from investments in group companies	381	272
Other financial income	62	82
Gain on sale of noncurrent assets	35	145
Other income	192	167
Total income	670	666
Expenses (CHF million)		
Financial expenses	125	223
Compensation and benefits	67	60
Other expenses	37	43
Tax expense	32	16
Total expenses	261	342
Net income	409	324

Balance sheets

	Reference to notes	2013	end of 2012
Assets (CHF million)			
Cash with group companies		795	19
Receivables from third parties		7	8
Accrued income and prepaid expenses – group companies		235	161
Total current assets		1,037	188
Investments in group companies	4	40,440	38,534
Long-term loans to group companies		4,588	4,459
Financial investments		173	51
Total noncurrent assets		45,201	43,044
Total assets		46,238	43,232
Liabilities and shareholders' equity (CHF million)			
Payables to third parties		3	25
Payables to group companies		2,876	3,376
Accrued expenses and deferred income – third parties		87	65
Accrued expenses and deferred income – group companies		35	23
Total short-term liabilities		3,001	3,489
Bonds	5	2,292	–
Long-term loans from group companies		761	812
Provisions		312	312
Total long-term liabilities		3,365	1,124
Total liabilities		6,366	4,613
Share capital	8	64	53
General reserves	9	1,800	4,810
Reserves from capital contributions		18,504	14,661
General legal reserves		20,304	19,471
Reserves for own shares	6	3,929	3,929
Free reserves		10,500	10,500
Retained earnings brought forward		4,666	4,342
Net income		409	324
Retained earnings		5,075	4,666
Total shareholders' equity		39,872	38,619
Total liabilities and shareholders' equity		46,238	43,232

Notes to the financial statements

1 Accounting principles

The financial statements of Credit Suisse Group AG are prepared in accordance with the regulations of the Swiss Code of Obligations and are stated in Swiss francs (CHF). The financial year ends on December 31.

2 Contingent liabilities

end of	2013	2012
CHF million		
Aggregate indemnity liabilities, guarantees and other contingent liabilities (net of exposures recorded as liabilities)	43,857	51,363
of which have been entered into on behalf of subsidiaries	43,857	51,363

The company belongs to the Swiss value-added tax group of Credit Suisse Group, and thus carries joint liability to the Swiss federal tax authority for value-added tax debts of the entire group.

3 Compensation to members of the Executive Board and the Board of Directors

As required by applicable Swiss law (Article 663b bis and Article 663c, paragraph 3 of the Swiss Code of Obligations), the following disclosure describes compensation paid to and equity holdings of

the members of the Board of Directors (Board) and the members of the Executive Board as well as loans granted to this group of people and persons and companies related to them.

Executive Board compensation

Executive Board compensation for 2013

in	Base salary	Unrestricted cash	Value of STI awards	Value of LTI awards	Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation ⁴
2013 (CHF million, except where indicated)								
9 members	14.08	3.93	21.86 ⁵	21.58	0.58	2.74	–	64.77
% of total compensation	22%	6%	34%	33%				
of which CEO:								
Brady W. Dougan	2.50	0.69	2.77	3.46	0.01	0.36	–	9.79
% of total compensation	26%	7%	28%	35%				

¹ Other benefits consist of housing allowances, lump sum expenses and child allowances.

² Share awards granted prior to January 1, 2014 carry the right to an annual payment equal to the dividend payable on each Group share. The dividend equivalents were paid in respect of awards granted in prior years and were delivered in a combination of cash and shares, consistent with dividends paid on actual shares.

³ During 2013, there were no payments made to Executive Board members for contractual agreements.

⁴ Does not include CHF 4.8 million of charitable contributions made by the Group for which the CEO and three other Executive Board members are able to make recommendations.

⁵ Short-term incentive awards for 2013 comprise CHF 20.56 million performance shares as well as CHF 1.3 million granted as blocked shares and performance shares to the Executive Board members who were categorized as UK Code Staff under the regulations of the PRA and the Executive Board member that stepped down. The applicable Group share price for all share awards was CHF 28.78.

Executive Board compensation for 2012

in	Base salary	Unrestricted cash	Value of STI awards	Value of LTI awards	Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation ⁴
2012 (CHF million, except where indicated)								
13 members ⁵	17.75	13.56 ⁶	20.95 ⁷	15.40	4.28	2.18	–	74.12
% of total compensation	24%	18%	28%	21%				
of which highest paid: Robert Shafir	1.40	0.70	3.50	2.80	1.91 ⁸	0.28	–	10.59
% of total compensation	13%	7%	33%	26%				
of which CEO: Brady W. Dougan	2.50	0.50	2.50	2.00	0.04	0.23	–	7.77
% of total compensation	32%	6%	32%	26%				

¹ Other benefits consist of housing allowances, lump sum expenses, child allowances and carried interest.

² Share awards carry the right to an annual payment equal to the dividend payable on each Group share. The dividend equivalents were paid in respect of awards granted in prior years.

³ During 2012, there were no payments made to Executive Board members for contractual agreements.

⁴ Does not include CHF 3.9 million of charitable contributions made by the Group for which the CEO and a former Executive Board member are able to make recommendations.

⁵ Of the 13 members, 5 left the Executive Board during 2012: Karl Landert and Antonio Quintella stepped down from the Executive Board effective April 30, 2012 and May 31, 2012, respectively, and Osama Abbasi, Walter Berchtold and Fawzi Kyriakos-Saad left the Executive Board effective November 30, 2012. The base salary and incentive compensation for these individuals has been pro rated accordingly. These individuals were paid incentive compensation in the form of unrestricted cash and STI awards for their performance in their respective roles on the Executive Board in 2012.

⁶ Includes pro rated unrestricted cash of CHF 10.2 million paid to the five individuals who left the Executive Board during 2012.

⁷ All short-term incentive awards for 2012 were granted as performance shares. The applicable Group share price for the performance share awards was CHF 24.62.

⁸ CHF 1.87 million of this amount was granted as carried interest in 2012. In addition, in connection with his role at the time as CEO of the Asset Management division, in 2008 Mr. Shafir received a carried interest award in certain alternative investment funds. The value realized over time depends on the investment performance of the funds over their lifetime up to fifteen years. The initial value of the award is determined by making assumptions about the return that will be realized on the funds. The aggregate theoretical value of these awards was approximately USD 10 million assuming an estimated 9 percent return on all fund investments over their projected lifetime, and reducing this estimated return by 25 percent to reflect potential underperformance in some of the funds.

Other aspects of Executive Board compensation

Charitable contributions

Consistent with the prior three years, a portion of the Executive Board incentive compensation pool for 2013 was approved by the Compensation Committee to fund charitable contributions by the Group. The total amount approved for charitable contributions was CHF 4.8 million for 2013. The contributions will benefit eligible registered charities. The CEO and three other Executive Board members are able to make recommendations in respect of the allocation of the 2013 contributions to various specific charities.

Former Executive Board members

Generally, former members of the Group's most senior executive body who no longer provide services to the Group are still eligible

to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Executive Board who no longer provide services to the Group during 2013.

Executive Board shareholdings and loans

Executive Board shareholdings

The table "Executive Board holdings and values of deferred share-based awards by individual" discloses the shareholdings of the Executive Board members, their immediate family and companies in which they have a controlling interest as well as the value of the unvested share-based compensation awards held by Executive Board members as of December 31, 2013.

Executive Board holdings and values of deferred share-based awards by individual

end of	Number of owned shares ¹	Number of unvested share awards	Number of owned shares and unvested share awards	Number of unvested SISUs	Number of options	Value of unvested awards at grant (CHF)	Current value of unvested awards (CHF)
December 31, 2013							
Brady W. Dougan	1,221,334	416,540	1,637,874	38,051	–	12,176,651	12,396,697
Gaël de Boissard	107,329	536,014	643,343	31,283	–	16,187,272	15,470,189
Romeo Cerutti	136,344	231,491	367,835	11,636	–	6,128,891	6,630,073
Tobias Guldemann	–	258,127	258,127	14,545	–	6,907,523	7,435,765
David R. Mathers	17,469	387,642	405,111	7,565	–	9,422,493	10,777,295
Hans-Ulrich Meister	189,478	417,112	606,590	23,273	–	11,248,886	12,009,299
Robert S. Shafir	617,053	532,112	1,149,165	31,160	–	14,344,561	15,360,428
Pamela A. Thomas-Graham	–	216,875	216,875	7,191	–	5,461,314	6,110,280
Eric M. Varvel	–	286,098	286,098	27,735	–	9,597,358	8,558,226
Total	2,289,007	3,282,011	5,571,018	192,439	–	91,474,949	94,748,252
December 31, 2012							
Brady W. Dougan	906,929	666,068	1,572,997	76,102	–	18,945,613	19,815,939
Romeo Cerutti	80,279	320,261	400,540	23,272	–	8,446,679	9,172,331
Tobias Guldemann	57,763	375,725	433,488	29,090	–	9,964,935	10,808,561
David R. Mathers	0	461,439	461,439	15,130	1,095 ²	11,174,895	12,724,392
Hans-Ulrich Meister	178,198	550,776	728,974	46,546	–	14,848,594	15,948,497
Robert S. Shafir	387,544	736,377	1,123,921	62,320	–	19,807,159	21,325,210
Pamela A. Thomas-Graham	4,583	239,137	243,720	14,382	–	6,342,875	6,768,957
Eric M. Varvel	62,169	454,785	516,954	55,470	–	13,996,715	13,623,809
Total	1,677,465 ³	3,804,568	5,482,033	322,312	1,095	103,527,465	110,187,696

¹ Includes shares that were initially granted as deferred compensation and have vested.

² Consists of options with an expiration date of January 22, 2013 and an exercise price of CHF 30.60.

³ In addition to the number of owned shares shown, the following Executive Board members held an aggregate number of 2,320 mandatory and contingent convertible securities (MACCS): Brady Dougan (1,336), Romeo Cerutti (60), Hans-Ulrich Meister (262), Robert Shafir (571), Eric Varvel (91); these securities were converted into an aggregate number of 143,033 shares on March 29, 2013 at a conversion price of CHF 16.29 and were settled and delivered in April 2013.

Executive Board loans

The majority of loans outstanding to Executive Board members are mortgages or loans against securities. Such loans are made on the same terms available to employees under the Group's employee benefit plans. As of December 31, 2013, 2012 and 2011, outstanding loans to Executive Board members amounted to CHF 10 million, CHF 8 million and CHF 22 million, respectively. The number of individuals with outstanding loans at the beginning and the end of 2013 was three and four, respectively, and the highest loan outstanding was USD 5 million to Eric Varvel.

All mortgage loans to Executive Board members are granted either with variable or fixed interest rates over a certain period. Typically, mortgages are granted for periods of up to ten years.

Interest rates applied are based on refinancing costs plus a margin, and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. The same credit approval and risk assessment procedures apply to Executive Board members as for other employees. Unless otherwise noted, all loans to Executive Board members were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and in consideration of the terms which apply to all Group employees. These loans did not involve more than the normal risk of collectability or present other unfavorable features.

Board of Directors compensation

Board of Directors compensation for 2013

in	Base board fee	Committee fee	Additional fees ¹	Other compensation categories ²	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ³
2013/2014 (CHF)										
Urs Rohner, Chairman ⁴	2,500,000	–	2,250,000	153,260	4,903,260	3,778,260	77%	1,125,000	23%	39,090
Peter Brabeck-Letmathe, Vice-Chairman ⁵	400,000	–	–	–	400,000	200,000	50%	200,000	50%	7,455
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	4,659
Iris Bohnet ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Noreen Doyle ⁵	250,000	100,000	294,000	–	644,000	469,000	73%	175,000	27%	6,523
Jean-Daniel Gerber ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	7,455
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Andreas N. Koopmann ⁵	250,000	200,000	–	–	450,000	225,000	50%	225,000	50%	8,387
Jean Lanier, Chairman of the Compensation Committee ⁴	400,000	–	400,000	–	800,000	600,000	75%	200,000	25%	6,950
Kai S. Nargolwala ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	6,523
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	17,374
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	17,374
Total	6,100,000	850,000	4,944,000	153,260	12,047,260	8,097,260	67%	3,950,000	33%	141,359

¹ Includes the additional fees for the full-time Chairman and the three committee chairmen as well as the additional fees of CHF 294,000 (GBP 200,000) paid to Noreen Doyle in 2013 as a non-executive director and chair of the boards of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities Europe Limited. The additional fees of CHF 400,000 were awarded to Jean Lanier as Chairman of the Compensation Committee in 2013, a role to which he was appointed as of the 2013 AGM on April 26, 2013.

² Other compensation for the Chairman included pension benefits, lump sum expenses and child and health care allowances.

³ The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period.

⁴ The Chairman and the three committee chairmen received an annual base board fee paid in cash. They also received additional fees paid in cash and/or shares as determined by the Board in the course of the regular compensation process. The additional fees paid to the three committee chairmen covered their regular memberships in other committees that they do not chair. The additional fees awarded to these four individuals for 2013 were paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 28.78.

⁵ Except for the Chairman and the three committee chairmen, members of the Board were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 26, 2013 to May 9, 2014. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for each of the Risk and Compensation Committees. For 2013, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2013 AGM was CHF 26.83.

Board of Directors compensation for 2012

in	Base board fee	Committee fee	Additional fees ¹	Other compensation categories ²	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ³
2012/2013 (CHF)										
Urs Rohner, Chairman ⁴	2,500,000	–	2,500,000	234,881	5,234,881	3,984,881	76%	1,250,000	24%	50,772
Peter Brabeck-Letmathe, Vice-Chairman ⁵	400,000	–	–	–	400,000	200,000	50%	200,000	50%	9,026
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	5,641
Robert H. Benmosche ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Iris Bohnet ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Noreen Doyle ⁵	250,000	100,000	182,600	–	532,600	357,600	67%	175,000	33%	7,898
Jean-Daniel Gerber ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Andreas N. Koopmann ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Jean Lanier ⁵	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	11,282
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Aziz R.D. Syriani, Chairman of the Compensation Committee ⁴	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	9,241
David W. Syz ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
Total	6,550,000	1,150,000	5,082,600	234,881	13,017,481	8,514,981	65%	4,502,500	35%	192,020

¹ Includes the additional fees for the full-time Chairman and the three committee chairmen as well as the additional fees paid to Noreen Doyle in 2012 as a non-executive director of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities Europe Limited. The additional fees of CHF 182,600 for Noreen Doyle corresponded to the annual fees of GBP 125,000 which Noreen Doyle received in 2012 as a non-executive director (annual fee of GBP 100,000) and audit committee chair (additional fee of GBP 25,000) of Credit Suisse International and Credit Suisse Securities Europe Limited.

² Other compensation for the Chairman included lump sum expenses, child and health care allowances and pension benefits.

³ The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period.

⁴ The Chairman and the three committee chairmen received an annual base board fee paid in cash. They also received additional fees paid in cash and/or share awards as determined by the Board in the course of the regular compensation process. The additional fees awarded to these four individuals for 2012 were paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 24.62.

⁵ Except for the Chairman and the three committee chairmen, members of the Board were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 26, 2012 to April 27, 2013. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for each of the Risk and Compensation Committees. For 2012, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2012 annual general meeting was CHF 22.16.

Former members of the Board of Directors

Two former members of the Board of Directors are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Board of Directors or related parties during 2013.

Board of Directors shareholdings and loans

Board of Directors shareholdings

The table below discloses the shareholdings of the Board of Directors members, their immediate family and companies in which they have a controlling interest. As of December 31, 2013, there were no Board of Directors members with outstanding options.

Board of Directors shareholdings by individual

in	2013	2012
December 31 (shares) ¹		
Urs Rohner	230,402	244,422
Peter Brabeck-Letmathe	144,186	120,999
Jassim Bin Hamad J.J. Al Thani	17,918	11,790
Iris Bohnet	15,464	7,898
Noreen Doyle	49,014	41,324
Jean-Daniel Gerber	17,701	9,826
Walter B. Kielholz	316,675	292,424
Andreas N. Koopmann	42,569	30,469
Jean Lanier	44,951	43,881
Kai S. Nargolwala	114,666	–
Anton van Rossum	56,464	48,598
Richard E. Thornburgh	212,530	218,456
John Tiner	48,471	24,799
Total	1,311,011	1,094,886 ^{2,3}

¹ Includes Group shares that are subject to a blocking period of up to four years.

² In addition to the shareholdings shown, the following Board members held an aggregate number of 1,519 mandatory and contingent convertible securities (MACCS): Urs Rohner (395), Peter Brabeck-Letmathe (175), Jassim Bin Hamad J.J. Al Thani (17), Iris Bohnet (11), Walter Kielholz (431), Andreas Koopmann (44), Aziz R.D. Syriani (113), Richard Thornburgh (297) and John Tiner (36); these securities were converted into an aggregate number of 93,247 shares on March 29, 2013 at a conversion price of CHF 16.29 and were settled and delivered in April 2013.

³ Excludes 30,872, 76,774 and 92,745 shares held by Robert H. Benmosche, Aziz R.D. Syriani and David W. Syz, respectively, as of December 31, 2012, who stepped down from the Board as of April 26, 2013.

Board loans

The majority of loans outstanding to members of the Board of Directors are mortgages or loans against securities. Such loans are made to Board of Directors members on the same terms available to third-party clients. As of December 31, 2013, 2012 and 2011, outstanding loans to Board of Directors members amounted to CHF 55 million, CHF 41 million and CHF 34 million, respectively.

Board of Directors members with loans do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Board of Directors members who were previously employees of the Group may still have outstanding loans, which were provided at the time that employee conditions applied to them. Unless otherwise noted, all loans to Board of Directors members are made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons. Such loans do not involve more than the normal risk of collectability or present other unfavorable features. In addition to the loans listed below, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current Board of Directors members have a significant influence as defined by the US Securities and Exchange Commission. Examples include holding executive and/or board level roles in these companies. Unless otherwise noted, loans extended by the Group to such companies are also made in the ordinary course of business and at prevailing market conditions. As of December 31, 2013, 2012 and 2011, there was no loan exposure to such related party companies that was not made in the ordinary course of business and at prevailing market conditions.

Board of Directors loans by individual

in	2013	2012
December 31 (CHF)		
Urs Rohner	4,968,270	5,034,157
Peter Brabeck-Letmathe	40,631,650	27,520,527
Walter B. Kielholz	4,000,000	4,200,000
Andreas N. Koopmann	4,933,650	2,775,000
Richard E. Thornburgh	222,756	–
Total ¹	54,756,326	39,529,684 ²

¹ Includes loans to immediate family members.

² Excludes a loan of CHF 1,500,000 held by David W. Syz as of December 31, 2012, who stepped down from the Board as of April 26, 2013.

Banking relationships

► Refer to "Banking relationships" and "Related party transactions" in Note 29 – Related parties in V – Consolidated financial statements – Credit Suisse Group for further information.

4 Principal participations

► Refer to "Note 39 – Significant subsidiaries and equity method investments" in V – Consolidated financial statements – Credit Suisse Group for further information on the company's principal participations.

5 Bonds

end of	Interest rate	Issue date	First call date	Maturity date	2013
Bonds (CHF million)					
Low-trigger tier 1 capital instruments – CHF 290 million	6.0%	September 4, 2013	September 4, 2018	Perpetual	290
Low-trigger tier 1 capital instruments – USD 2,250 million	7.5%	December 11, 2013	December 11, 2023	Perpetual	2,002
Total					2,292

6 Own shares held by the company and by group companies

	2013		2012	
	Share equivalents	CHF million	Share equivalents	CHF million
Balance at beginning of financial year				
Physical holdings	27,036,831	602	4,010,074	89
Holdings, net of pending obligations	167,682	4	1,718,838	38
Balance at end of financial year				
Physical holdings ¹	5,183,154	141	27,036,831	602
Holdings, net of pending obligations	(452,459)	(12)	167,682	4

¹ Representing 0.3% and 2.0% of issued shares as of December 31, 2013 and 2012, respectively.

7 Significant shareholders

► Refer to "Note 3 – Business developments, significant shareholders and subsequent events" in V – Consolidated financial statements – Credit Suisse Group for further information.

8 Share capital, conditional, conversion and authorized capital of Credit Suisse Group

	No. of shares	Par value in CHF	No. of shares issued	Par value in CHF
Share capital as of December 31, 2012			1,320,829,922	52,833,197
Conditional capital				
Warrants and convertible bonds				
Capital as of December 31, 2012	483,506,127	19,340,245		
Conversion of mandatory and contingent convertible securities on April 8, 2013	(83,506,127)	(3,340,245)	83,506,127	3,340,245
Capital as of December 31, 2013	400,000,000¹	16,000,000		
Staff shares				
Capital as of December 31, 2012	21,482,190	859,288		
Subscriptions in 2013 – before AGM	(18,822,723)	(752,909)	18,822,723	752,909
AGM of April 26, 2013 – increase	27,340,533	1,093,621		
Subscriptions in 2013 – after AGM	(18,950,402)	(758,016)	18,950,402	758,016
Capital as of December 31, 2013	11,049,598	441,984		
Conversion capital				
Capital as of December 31, 2012	200,000,000	8,000,000		
Conversion of mandatory and contingent convertible securities on April 8, 2013	(50,000,000)	(2,000,000)	50,000,000	2,000,000
Capital as of December 31, 2013	150,000,000²	6,000,000		
Authorized capital				
Capital as of December 31, 2012	92,315,800	3,692,632		
Conversion of mandatory and contingent convertible securities on April 8, 2013	(66,457,888)	(2,658,316)	66,457,888	2,658,316
AGM of April 26, 2013 – increase	124,142,088	4,965,684		
Stock dividend in May 2013	(37,552,287)	(1,502,091)	37,552,287	1,502,091
Capital as of December 31, 2013	112,447,713	4,497,909		
Share capital as of December 31, 2013			1,596,119,349	63,844,774

¹ 400.0 million shares reserved for high-trigger capital instruments.

² 98.9 million shares reserved for high-trigger capital instruments.

9 General reserves

General reserves were CHF 1,800 million as of the end of 2013 compared to CHF 4,810 million as of the end of 2012. The decrease of CHF 3,010 million was related to the conversion and settlement of mandatory and contingent convertible securities (MACCS) issued in July 2012. On April 8, 2013, the Group

settled and delivered 199,964,015 newly issued shares in connection with the conversion of MACCS and, after the issuance of the shares, transferred CHF 8 million, representing the par value of the issued shares, to share capital, and CHF 3,002 million, representing the capital surplus, to reserves from capital contributions.

10 Risk assessment

► Refer to "Note 43 – Risk assessment" in V – Consolidated financial statements – Credit Suisse Group for further information on the company's risk assessment in accordance with the Swiss Code of Obligations.

Proposed appropriation of retained earnings and capital distribution

Proposed appropriation of retained earnings

end of	2013
Retained earnings (CHF million)	
Retained earnings brought forward	4,666
Net income	409
Retained earnings available for appropriation	5,075
To be carried forward	5,075
Total	5,075

Proposed distribution out of reserves from capital contributions

	2013
Reserves from capital contributions (CHF million)	
Balance at beginning of year	14,661
Capital surplus for issued registered shares	3,999
Cash distribution	(154)
Distribution of newly issued registered shares (stock dividend)	(2)
Balance at end of year	18,504
Distribution of CHF 0.70 per registered share in cash ¹	(1,117)
Balance after distribution	17,387

¹ 1,596.1 million registered shares – net of own shares held by the company – at December 31, 2013. The number of registered shares eligible for distribution may change due to the issuance of new registered shares and activities in own shares.



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Confirmation to the Board of Directors relating to the Conditional Increase of Share Capital of
Credit Suisse Group AG, Zurich

We have been engaged to audit the issuance of new shares during the period from 1 January 2013 to 3 April 2013 according to the resolutions of the general meeting of shareholders from 29 September 2000 in accordance with article 653f para. 1 CO.

It is the responsibility of the board of directors to issue the new shares in accordance with the provisions in the articles of incorporation. Our responsibility is to audit whether the issuance has been conducted in accordance with the provisions of Swiss law and the articles of incorporation. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance that material breaches of Swiss law or the articles of incorporation are recognized. We have performed the procedures deemed necessary under the circumstances and believe that our audit provides a reasonable basis for our opinion.

In our opinion, the issuance of 18,822,723 registered shares with nominal value of CHF 0.04 each and a total nominal value of CHF 752,908.92 complies with Swiss law and the articles of incorporation.

KPMG AG

Simon Ryder
Licensed Audit Expert

Ralph Dicht
Licensed Audit Expert

Zurich, 3 April 2013



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Independent Auditor's Report to the Board of Directors of
Credit Suisse Group AG, Zurich

We have audited the issue of new shares by Credit Suisse Group AG during the period from 4 April 2013 to 31 December 2013 pursuant to the resolution of the General Meeting of Shareholders of 26 April 2013 in accordance with article 653f para. 1 Code of Obligations (CO).

Board of Directors' Responsibility

The Board of Directors is responsible for the issue of new shares in accordance with the legal requirements and the company's articles of incorporation.

Auditor's Responsibility

Our responsibility is to express an opinion based on our audit as to whether the issue of new shares complies with Swiss law and the company's articles of incorporation. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the issue of new shares complies with the legal requirements and the company's articles of incorporation.

An audit involves performing procedures to obtain audit evidence so that material breaches of the legal requirements and the company's articles of incorporation for the issue of new shares may be identified with reasonable assurance. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material breaches of the requirements concerning the issue of new shares, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the issue of 18,950,402 registered shares with a nominal value of CHF 0.04 complies with Swiss law and the company's articles of incorporation.

KPMG AG

Simon Ryder
Licensed Audit Expert

Ralph Dicht
Licensed Audit Expert

Zurich, 5 February 2014

VII

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Report of the Independent Registered Public Accounting Firm

Credit Suisse AG, Zurich

We have audited the accompanying consolidated balance sheets of Credit Suisse AG and subsidiaries (the “Bank”) as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Bank’s management and the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Bank’s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 3, 2014 expressed an unqualified opinion on the effectiveness of the Bank’s internal control over financial reporting.

KPMG AG

Simon Ryder
Licensed Audit Expert
Auditor in Charge

Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
April 3, 2014

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Consolidated financial statements

Consolidated statements of operations

	Reference to notes	2013	2012	in 2011
Consolidated statements of operations (CHF million)				
Interest and dividend income	6	19,021	21,544	22,411
Interest expense	6	(11,306)	(14,734)	(16,404)
Net interest income	6	7,715	6,810	6,007
Commissions and fees	7	13,058	12,549	12,360
Trading revenues	8	2,764	1,329	4,741
Other revenues	9	1,793	2,490	1,745
Net revenues		25,330	23,178	24,853
Provision for credit losses	10	93	88	123
Compensation and benefits	11	11,187	12,219	12,976
General and administrative expenses	12	8,654	7,204	7,328
Commission expenses		1,726	1,685	1,915
Total other operating expenses		10,380	8,889	9,243
Total operating expenses		21,567	21,108	22,219
Income from continuing operations before taxes		3,670	1,982	2,511
Income tax expense	26	1,177	447	444
Income from continuing operations		2,493	1,535	2,067
Income/(loss) from discontinued operations, net of tax	4	145	(40)	(25)
Net income		2,638	1,495	2,042
Net income/(loss) attributable to noncontrolling interests		860	(600)	901
Net income/(loss) attributable to shareholder		1,778	2,095	1,141
of which from continuing operations		1,633	2,135	1,166
of which from discontinued operations		145	(40)	(25)

Consolidated statements of comprehensive income

		2013	2012	in 2011
Comprehensive income (CHF million)				
Net income		2,638	1,495	2,042
Gains/(losses) on cash flow hedges		2	7	(32)
Foreign currency translation		(2,215)	(1,233)	(293)
Unrealized gains/(losses) on securities		(18)	(43)	(3)
Actuarial gains/(losses)		(43)	58	142
Net prior service credit/(cost)		0	(1)	(1)
Other comprehensive income/(loss), net of tax		(2,274)	(1,212)	(187)
Comprehensive income		364	283	1,855
Comprehensive income/(loss) attributable to noncontrolling interests		824	(811)	940
Comprehensive income attributable to shareholder		(460)	1,094	915

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets

	Reference to notes	2013	end of 2012
Assets (CHF million)			
Cash and due from banks		68,077	61,376
of which reported at fair value		527	569
of which reported from consolidated VIEs		952	1,750
Interest-bearing deposits with banks		3,385	3,719
of which reported at fair value		311	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	13	160,013	183,446
of which reported at fair value		96,587	113,664
of which reported from consolidated VIEs		1,959	117
Securities received as collateral, at fair value		22,800	30,045
of which encumbered		17,964	17,767
Trading assets, at fair value	14	229,736	256,602
of which encumbered		72,976	70,948
of which reported from consolidated VIEs		3,610	4,697
Investment securities	15	1,627	1,939
of which reported at fair value		1,627	1,939
of which reported from consolidated VIEs		100	23
Other investments	16	10,207	11,816
of which reported at fair value		7,590	8,892
of which reported from consolidated VIEs		1,983	2,289
Net loans	17	231,157	227,498
of which reported at fair value		19,457	20,000
of which encumbered		638	535
of which reported from consolidated VIEs		4,207	6,053
allowance for loan losses		(691)	(721)
Premises and equipment	18	4,895	5,416
of which reported from consolidated VIEs		481	546
Goodwill	19	7,121	7,510
Other intangible assets	20	210	243
of which reported at fair value		42	43
Brokerage receivables		52,044	45,768
Other assets	21	61,556	72,782
of which reported at fair value		31,518	37,259
of which encumbered		722	1,495
of which reported from consolidated VIEs		14,329	14,508
Assets of discontinued operations held-for-sale		1,584	–
Total assets		854,412	908,160

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets (continued)

	Reference to notes	2013	end of 2012
Liabilities and equity (CHF million)			
Due to banks	22	23,147	30,574
of which reported at fair value		1,460	3,431
Customer deposits	22	321,851	297,690
of which reported at fair value		3,241	4,626
of which reported from consolidated VIEs		265	247
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	13	94,032	132,721
of which reported at fair value		76,104	108,784
Obligation to return securities received as collateral, at fair value		22,800	30,045
Trading liabilities, at fair value	14	76,812	91,091
of which reported from consolidated VIEs		93	125
Short-term borrowings		20,193	14,838
of which reported at fair value		6,053	4,513
of which reported from consolidated VIEs		4,286	5,779
Long-term debt	23	126,641	146,997
of which reported at fair value		61,853	64,774
of which reported from consolidated VIEs		12,992	14,532
Brokerage payables		73,154	64,676
Other liabilities	21	51,079	57,367
of which reported at fair value		21,971	26,799
of which reported from consolidated VIEs		710	1,164
Liabilities of discontinued operations held-for-sale		1,140	–
Total liabilities		810,849	865,999
Common shares / participation securities		4,400	4,400
Additional paid-in capital		34,617	28,686
Retained earnings		15,169	13,637
Accumulated other comprehensive income/(loss)	24	(14,194)	(11,956)
Total shareholder's equity		39,992	34,767
Noncontrolling interests		3,571	7,394
Total equity		43,563	42,161
Total liabilities and equity		854,412	908,160

end of	2013	2012
Additional share information		
Par value (CHF)	1.00	100.00
Issued shares	4,399,665,200	43,996,652
Shares outstanding	4,399,665,200	43,996,652

The Bank's total share capital is fully paid and consists of 4,399,665,200 and 43,996,652 registered shares as of December 31, 2013 and 2012, respectively. The increase in the number of shares reflects the split of the par value per share from CHF 100 to CHF 1 effective November 19, 2013. Each share is entitled to one vote. The Bank has no warrants on its own shares outstanding.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in equity

	Attributable to shareholder							Total equity
	Common shares/ participa- tion secu- rities	Additional paid-in capital	Retained earnings	Treasury shares, at cost ¹	Accumu- lated other compre- hensive income	Total share- holder's equity	Non- controlling interests	
2013 (CHF million)								
Balance at beginning of period	4,400	28,686	13,637	0	(11,956)	34,767	7,394	42,161
Purchase of subsidiary shares from non-controlling interests, changing ownership	-	-	-	-	-	-	(22)	(22)
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{2,3}	-	-	-	-	-	-	(5,060)	(5,060)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ³	-	-	-	-	-	-	693	693
Net income/(loss)	-	-	1,778	-	-	1,778	872 ⁴	2,650
Total other comprehensive income/(loss), net of tax	-	-	-	-	(2,238)	(2,238)	(36)	(2,274)
Share-based compensation, net of tax	-	196 ⁵	-	-	-	196	-	196
Dividends on share-based compensation, net of tax	-	(87)	-	-	-	(87)	-	(87)
Dividends paid	-	-	(246)	-	-	(246)	(59)	(305)
Changes in redeemable noncontrolling interests	-	(13)	-	-	-	(13)	-	(13)
Changes in scope of consolidation, net	-	-	-	-	-	-	(211)	(211)
Other	-	5,835 ⁶	-	-	-	5,835	-	5,835
Balance at end of period	4,400	34,617	15,169	0	(14,194)	39,992	3,571	43,563
2012 (CHF million)								
Balance at beginning of period	4,400	24,134	11,824	0	(10,955)	29,403	8,948	38,351
Purchase of subsidiary shares from non-controlling interests, changing ownership	-	252	-	-	-	252	(90)	162
Purchase of subsidiary shares from non-controlling interests, not changing ownership	-	-	-	-	-	-	(875)	(875)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	-	-	-	-	-	-	240	240
Net income/(loss)	-	-	2,095	-	-	2,095	(589)	1,506
Total other comprehensive income/(loss), net of tax	-	-	-	-	(1,001)	(1,001)	(211)	(1,212)
Share-based compensation, net of tax	-	889	-	-	-	889	-	889
Dividends on share-based compensation, net of tax	-	(50)	-	-	-	(50)	-	(50)
Dividends paid	-	-	(267)	-	-	(267)	(54)	(321)
Changes in redeemable noncontrolling interests	-	(7)	-	-	-	(7)	-	(7)
Changes in scope of consolidation, net	-	-	-	-	-	-	25	25
Other	-	3,468	(15)	-	-	3,453	-	3,453
Balance at end of period	4,400	28,686	13,637	0	(11,956)	34,767	7,394	42,161

¹ Reflects Credit Suisse Group shares which are reported as treasury shares. Those shares are held to economically hedge share award obligations.

² Distributions to owners in funds include the return of original capital invested and any related dividends.

³ Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

⁴ Net income attributable to noncontrolling interests excludes CHF (12) million due to redeemable noncontrolling interests.

⁵ Includes a net tax charge of CHF 24 million from the excess recognized compensation expense over fair value of shares delivered.

⁶ Includes a contribution in kind of preferred shares in Credit Suisse Holdings (USA), Inc. from Credit Suisse Group AG to Credit Suisse AG and a capital contribution from Credit Suisse Group AG to Credit Suisse AG.

Consolidated statements of changes in equity (continued)

	Attributable to shareholder							Total equity
	Common shares/ participation securities	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholder's equity	Non-controlling interests	
2011 (CHF million)								
Balance at beginning of period	4,400	24,993	11,105	0	(10,729)	29,769	11,381	41,150
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	(5)	–	–	–	(5)	4	(1)
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(3,369)	(3,369)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	544	544
Net income/(loss)	–	–	1,141	–	–	1,141	852	1,993
Total other comprehensive income/(loss), net of tax	–	–	–	–	(226)	(226)	39	(187)
Issuance of common shares	–	(2)	–	–	–	(2)	–	(2)
Sale of treasury shares	–	3	–	612	–	615	–	615
Repurchase of treasury shares	–	–	–	(612)	–	(612)	–	(612)
Share-based compensation, net of tax	–	(145)	–	–	–	(145)	(2)	(147)
Dividends on share-based compensation, net of tax	–	(85)	–	–	–	(85)	–	(85)
Dividends paid	–	–	(422)	–	–	(422)	(59)	(481)
Changes in redeemable noncontrolling interests	–	(625)	–	–	–	(625)	(140)	(765)
Changes in scope of consolidation, net	–	–	–	–	–	–	(302)	(302)
Balance at end of period	4,400	24,134	11,824	0	(10,955)	29,403	8,948	38,351

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows

in	2013	2012	2011
Operating activities of continuing operations (CHF million)			
Net income	2,638	1,495	2,042
(Income)/loss from discontinued operations, net of tax	(145)	40	25
Income from continuing operations	2,493	1,535	2,067
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)			
Impairment, depreciation and amortization	1,337	1,264	1,181
Provision for credit losses	93	88	123
Deferred tax provision/(benefit)	668	(180)	39
Share of net income/(loss) from equity method investments	33	35	(41)
Trading assets and liabilities, net	10,443	(14,033)	38,728
(Increase)/decrease in other assets	(3,249)	(1,122)	(7,724)
Increase/(decrease) in other liabilities	10,126	(4,214)	5,645
Other, net	94	4,644	(2,923)
Total adjustments	19,545	(13,518)	35,028
Net cash provided by/(used in) operating activities of continuing operations	22,038	(11,983)	37,095
Investing activities of continuing operations (CHF million)			
(Increase)/decrease in interest-bearing deposits with banks	443	315	(1,020)
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	17,120	46,933	(14,681)
Purchase of investment securities	(676)	(276)	(1,232)
Proceeds from sale of investment securities	176	936	2,118
Maturities of investment securities	673	1,442	2,294
Investments in subsidiaries and other investments	(1,338)	(1,947)	(1,410)
Proceeds from sale of other investments	3,165	2,918	6,324
(Increase)/decrease in loans	(7,850)	(10,251)	(14,813)
Proceeds from sales of loans	1,483	1,090	689
Capital expenditures for premises and equipment and other intangible assets	(895)	(1,227)	(1,727)
Proceeds from sale of premises and equipment and other intangible assets	9	26	11
Other, net	115	3,676	189
Net cash provided by/(used in) investing activities of continuing operations	12,425	43,635	(23,258)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows (continued)

in	2013	2012	2011
Financing activities of continuing operations (CHF million)			
Increase/(decrease) in due to banks and customer deposits	22,347	(14,454)	27,429
Increase/(decrease) in short-term borrowings	6,002	(11,643)	4,098
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(36,347)	(39,958)	7,182
Issuances of long-term debt	37,914	37,217	33,650
Repayments of long-term debt	(56,312)	(54,465)	(36,591)
Issuances of common shares	0	0	(2)
Sale of treasury shares	0	0	615
Repurchase of treasury shares	0	0	(612)
Dividends paid	(305)	(321)	(481)
Excess tax benefits related to share-based compensation	0	42	0
Other, net	1,181	3,603	(2,779)
Net cash provided by/(used in) financing activities of continuing operations	(25,520)	(79,979)	32,509
Effect of exchange rate changes on cash and due from banks (CHF million)			
Effect of exchange rate changes on cash and due from banks	(1,215)	(1,175)	(691)
Net cash provided by/(used in) discontinued operations (CHF million)			
Net cash provided by/(used in) discontinued operations	(1,027)	(346)	222
Net increase/(decrease) in cash and due from banks (CHF million)			
Net increase/(decrease) in cash and due from banks	6,701	(49,848)	45,877
Cash and due from banks at beginning of period	61,376	111,224	65,347
Cash and due from banks at end of period	68,077	61,376	111,224

Supplemental cash flow information

in	2013	2012	2011
Cash paid for income taxes and interest (CHF million)			
Cash paid for income taxes	769	962	1,038
Cash paid for interest	11,686	14,881	17,100
Assets acquired and liabilities assumed in business acquisitions (CHF million)			
Fair value of assets acquired	4	2,418	0
Fair value of liabilities assumed	0	2,418	0
Assets and liabilities sold in business divestitures (CHF million)			
Assets sold	338	0	0
Liabilities sold	162	0	0

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The accompanying consolidated financial statements of Credit Suisse AG (the Bank), a Swiss bank subsidiary of Credit Suisse Group AG (the Group), are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). The financial year for the Bank ends on December 31. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation which had no impact on net income/(loss) or total shareholder's equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the evaluation of variable interest entities (VIEs), the impairment of assets other than loans, recognition of deferred tax assets, tax uncertainties, pension liabilities, as well as various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

▶ Refer to "Note 1 – Summary of significant accounting policies" in V – Consolidated financial statements – Credit Suisse Group for a summary of significant accounting policies, with the exception of the following accounting policies.

Pensions and other post-retirement benefits

Credit Suisse sponsors a Group defined benefit pension plan in Switzerland that covers eligible employees of the Bank domiciled in Switzerland. The Bank also has single-employer defined benefit pension plans and defined contribution pension plans in Switzerland and other countries around the world.

For the Bank's participation in the Group defined benefit pension plan, no retirement benefit obligation is recognized in the consolidated balance sheets of the Bank and defined contribution accounting is applied, as the Bank is not the sponsoring entity of the Group plan.

For single-employer defined benefit plans, the Bank uses the projected unit credit actuarial method to determine the present value of its projected benefit obligations (PBO) and the current and past service costs or credits related to its defined benefit and other post-retirement benefit plans. The measurement date used to perform the actuarial valuation is December 31.

Certain key assumptions are used in performing the actuarial valuations. These assumptions must be made concerning the future events that will determine the amount and timing of the benefit payments and thus require significant judgment and estimates by Bank management. For example, assumptions have to be made

with regard to discount rates, expected return on plan assets and salary increases.

The assumed discount rates reflect the rates at which the pension benefits could be effectively settled. These rates are determined based on yields of high-quality corporate bonds currently available and are expected to be available during the period to maturity of the pension benefits. In countries where no deep market in high-quality corporate bonds exists, the estimate is based on governmental bonds adjusted to include a risk premium reflecting the additional risk for corporate bonds.

The expected long-term rate of return on plan assets is determined on a plan-by-plan basis, taking into account asset allocation, historical rate of return, benchmark indices for similar-type pension plan assets, long-term expectations of future returns and investment strategy.

Health care cost trend rates are determined by reviewing external data and the Bank's own historical trends for health care costs. Salary increases are determined by reviewing external data and considering internal projections.

The funded status of the Bank's defined benefit post-retirement and pension plans is recognized in the consolidated balance sheets.

Actuarial gains and losses in excess of 10% of the greater of the PBO or the market value of plan assets and unrecognized prior service costs or credits are amortized to net periodic pension and other post-retirement benefit costs on a straight-line basis over the average remaining service life of active employees expected to receive benefits.

The Bank records pension expense for defined contribution plans when the employee renders service to the company, essentially coinciding with the cash contributions to the plans.

Own shares, own bonds and financial instruments on Group shares

The Bank's shares are wholly-owned by Credit Suisse Group AG and are not subject to trading. The Bank may buy and sell Credit Suisse Group AG shares (Group shares), own bonds and financial instruments on Group shares within its normal trading and market-making activities. In addition, the Bank may hold Group shares to economically hedge commitments arising from employee share-based compensation awards. Group shares are reported as trading assets, unless those shares are held to economically hedge share award obligations. Hedging shares are reported as treasury shares, resulting in a reduction to total shareholder's equity. Financial instruments on Group shares are recorded as assets or liabilities and carried at fair value. Dividends received on Group shares and unrealized and realized gains and losses on Group shares are recorded according to the classification of the shares as trading assets or treasury shares. Purchases of bonds originally issued by the Bank are recorded as an extinguishment of debt.

2 Recently issued accounting standards

► Refer to “Note 2 – Recently issued accounting standards” in V – Consolidated financial statements – Credit Suisse Group for recently adopted accounting standards and standards to be adopted in future periods.

The impact on the Bank’s and Group’s financial position, results of operations or cash flows was or is expected to be identical.

3 Business developments and subsequent events

► Refer to “Note 3 – Business developments, significant shareholders and subsequent events” in V – Consolidated financial statements – Credit Suisse Group for further information.

4 Discontinued operations

In July 2013, the Bank completed the sale of its exchange-traded funds (ETF) business to BlackRock and recognized a pre-tax gain on disposal of CHF 146 million in the third quarter of 2013 net of allocated goodwill of CHF 72 million. The sale price received by the Bank may increase through future contingent payments, if specified thresholds are met. BlackRock is a company unrelated to the Bank.

In August 2013, the Bank announced the sale of Customized Fund Investment Group (CFIG), its private equity fund of funds and co-investment business, to Grosvenor Capital Management. This transaction was completed in January 2014 and related gains of approximately CHF 90 million will be recognized in the first quarter of 2014. As of December 31, 2013, CFIG had total assets of CHF 31 million that were held-for-sale. The Bank will continue to hold investments in, and have unfunded commitments to, investment funds managed by CFIG. Grosvenor Capital Management is a company unrelated to the Bank.

In August 2013, the Bank completed the sale of Strategic Partners, its dedicated secondary private equity business, to Blackstone and recognized a pre-tax gain on disposal of CHF 91 million in the third quarter of 2013 net of allocated goodwill of CHF 37 million. The Bank will continue to receive carried interest from (and guarantee related claw-back obligations), hold limited partner interests in, and have unfunded commitments to, investment funds managed by Strategic Partners. The Bank will also continue to guarantee minimum investment returns to certain third-party investors under existing side letter agreements. Blackstone is a company unrelated to the Bank.

In December 2013, the Bank completed the spin-off of DLJ Investment Partners, a dedicated private equity mezzanine investment business of the Bank, to Portfolio Advisors, LLC with no gain or loss from disposal and insignificant impact on net revenues, operating expenses and net income/(loss) from discontinued operations for any of the periods reported. Portfolio Advisors, LLC is a company unrelated to the Bank.

In December 2013, the Bank announced the sale of its domestic private banking business booked in Germany (German

private banking business) to ABN AMRO. This transaction is subject to customary closing conditions and is expected to close in the course of 2014. As of December 31, 2013, the German private banking business had total assets and liabilities of CHF 1,553 million and CHF 1,140 million, respectively, that were held-for-sale. ABN AMRO is a company unrelated to the Bank.

► Refer to “Note 4 – Discontinued operations” in V – Consolidated financial statements – Credit Suisse Group for further information.

Assets held-for-sale

end of	2013
German private banking business (CHF million)	
Cash	960
Loans	575
Other assets	18
Total assets held-for-sale	1,553
CFIG (CHF million)	
Fees receivable	8
Goodwill	23
Total assets held-for-sale	31
Bank (CHF million)	
Total assets held-for-sale	1,584

Liabilities held-for-sale

end of	2013
German private banking business (CHF million)	
Deposits	1,118
Other liabilities	22
Total liabilities held-for-sale	1,140
Bank (CHF million)	
Total liabilities held-for-sale	1,140

Income/(loss) from discontinued operations

in	2013	2012	2011
Operations-related (CHF million)			
Net revenues	233	288	284
of which German private banking business	52	54	61
of which ETF business	29	53	36
of which Strategic Partners	33	60	42
of which CFG	114	116	127
Operating expenses	158	296	294
of which German private banking business	71	108	98
of which ETF business	23	49	50
of which Strategic Partners	8	38	30
of which CFG	51	88	98
Income tax expense/(benefit)	38	32	15
of which German private banking business	(6)	2	(11)
of which ETF business	5	2	(2)
of which Strategic Partners	10	15	7
of which CFG	29	16	21
Income/(loss), net of tax	37	(40)	(25)
of which German private banking business	(13)	(56)	(26)
of which ETF business	1	2	(12)
of which Strategic Partners	15	7	5
of which CFG	34	12	8
Transaction-related (CHF million)			
Gain on disposal	237	-	-
of which ETF business	146	-	-
of which Strategic Partners	91	-	-
Transaction-related expenses	93	-	-
of which ETF business	11	-	-
of which Strategic Partners	22	-	-
of which CFG	56	-	-
Income tax expense/(benefit)	36	-	-
of which ETF business	21	-	-
of which Strategic Partners	40	-	-
of which CFG	(24)	-	-
Income/(loss), net of tax	108	-	-
of which ETF business	114	-	-
of which Strategic Partners	29	-	-
of which CFG	(32)	-	-
Discontinued operations – total (CHF million)			
Income/(loss) from discontinued operations, net of tax	145	(40)	(25)
of which German private banking business	(13)	(56)	(26)
of which ETF business	115	2	(12)
of which Strategic Partners	44	7	5
of which CFG	2	12	8

5 Segment information

For the purposes of the presentation of reportable segments, the Bank has included accounts of affiliate entities wholly owned by the same parent which are managed together with the operating segments of the Bank. These affiliate entities include certain bank and trust affiliates, primarily managed by Private Banking & Wealth Management. Income from continuing operations before taxes of these non-consolidated affiliate entities included in the segment presentation for the years ended December 31, 2013, 2012 and 2011 was CHF 243 million, CHF 237 million and CHF

259 million, respectively. For the same periods, net revenues of these non-consolidated affiliate entities included in the segment presentation were CHF 659 million, CHF 684 million and CHF 707 million, respectively, and total assets of these non-consolidated affiliate entities included in the segment presentation as of December 31, 2013 and 2012, were CHF 25.4 billion and CHF 25.8 billion, respectively.

► Refer to "Note 5 – Segment information" in V – Consolidated financial statements – Credit Suisse Group for further information.

Net revenues and income/(loss) from continuing operations before taxes

in	2013	2012	2011
Net revenues (CHF million)			
Private Banking & Wealth Management	13,442	13,474	13,397
Investment Banking	12,565	12,558	10,460
Adjustments ^{1,2}	(677)	(2,854)	996
Net revenues	25,330	23,178	24,853
Income/(loss) before taxes (CHF million)			
Private Banking & Wealth Management	3,240	3,775	2,961
Investment Banking	1,719	2,002	(593)
Adjustments ^{1,3}	(1,289)	(3,795)	143
Income before taxes	3,670	1,982	2,511

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice versa, and certain expenses that were not allocated to the segments.

² Includes noncontrolling interest-related revenues of CHF 682 million, CHF 365 million and CHF 900 million in 2013, 2012 and 2011, respectively, from the consolidation of certain private equity funds and other entities in which the Bank does not have a significant economic interest in such revenues.

³ Includes noncontrolling interest income of CHF 635 million, CHF 307 million and CHF 816 million in 2013, 2012 and 2011, respectively, from the consolidation of certain private equity funds and other entities in which the Bank does not have a significant economic interest in such income.

Total assets

end of	2013	2012
Total assets (CHF million)		
Private Banking & Wealth Management	279,139	275,683
Investment Banking	502,799	563,758
Adjustments ¹	72,474	68,719
Total assets	854,412	908,160

Beginning in the first quarter of 2013, segment assets exclude intra-group balances between the segments. Prior period has been reclassified to conform to the current presentation.

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice versa, and certain expenses that were not allocated to the segments.

Net revenues and income/(loss) from continuing operations before taxes by geographic location

in	2013	2012	2011
Net revenues (CHF million)			
Switzerland	7,479	7,968	7,754
EMEA	4,797	3,444	6,389
Americas	10,847	9,942	9,011
Asia Pacific	2,207	1,824	1,699
Net revenues	25,330	23,178	24,853
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	300	1,170	(176)
EMEA	195	(1,374)	1,312
Americas	3,317	3,023	2,330
Asia Pacific	(142)	(837)	(955)
Income from continuing operations before taxes	3,670	1,982	2,511

The designation of net revenues and income/(loss) from continuing operations before taxes is based on the location of the office recording the transactions. This presentation does not reflect the way the Bank is managed.

Total assets by geographic location

end of	2013	2012
Total assets (CHF million)		
Switzerland	181,584	183,735
EMEA	194,825	221,476
Americas	398,127	422,181
Asia Pacific	79,876	80,768
Total assets	854,412	908,160

The designation of total assets by region is based upon customer domicile.

6 Net interest income

in	2013	2012	2011
Net interest income (CHF million)			
Loans	4,323	4,318	4,307
Investment securities	28	52	74
Trading assets	10,058	11,949	11,700
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	2,517	2,940	3,265
Other	2,095	2,285	3,065
Interest and dividend income	19,021	21,544	22,411
Deposits	(958)	(1,324)	(1,650)
Short-term borrowings	(67)	(71)	(69)
Trading liabilities	(5,083)	(6,833)	(7,125)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(1,155)	(1,676)	(1,621)
Long-term debt	(3,794)	(4,554)	(5,537)
Other	(249)	(276)	(402)
Interest expense	(11,306)	(14,734)	(16,404)
Net interest income	7,715	6,810	6,007

7 Commissions and fees

in	2013	2012	2011
Commissions and fees (CHF million)			
Lending business	1,774	1,474	1,247
Investment and portfolio management	3,854	3,625	3,653
Other securities business	101	137	68
Fiduciary business	3,955	3,762	3,721
Underwriting	1,681	1,561	1,479
Brokerage	3,901	3,654	4,016
Underwriting and brokerage	5,582	5,215	5,495
Other services	1,747	2,098	1,897
Commissions and fees	13,058	12,549	12,360

8 Trading revenues

in	2013	2012	2011
Trading revenues (CHF million)			
Interest rate products	1,056	2,868	6,578
Foreign exchange products	1,202	560	(4,456)
Equity/index-related products	952	112	1,605
Credit products	(879)	(3,306)	522
Commodity, emission and energy products	340	198	361
Other products	93	897	131
Total	2,764	1,329	4,741

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

► Refer to "Note 8 – Trading revenues" in V – Consolidated financial statements – Credit Suisse Group for further information.

9 Other revenues

in	2013	2012	2011
Other revenues (CHF million)			
Noncontrolling interests without significant economic interest	695	333	794
Loans held-for-sale	(5)	(37)	(4)
Long-lived assets held-for-sale	30	456	(43)
Equity method investments	240	136	137
Other investments	255	752	330
Other	578	850	531
Other revenues	1,793	2,490	1,745

10 Provision for credit losses

in	2013	2012	2011
Provision for credit losses (CHF million)			
Provision for loan losses	91	77	78
Provision for lending-related and other exposures	2	11	45
Provision for credit losses	93	88	123

11 Compensation and benefits

in	2013	2012	2011
Compensation and benefits (CHF million)			
Salaries and variable compensation	9,455	10,440	10,971
Social security	763	751	842
Other ¹	969	1,028	1,163
Compensation and benefits²	11,187	12,219	12,976

¹ Includes pension and other post-retirement expense of CHF 658 million, CHF 747 million and CHF 926 million in 2013, 2012 and 2011, respectively.

² Includes severance and other compensation expense relating to headcount reductions of CHF 218 million, CHF 427 million and CHF 576 million as of 2013, 2012 and 2011, respectively.

► Refer to "Note 11 – Compensation and benefits" in V – Consolidated financial statements – Credit Suisse Group for further information.

12 General and administrative expenses

in	2013	2012	2011
General and administrative expenses (CHF million)			
Occupancy expenses	1,168	1,191	1,094
IT, machinery, etc.	1,508	1,456	1,433
Provisions and losses	2,136	682	707
Travel and entertainment	342	380	425
Professional services	1,912	1,868	2,016
Goodwill impairment	12	0	0
Amortization and impairment of other intangible assets	25	28	30
Other	1,551	1,599	1,623
General and administrative expenses	8,654	7,204	7,328

13 Securities borrowed, lent and subject to repurchase agreements

end of	2013	2012
Securities borrowed or purchased under agreements to resell (CHF million)		
Central bank funds sold and securities purchased under resale agreements	100,235	121,234
Deposits paid for securities borrowed	59,778	62,212
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	160,013	183,446
Securities lent or sold under agreements to repurchase (CHF million)		
Central bank funds purchased and securities sold under repurchase agreements	86,828	120,164
Deposits received for securities lent	7,204	12,557
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	94,032	132,721

► Refer to "Note 14 – Securities borrowed, lent and subject to repurchase agreements" in V – Consolidated financial statements – Credit Suisse Group for further information.

14 Trading assets and liabilities

end of	2013	2012
Trading assets (CHF million)		
Debt securities	110,115	135,814
Equity securities ¹	76,835	74,945
Derivative instruments ²	31,787	33,416
Other	10,999	12,427
Trading assets	229,736	256,602
Trading liabilities (CHF million)		
Short positions	40,162	51,501
Derivative instruments ²	36,650	39,590
Trading liabilities	76,812	91,091

¹ Including convertible bonds.

² Amounts shown net of cash collateral receivables and payables.

Cash collateral on derivative instruments

end of	2013	2012
Cash collateral – netted (CHF million)¹		
Cash collateral paid	23,929	36,715
Cash collateral received	20,512	33,274
Cash collateral – not netted (CHF million)²		
Cash collateral paid	8,359	10,904
Cash collateral received	11,664	12,224

¹ Recorded as cash collateral netting on derivative instruments in Note 25 – Offsetting of financial assets and financial liabilities.

² Recorded as cash collateral on derivative instruments in Note 21 – Other assets and other liabilities.

15 Investment securities

end of	2013	2012
Investment securities (CHF million)		
Securities available-for-sale	1,627	1,939
Total investment securities	1,627	1,939

Investment securities by type

end of	2013				2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
2013 (CHF million)								
Debt securities issued by foreign governments	1,136	29	1	1,164	1,288	67	0	1,355
Corporate debt securities	262	0	0	262	465	0	0	465
Collateralized debt obligations	100	0	0	100	23	1	0	24
Debt securities available-for-sale	1,498	29	1	1,526	1,776	68	0	1,844
Banks, trust and insurance companies	74	18	0	92	73	14	0	87
Industry and all other	9	0	0	9	8	0	0	8
Equity securities available-for-sale	83	18	0	101	81	14	0	95
Securities available-for-sale	1,581	47	1	1,627	1,857	82	0	1,939

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
2013 (CHF million)						
Debt securities issued by foreign governments	89	1	0	0	89	1
Debt securities available-for-sale	89	1	0	0	89	1

There were no unrealized losses on investment securities in 2012. Bank will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity. No significant impairment was recorded as the Bank does not intend to sell the investments, nor is it more likely than not that the

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	2013		2012		2011	
	Debt securities	Equity securities	Debt securities	Equity securities	Debt securities	Equity securities
Additional information (CHF million)						
Proceeds from sales	163	13	294	642	2,117	1
Realized gains	7	1	14	294	40	0
Realized losses	0	0	(2)	0	(22)	0

Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
2013 (CHF million)			
Due within 1 year	386	388	1.13
Due from 1 to 5 years	1,012	1,038	2.01
Due from 5 to 10 years	100	100	2.62
Total debt securities	1,498	1,526	1.82

16 Other investments

end of	2013	2012
Other investments (CHF million)		
Equity method investments	2,008	2,147
Non-marketable equity securities ¹	5,988	7,156
Real estate held for investment	557	641
Life finance instruments ²	1,654	1,872
Total other investments	10,207	11,816

¹ Includes private equity, hedge funds and restricted stock investments as well as certain investments in non-marketable mutual funds for which the Bank has neither significant influence nor control over the investee.

² Includes life settlement contracts at investment method and SPIA contracts.

Non-marketable equity securities include investments in entities that regularly calculate net asset value per share or its equivalent.

► Refer to "Note 33 – Financial instruments" for further information on such investments.

Substantially all non-marketable equity securities are carried at fair value. There were no non-marketable equity securities not carried at fair value that have been in a continuous unrealized loss position.

The Bank performs a regular impairment analysis of real estate portfolios. The carrying values of the impaired properties

were written down to their respective fair values, establishing a new cost base. For these properties, the fair values were measured based on either discounted cash flow analyses or external market appraisals. Impairments of CHF 48 million, CHF 13 million and CHF 3 million were recorded in 2013, 2012 and 2011, respectively.

Accumulated depreciation related to real estate held for investment amounted to CHF 289 million, CHF 280 million and CHF 278 million for 2013, 2012 and 2011, respectively.

► Refer to "Note 17 – Other investments" in V – Consolidated financial statements – Credit Suisse Group for further information.

17 Loans, allowance for loan losses and credit quality

end of	2013	2012
Loans (CHF million)		
Mortgages	81,115	78,328
Loans collateralized by securities	31,472	27,248
Consumer finance	3,025	3,931
Consumer	115,612	109,507
Real estate ¹	24,673	23,209
Commercial and industrial loans ¹	60,375	59,837
Financial institutions ¹	28,473	33,624
Governments and public institutions ¹	2,864	2,163
Corporate & institutional	116,385	118,833
Gross loans	231,997	228,340
of which held at amortized cost	212,540	208,340
of which held at fair value	19,457	20,000
Net (unearned income)/deferred expenses	(149)	(121)
Allowance for loan losses	(691)	(721)
Net loans	231,157	227,498
Gross loans by location (CHF million)		
Switzerland	135,813	135,439
Foreign	96,184	92,901
Gross loans	231,997	228,340
Impaired loan portfolio (CHF million)		
Non-performing loans	659	637
Non-interest-earning loans	255	281
Total non-performing and non-interest-earning loans	914	918
Restructured loans	6	30
Potential problem loans	274	450
Total other impaired loans	280	480
Gross impaired loans	1,194	1,398

¹ Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions, and from governments and public institutions to commercial and industrial loans, respectively.

Allowance for loan losses

	2013			2012			2011		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)									
Balance at beginning of period	143	578	721	159	563	722	157	675	832
Changes in scope of consolidation	0	(1)	(1)	(18)	0	(18)	0	0	0
Net movements recognized in statements of operations	7	84	91	26	51	77	21	57	78
Gross write-offs	(38)	(147)	(185)	(42)	(80)	(122)	(58)	(175)	(233)
Recoveries	20	30	50	19	20	39	33	4	37
Net write-offs	(18)	(117)	(135)	(23)	(60)	(83)	(25)	(171)	(196)
Provisions for interest	5	20	25	4	20	24	0	11	11
Foreign currency translation impact and other adjustments, net	(3)	(7)	(10)	(5)	4	(1)	6	(9)	(3)
Balance at end of period	134	557	691	143	578	721	159	563	722
of which individually evaluated for impairment	104	407	511	116	416	532	130	387	517
of which collectively evaluated for impairment	30	150	180	27	162	189	29	176	205
Gross loans held at amortized cost (CHF million)									
Balance at end of period	115,601	96,939	212,540	109,495	98,845	208,340	105,561	94,000	199,561
of which individually evaluated for impairment ¹	354	840	1,194	422	976	1,398	425	947	1,372
of which collectively evaluated for impairment	115,247	96,099	211,346	109,073	97,869	206,942	105,136	93,053	198,189

¹ Represents gross impaired loans both with and without a specific allowance.

Purchases, reclassifications and sales

in	2013			2012			2011		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Loans held at amortized cost (CHF million)									
Purchases ¹	0	4,611	4,611	348	4,605	4,953	0	4,121	4,121
Reclassifications from loans held-for-sale ²	0	275	275	0	216	216	0	0	0
Reclassifications to loans held-for-sale ³	0	996	996	0	1,323	1,323	0	1,363	1,363
Sales ³	0	698	698	0	1,058	1,058	0	1,117	1,117

¹ Includes drawdowns under purchased loan commitments.

² Includes loans previously reclassified to held-for-sale that were not sold and were reclassified back to loans held-to-maturity.

³ All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

Gross loans held at amortized cost by internal counterparty rating

end of	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Total
2013 (CHF million)											
Mortgages	295	2,189	16,030	49,618	12,052	732	36	0	0	163	81,115
Loans collateralized by securities	182	348	4,208	24,442	2,101	89	2	6	0	94	31,472
Consumer finance	0	14	222	2,339	335	19	0	0	0	85	3,014
Consumer	477	2,551	20,460	76,399	14,488	840	38	6	0	342	115,601
Real estate	1,343	991	3,330	12,484	5,701	308	0	1	0	69	24,227
Commercial and industrial loans	135	675	1,716	20,337	21,620	3,453	227	6	0	596	48,765
Financial institutions	1,319	1,689	10,274	6,045	2,436	776	14	1	0	112	22,666
Governments and public institutions	37	275	141	386	146	73	223	0	0	0	1,281
Corporate & institutional	2,834	3,630	15,461	39,252	29,903	4,610	464	8	0	777	96,939
Gross loans held at amortized cost	3,311	6,181	35,921	115,651	44,391	5,450	502	14	0	1,119	212,540
Value of collateral ¹	2,540	4,842	26,486	107,470	37,699	3,066	85	0	0	514	182,702
2012 (CHF million)											
Mortgages	378	708	11,277	51,295	14,088	413	8	8	0	153	78,328
Loans collateralized by securities	79	57	944	23,289	2,686	91	6	1	0	95	27,248
Consumer finance	0	6	98	3,171	473	18	0	0	1	152	3,919
Consumer	457	771	12,319	77,755	17,247	522	14	9	1	400	109,495
Real estate ²	330	367	2,039	13,397	6,522	159	0	0	0	50	22,864
Commercial and industrial loans ²	142	307	1,442	21,079	21,319	3,268	203	1	40	676	48,477
Financial institutions ²	2,288	2,086	12,490	5,168	3,552	381	0	33	14	147	26,159
Governments and public institutions	68	34	324	464	125	101	229	0	0	0	1,345
Corporate & institutional	2,828	2,794	16,295	40,108	31,518	3,909	432	34	54	873	98,845
Gross loans held at amortized cost	3,285	3,565	28,614	117,863	48,765	4,431	446	43	55	1,273	208,340
Value of collateral ¹	2,899	2,577	18,358	107,275	40,170	2,835	170	43	4	664	174,995

¹ Includes the value of collateral up to the amount of the outstanding related loans. For mortgages, collateral values are generally values at the time of granting the loan.

² Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions.

Gross loans held at amortized cost – aging analysis

end of	Current				Past due		Total	Total
	Up to 30 days	31-60 days	61-90 days	More than 90 days	Total			
2013 (CHF million)								
Mortgages	80,823	103	25	24	140	292	81,115	
Loans collateralized by securities	31,272	95	2	12	91	200	31,472	
Consumer finance	2,650	277	38	28	21	364	3,014	
Consumer	114,745	475	65	64	252	856	115,601	
Real estate	24,139	18	2	1	67	88	24,227	
Commercial and industrial loans	48,035	272	73	72	313	730	48,765	
Financial institutions	22,477	84	2	1	102	189	22,666	
Governments and public institutions	1,276	5	0	0	0	5	1,281	
Corporate & institutional	95,927	379	77	74	482	1,012	96,939	
Gross loans held at amortized cost	210,672	854	142	138	734	1,868	212,540	
2012 (CHF million)								
Mortgages	78,023	154	14	10	127	305	78,328	
Loans collateralized by securities	26,919	220	3	3	103	329	27,248	
Consumer finance	3,508	314	33	26	38	411	3,919	
Consumer	108,450	688	50	39	268	1,045	109,495	
Real estate ¹	22,709	106	2	2	45	155	22,864	
Commercial and industrial loans ¹	47,334	640	22	136	345	1,143	48,477	
Financial institutions ¹	25,926	53	2	34	144	233	26,159	
Governments and public institutions	1,310	35	0	0	0	35	1,345	
Corporate & institutional	97,279	834	26	172	534	1,566	98,845	
Gross loans held at amortized cost	205,729	1,522	76	211	802	2,611	208,340	

¹ Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions.

Gross impaired loans by category

end of	Non-performing and non-interest earning loans			Other impaired loans			Total
	Non-performing loans	Non-interest-earning loans	Total	Restructured loans	Potential problem loans	Total	
2013 (CHF million)							
Mortgages	144	7	151	0	21	21	172
Loans collateralized by securities	20	71	91	0	5	5	96
Consumer finance	81	5	86	0	0	0	86
Consumer	245	83	328	0	26	26	354
Real estate	52	13	65	0	5	5	70
Commercial and industrial loans	291	126	417	6	215	221	638
Financial institutions	71	33	104	0	28	28	132
Corporate & institutional	414	172	586	6	248	254	840
Gross impaired loans	659	255	914	6	274	280	1,194
2012 (CHF million)							
Mortgages	125	9	134	0	39	39	173
Loans collateralized by securities	18	74	92	0	3	3	95
Consumer finance	143	10	153	0	1	1	154
Consumer	286	93	379	0	43	43	422
Real estate	42	4	46	0	15	15	61
Commercial and industrial loans	251	146	397	30	327	357	754
Financial institutions	58	38	96	0	65	65	161
Corporate & institutional	351	188	539	30	407	437	976
Gross impaired loans	637	281	918	30	450	480	1,398

As of December 31, 2013 and 2012, loans held-to-maturity carried at amortized cost did not include any subprime residential mortgages. Accordingly, impaired loans did not include any subprime residential mortgages. As of December 31, 2013 and 2012, the Bank did not have any material commitments to lend additional funds to debtors whose loan terms have been modified in troubled debt restructurings.

In 2013, 2012 and 2011, the number of troubled debt restructurings and related financial effects and the number of defaults and related carrying values of loans, which had been restructured within the previous 12 months, were not material.

Gross impaired loan details

end of	2013			2012		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
Gross impaired loan detail (CHF million)						
Mortgages	162	153	16	149	141	16
Loans collateralized by securities	67	63	54	68	66	53
Consumer finance	68	67	34	129	125	47
Consumer	297	283	104	346	332	116
Real estate	68	63	13	58	54	18
Commercial and industrial loans	629	584	312	627	592	306
Financial institutions	131	127	82	157	154	92
Corporate & institutional	828	774	407	842	800	416
Gross impaired loans with a specific allowance	1,125	1,057	511	1,188	1,132	532
Mortgages	10	10	–	24	24	–
Loans collateralized by securities	29	29	–	27	27	–
Consumer finance	18	18	–	25	25	–
Consumer	57	57	–	76	76	–
Real estate	2	2	–	3	3	–
Commercial and industrial loans	9	9	–	127	128	–
Financial institutions	1	1	–	4	4	–
Corporate & institutional	12	12	–	134	135	–
Gross impaired loans without specific allowance	69	69	–	210	211	–
Gross impaired loans	1,194	1,126	511	1,398	1,343	532
of which consumer	354	340	104	422	408	116
of which corporate & institutional	840	786	407	976	935	416

Gross impaired loan details (continued)

in	2013			2012			2011		
	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis
Gross impaired loan detail (CHF million)									
Mortgages	154	1	1	152	1	1	142	1	1
Loans collateralized by securities	70	2	2	68	1	0	82	1	0
Consumer finance	87	0	0	117	3	3	135	2	2
Consumer	311	3	3	337	5	4	359	4	3
Real estate	67	1	1	43	0	0	28	0	0
Commercial and industrial loans	669	5	5	556	3	2	812	7	6
Financial institutions	136	0	0	191	2	2	147	0	0
Governments and public institutions	0	0	0	6	0	0	6	0	0
Corporate & institutional	872	6	6	796	5	4	993	7	6
Gross impaired loans with a specific allowance	1,183	9	9	1,133	10	8	1,352	11	9
Mortgages	19	0	0	27	0	0	68	0	0
Loans collateralized by securities	27	0	0	8	0	0	4	0	0
Consumer finance	22	0	0	41	0	0	19	0	0
Consumer	68	0	0	76	0	0	91	0	0
Real estate	11	0	0	12	0	0	74	5	5
Commercial and industrial loans	58	0	0	199	3	3	130	0	0
Financial institutions	2	0	0	8	0	0	19	0	0
Corporate & institutional	71	0	0	219	3	3	223	5	5
Gross impaired loans without specific allowance	139	0	0	295	3	3	314	5	5
Gross impaired loans	1,322	9	9	1,428	13	11	1,666	16	14
of which consumer	379	3	3	413	5	4	450	4	3
of which corporate & institutional	943	6	6	1,015	8	7	1,216	12	11

► Refer to "Note 18 – Loans, allowance for loan losses and credit quality" in V – Consolidated financial statements – Credit Suisse Group for further information.

18 Premises and equipment

end of	2013	2012
Premises and equipment (CHF million)		
Buildings and improvements	2,201	2,210
Land	466	476
Leasehold improvements	2,031	2,159
Software	5,734	5,323
Equipment	2,288	3,080
Premises and equipment	12,720	13,248
Accumulated depreciation	(7,825)	(7,832)
Total premises and equipment, net	4,895	5,416

Depreciation and impairment

in	2013	2012	2011
CHF million			
Depreciation	1,227	1,218	1,067
Impairment	65	17	84

In 2011, the estimated useful lives for leasehold and building improvements in Switzerland were increased from five to ten years, based on a change in estimate. The cumulative effect of adopting

this change in estimate on January 1, 2011 was a decrease in depreciation expense of CHF 57 million (CHF 50 million after tax).

19 Goodwill

end of	2013			2012		
	Private Banking & Wealth Management	Investment Banking	Credit Suisse (Bank)	Private Banking & Wealth Management	Investment Banking	Credit Suisse (Bank)
Gross amount of goodwill (CHF million)						
Balance at beginning of period	2,210	5,382	7,592	2,260	5,522	7,782
Goodwill acquired during the year	3	0	3	28	0	28
Discontinued operations	(127)	0	(127)	0	0	0
Foreign currency translation impact	(72)	(141)	(213)	(65)	(138)	(203)
Other	(36)	(4)	(40)	(13)	(2)	(15)
Balance at end of period	1,978	5,237	7,215	2,210	5,382	7,592
Accumulated impairment (CHF million)						
Balance at beginning of period	0	82	82	0	82	82
Impairment losses	12	0	12	0	0	0
Balance at end of period	12	82	94	0	82	82
Net book value (CHF million)						
Net book value	1,966	5,155	7,121	2,210	5,300	7,510

► Refer to "Note 20 – Goodwill" in V – Consolidated financial statements – Credit Suisse Group for further information.

20 Other intangible assets

end of	2013			2012		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets (CHF million)						
Trade names/trademarks	25	(21)	4	25	(21)	4
Client relationships	222	(106)	116	303	(142)	161
Other	7	(1)	6	8	(2)	6
Total amortizing other intangible assets	254	(128)	126	336	(165)	171
Non-amortizing other intangible assets	84	–	84	72	–	72
of which mortgage servicing rights, at fair value	42	–	42	43	–	43
Total other intangible assets	338	(128)	210	408	(165)	243

Additional information

in	2013	2012	2011
Aggregate amortization and impairment (CHF million)			
Aggregate amortization	24	28	30
Impairment	8	0	0
of which related to discontinued operations	7	0	0

Estimated amortization

Estimated amortization (CHF million)

2014	18
2015	18
2016	17
2017	17
2018	16

► Refer to “Note 21 – Other intangible assets” in V – Consolidated financial statements – Credit Suisse Group for further information.

21 Other assets and other liabilities

end of	2013	2012
Other assets (CHF million)		
Cash collateral on derivative instruments	8,359	10,904
Cash collateral on non-derivative transactions	1,412	1,995
Derivative instruments used for hedging	2,062	3,913
Assets held-for-sale	19,306	20,343
of which loans ¹	18,914	19,894
of which real estate	392	442
Assets held for separate accounts	11,236	13,414
Interest and fees receivable	4,839	5,845
Deferred tax assets	6,179	7,094
Prepaid expenses	568	532
Failed purchases	2,365	2,699
Other	5,230	6,043
Other assets	61,556	72,782
Other liabilities (CHF million)		
Cash collateral on derivative instruments	11,664	12,224
Cash collateral on non-derivative transactions	955	1,246
Derivative instruments used for hedging	384	1,114
Provisions ²	2,630	1,348
of which off-balance sheet risk	59	59
Liabilities held for separate accounts	11,236	13,414
Interest and fees payable	5,569	6,556
Current tax liabilities	805	811
Deferred tax liabilities	80	103
Failed sales	2,396	4,336
Other	15,360	16,215
Other liabilities	51,079	57,367

¹ Included as of December 31, 2013 and 2012 were CHF 1,778 million and CHF 3,730 million, respectively, in restricted loans, which represented collateral on secured borrowings, and CHF 769 million and CHF 922 million, respectively, in loans held in trusts, which are consolidated as a result of failed sales under US GAAP.

² Includes provisions for bridge commitments.

22 Deposits

end of	2013			2012		
	Switzer-land	Foreign	Total	Switzer-land	Foreign	Total
Deposits (CHF million)						
Non-interest-bearing demand deposits	4,735	4,336	9,071	8,282	4,521	12,803
Interest-bearing demand deposits	137,274	27,169	164,443	129,352	25,713	155,065
Savings deposits	55,637	26	55,663	52,534	44	52,578
Time deposits	14,655	101,166	115,821 ¹	8,965	98,853	107,818 ¹
Total deposits	212,301	132,697	344,998²	199,133	129,131	328,264²
of which due to banks	–	–	23,147	–	–	30,574
of which customer deposits	–	–	321,851	–	–	297,690

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

¹ Included CHF 115,792 million and CHF 107,705 million as of December 31, 2013 and 2012, respectively, of the Swiss franc equivalent of individual time deposits greater than USD 100,000 in Switzerland and foreign offices.

² Not included as of December 31, 2013 and 2012 were CHF 18 million and CHF 67 million, respectively, of overdrawn deposits reclassified as loans.

23 Long-term debt

end of	2013	2012
Long-term debt (CHF million)		
Senior	91,893	112,123
Subordinated	21,756	20,342
Non-recourse liabilities from consolidated VIEs	12,992	14,532
Long-term debt	126,641	146,997
of which reported at fair value	61,853	64,774
of which structured notes	34,817	36,639

Structured notes by product

end of	2013	2012
Structured notes (CHF million)		
Equity	23,315	23,761
Fixed income	5,573	6,559
Emerging markets ¹	1,766	3,304
Credit	3,453	1,893
Other	710	1,122
Total structured notes	34,817	36,639

¹ Transactions where the return is based on a referenced underlying or counterparty specific to emerging markets.

Long-term debt by maturities

end of	2014	2015	2016	2017	2018	Thereafter	Total
Long-term debt (CHF million)							
Senior debt							
Fixed rate	9,641	13,452	3,092	8,453	2,114	10,862	47,614
Variable rate	10,559	9,866	6,220	4,719	4,982	7,932	44,278
Interest rates (range in %) ¹	0.0–13.1	0.0–12.6	0.3–10.7	0.1–5.1	0.5–3.8	0.0–8.2	–
Subordinated debt							
Fixed rate	154	93	1,780	907	9,508	6,765	19,207
Variable rate	52	19	30	45	2,250	154	2,550
Interest rates (range in %) ¹	0.5–9.3	2.5–10.3	0.3–8.2	0.9–7.3	0.1–13.3	0.1–8.5	–
Non-recourse liabilities from consolidated VIEs							
Fixed rate	0	745	304	14	0	111	1,174
Variable rate	370	164	469	15	0	10,800	11,818
Interest rates (range in %) ¹	0.2–13.2	0.0–3.6	0.0–12.8	1.9–4.0	–	0.0–10.8	–
Total long-term debt	20,776	24,339	11,895	14,153	18,854	36,624	126,641
of which structured notes	8,220	6,843	5,585	2,821	4,760	6,588	34,817

¹ Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

▶ Refer to “Note 24 – Long-term debt” in V – Consolidated financial statements
– Credit Suisse Group for further information.

24 Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Accumu- lated other compre- hensive income
2013 (CHF million)						
Balance at beginning of period	7	(11,349)	53	(670)	3	(11,956)
Increase/(decrease)	6	(2,261)	(13)	(102)	0	(2,370)
Reclassification adjustments, included in net income	(4)	83	(5)	58	0	132
Total increase/(decrease)	2	(2,178)	(18)	(44)	0	(2,238)
Balance at end of period	9	(13,527)	35	(714)	3	(14,194)
2012 (CHF million)						
Balance at beginning of period	0	(10,326)	96	(729)	4	(10,955)
Increase/(decrease)	7	(1,067)	199	4	0	(857)
Reclassification adjustments, included in net income	0	44	(242)	55	(1)	(144)
Total increase/(decrease)	7	(1,023)	(43)	59	(1)	(1,001)
Balance at end of period	7	(11,349)	53	(670)	3	(11,956)
2011 (CHF million)						
Balance at beginning of period	32	(9,994)	99	(871)	5	(10,729)
Increase/(decrease)	(5)	(348)	21	103	0	(229)
Reclassification adjustments, included in net income	(27)	16	(24)	39	(1)	3
Total increase/(decrease)	(32)	(332)	(3)	142	(1)	(226)
Balance at end of period	0	(10,326)	96	(729)	4	(10,955)

Details of significant reclassification adjustments

in	2013
Reclassification adjustments, included in net income (CHF million)	
Cumulative translation adjustments	
Sale of subsidiaries ¹	83
Actuarial gains/(losses)	
Amortization of recognized actuarial losses ²	92
Tax expense/(benefit)	(34)
Net of tax	58

¹ Includes net releases of CHF 84 million on the sale of JO Hambro, which was settled in the third quarter of 2013. These were reclassified from cumulative translation adjustments and included in net income in other revenues, offset by a gain on the transaction.

² These components are included in the computation of total benefit costs. Refer to "Note 29 – Pension and other post-retirement benefits" for further information.

25 Offsetting of financial assets and financial liabilities

► Refer to "Note 26 – Offsetting of financial assets and financial liabilities" in V – Consolidated financial statements – Credit Suisse Group for further information.

Offsetting of derivatives

end of	2013		2012	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Gross derivatives subject to enforceable master netting agreements (CHF billion)				
OTC-cleared	265.3	262.0	365.3	365.4
OTC	183.0	178.0	337.7	327.9
Exchange-traded	0.2	0.2	0.2	0.2
Interest rate products	448.5	440.2	703.2	693.5
OTC	58.4	68.2	60.4	73.2
Exchange-traded	0.1	0.2	0.0	0.0
Foreign exchange products	58.5	68.4	60.4	73.2
OTC	15.5	18.6	12.7	15.2
Exchange-traded	14.8	15.1	13.7	14.1
Equity/index-related products	30.3	33.7	26.4	29.3
OTC-cleared	5.2	5.1	3.0	2.7
OTC	20.8	21.2	27.1	26.8
Credit derivatives	26.0	26.3	30.1	29.5
OTC	4.4	4.1	5.7	5.5
Exchange-traded	0.7	0.6	1.7	1.7
Other products	5.1	4.7	7.4	7.2
OTC-cleared	270.5	267.1	368.3	368.1
OTC	282.1	290.1	443.6	448.6
Exchange-traded	15.8	16.1	15.6	16.0
Total gross derivatives subject to enforceable master netting agreements	568.4	573.3	827.5	832.7
Offsetting (CHF billion)				
OTC-cleared	(269.1)	(267.0)	(367.2)	(367.5)
OTC	(260.6)	(265.6)	(418.6)	(421.7)
Exchange-traded	(15.1)	(15.1)	(14.2)	(14.2)
Offsetting	(544.8)	(547.7)	(800.0)	(803.4)
of which counterparty netting	(523.8)	(523.8)	(766.7)	(766.7)
of which cash collateral netting	(21.0)	(23.9)	(33.3)	(36.7)
Net derivatives presented in the consolidated balance sheets (CHF billion)				
OTC-cleared	1.4	0.1	1.1	0.6
OTC	21.5	24.5	25.0	26.9
Exchange-traded	0.7	1.0	1.4	1.8
Total net derivatives subject to enforceable master netting agreements	23.6	25.6	27.5	29.3
Total derivatives not subject to enforceable master netting agreements¹	10.3	11.4	9.8	11.4
Total net derivatives presented in the consolidated balance sheets	33.9	37.0	37.3	40.7
of which recorded in trading assets and trading liabilities	31.8	36.6	33.4	39.6
of which recorded in other assets and other liabilities	2.1	0.4	3.9	1.1

¹ Represents derivatives where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Offsetting of securities purchased under resale agreements and securities borrowing transactions

end of	2013			2012		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities purchased under resale agreements and securities borrowing transactions (CHF billion)						
Securities purchased under resale agreements	112.0	(25.1)	86.9	141.4	(41.1)	100.3
Securities borrowing transactions	22.7	(1.7)	21.0	20.9	(2.0)	18.9
Total subject to enforceable master netting agreements	134.7	(26.8)	107.9	162.3	(43.1)	119.2
Total not subject to enforceable master netting agreements¹	52.1	–	52.1	64.2	–	64.2
Total	186.8	(26.8)	160.0²	226.5	(43.1)	183.4²

¹ Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 96,587 million and CHF 113,664 million of the total net amount as of December 31, 2013 and 2012, respectively, are reported at fair value.

Offsetting of securities sold under repurchase agreements and securities lending transactions

end of	2013			2012		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities sold under repurchase agreements and securities lending transactions (CHF billion)						
Securities sold under repurchase agreements	86.5	(26.8)	59.7	99.6	(43.1)	56.5
Securities lending transactions	6.6	0.0	6.6	10.8	0.0	10.8
Obligation to return securities received as collateral, at fair value	18.5	0.0	18.5	25.9	0.0	25.9
Total subject to enforceable master netting agreements	111.6	(26.8)	84.8	136.3	(43.1)	93.2
Total not subject to enforceable master netting agreements¹	32.0	–	32.0	69.5	–	69.5
Total	143.6	(26.8)	116.8	205.8	(43.1)	162.7
of which securities sold under repurchase agreements and securities lending transactions	120.8	(26.8)	94.0 ²	175.8	(43.1)	132.7 ²
of which obligation to return securities received as collateral, at fair value	22.8	0.0	22.8	30.0	0.0	30.0

¹ Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 76,104 million and CHF 108,784 million of the total net amount as of December 31, 2013 and 2012, respectively, are reported at fair value.

Amounts not offset in the consolidated balance sheets

end of	2013				2012			
	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure
Financial assets subject to enforceable master netting agreements (CHF billion)								
Derivatives	23.6	4.9	0.1	18.6	27.5	5.8	0.0	21.7
Securities purchased under resale agreements	86.9	86.9	0.0	0.0	100.3	100.3	0.0	0.0
Securities borrowing transactions	21.0	20.2	0.0	0.8	18.9	17.4	0.0	1.5
Total financial assets subject to enforceable master netting agreements	131.5	112.0	0.1	19.4	146.7	123.5	0.0	23.2
Financial liabilities subject to enforceable master netting agreements (CHF billion)								
Derivatives	25.6	9.9	0.0	15.7	29.3	10.8	0.0	18.5
Securities sold under repurchase agreements	59.7	59.7	0.0	0.0	56.5	56.3	0.2	0.0
Securities lending transactions	6.6	6.2	0.0	0.4	10.8	10.2	0.0	0.6
Obligation to return securities received as collateral, at fair value	18.5	17.5	0.0	1.0	25.9	24.2	0.0	1.7
Total financial liabilities subject to enforceable master netting agreements	110.4	93.3	0.0	17.1	122.5	101.5	0.2	20.8

¹ The total amount reported in financial instruments (recognized financial assets and financial liabilities and non-cash financial collateral) and cash collateral is limited to the amount of the related instruments presented in the consolidated balance sheets and therefore any over-collateralization of these positions is not included.

26 Tax

Details of current and deferred taxes

in	2013	2012	2011
Current and deferred taxes (CHF million)			
Switzerland	(52)	85	(35)
Foreign	561	542	440
Current income tax expense	509	627	405
Switzerland	(15)	(121)	(251)
Foreign	683	(59)	290
Deferred income tax expense/(benefit)	668	(180)	39
Income tax expense	1,177	447	444
Income tax expense/(benefit) on discontinued operations	75	31	15
Income tax expense/(benefit) reported in shareholder's equity related to:			
Gains/(losses) on cash flow hedges	1	0	(4)
Cumulative translation adjustment	44	(12)	16
Unrealized gains/(losses) on securities	(8)	(1)	16
Actuarial gains/(losses)	99	30	29
Net prior service cost	0	(2)	(1)
Share-based compensation and treasury shares	1	(53)	275

Reconciliation of taxes computed at the Swiss statutory rate

in	2013	2012	2011
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	300	1,170	(176)
Foreign	3,370	812	2,687
Income from continuing operations before taxes	3,670	1,982	2,511
Reconciliation of taxes computed at the Swiss statutory rate (CHF million)			
Income tax expense computed at the statutory tax rate of 22%	807	436	552
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	215	279	(29)
Non-deductible amortization of other intangible assets and goodwill impairment	25	0	0
Other non-deductible expenses	493	382	444
Additional taxable income	(5)	6	6
Lower taxed income	(374)	(413)	(422)
Income taxable to noncontrolling interests	(262)	(118)	(312)
Changes in tax law and rates	184	182	170
Changes in deferred tax valuation allowance	381	10	471
Tax deductible impairments of Swiss subsidiary investments	(268)	(161)	(55)
Other	(19)	(156)	(381)
Income tax expense	1,177	447	444

2013

Foreign tax rate differential of CHF 215 million reflected a foreign tax expense in respect of profits earned in higher tax jurisdictions, mainly Brazil and the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly Guernsey and the Bahamas. The total foreign tax expense of CHF 1,244 million was not only impacted by the foreign tax expense based on statutory tax rates but also by tax impacts related to additional reconciling items explained below.

Other non-deductible expenses of CHF 493 million included non-deductible interest expenses of CHF 247 million, non-taxable offshore expenses of CHF 9 million, non-deductible bank levy costs and other non-deductible compensation expenses and management costs of CHF 93 million, non-deductible provision accruals of CHF 103 million and other various smaller non-deductible expenses.

Lower taxed income of CHF 374 million included a net tax benefit of CHF 49 million resulting from the reversal of a deferred tax liability previously recorded to cover for a taxable timing difference related to a re-investment relief. In addition, 2013 included a Swiss income tax benefit of CHF 41 million as a result of foreign branch earnings beneficially impacting the earnings mix, a tax benefit of CHF 61 million related to non-taxable life insurance income, CHF 56 million related to exempt offshore income, CHF 45 million in respect of non-taxable dividend income, CHF 18 million related to non-taxable foreign exchange gains, CHF 67 million related to tax credits and CHF 19 million related to permanent tax benefits from tax deductible goodwill amortization. The remaining balance included various smaller items.

Changes in tax law and rates of CHF 184 million reflected a tax expense caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowances of CHF 381 million included the impact of the increase of valuation allowances of CHF 245 million mainly in respect of four of the Bank's operating entities, three in Europe and one in Asia, relating to current year earnings. Additionally, 2013 included an increase in valuation allowance for previously recognized deferred tax assets in respect of one of the Bank's operating entities in the UK of CHF 278 million. Also included was a tax benefit of CHF 143 million resulting from the release of valuation allowances on deferred tax assets mainly for two of the Bank's operating entities, one in Japan and one in the UK.

Other of CHF 19 million included a tax benefit of CHF 57 million relating to the current year's earnings mix and the re-assessment of deferred tax assets in Switzerland reflecting changes in forecasted future profitability related to deferred tax assets and a CHF 36 million income tax benefit following a change in the tax status of one of the Bank's US entities, partially offset by a tax expense of CHF 41 million relating to the increase of tax contingency accruals and a tax expense of CHF 41 million relating to non-recoverable foreign taxes. The remaining balance included various smaller items.

2012

Foreign tax rate differential of CHF 279 million reflected a foreign tax expense in respect of profits earned in higher tax jurisdictions, mainly Brazil and the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly Guernsey and the Bahamas. The total foreign tax expense of CHF 483 million was not only impacted by the foreign tax expense based on statutory tax rates but also by tax impacts related to additional reconciling items explained below.

Other non-deductible expenses of CHF 382 million included non-deductible interest expenses of CHF 259 million, non-taxable offshore expenses of CHF 8 million, non-deductible bank levy costs and other non-deductible compensation expenses of CHF 57 million and other various smaller non-deductible expenses.

Lower taxed income of CHF 413 million included a Swiss income tax benefit of CHF 114 million as a result of foreign branch earnings beneficially impacting the earnings mix. In addition, 2012 included a tax benefit of CHF 48 million related to non-taxable life insurance income, CHF 29 million related to exempt offshore income, CHF 40 million in respect of non-taxable dividend income, CHF 11 million related to non-taxable foreign exchange gains and CHF 100 million related to tax credits. The remaining balance included various smaller items, amongst others related to permanent tax benefits from tax deductible goodwill amortization and tax holidays.

Changes in tax law and rates of CHF 182 million reflected a tax expense caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowances of CHF 10 million included an increase to the valuation allowance of CHF 834 million in respect of five of the Bank's operating entities, three in Europe and two in Asia, mainly relating to deferred tax assets on current year tax losses and pre-existing loss carry-forwards. Additionally, 2012 included a tax benefit of CHF 820 million resulting from the release of valuation allowances on deferred tax assets for one of the Bank's operating entities in the US.

Other of CHF 156 million included a tax benefit of CHF 48 million relating to the re-assessment of deferred tax assets in Switzerland reflecting changes in forecasted future profitability related to such pre-existing deferred tax assets. Also included was a benefit of CHF 70 million relating to return to accrual adjustments following the close of a tax audit cycle and the impact of the closure of an advanced pricing agreement and CHF 43 million relating to the release of tax contingency accruals following the favorable resolution of tax matters.

2011

Foreign tax rate differential of CHF 29 million reflected a foreign tax rate benefit in respect of profits earned in lower tax jurisdictions, mainly Guernsey and the Bahamas, partially offset by foreign tax rate differential related to profits earned in higher tax jurisdictions, mainly Brazil and the US. The foreign tax benefit in relation to foreign tax expense of CHF 730 million was more than offset by tax impacts related to reconciling items explained below.

Other non-deductible expenses of CHF 444 million included non-deductible interest expenses of CHF 240 million, non-taxable offshore expenses of CHF 80 million, non-deductible bank levy costs and other non-deductible compensation expenses of CHF 49 million and other various smaller non-deductible expenses.

Lower taxed income of CHF 422 million included a tax benefit of CHF 40 million related to non-taxable life insurance income, CHF 52 million related to exempt offshore income, CHF 47 million in respect of non-taxable dividend income and CHF 47 million related to non-taxable foreign exchange gains. In addition, 2011 included tax benefits of CHF 42 million related to tax credits and CHF 116 million in respect of the reversal of the deferred tax liability recorded to cover estimated recapture of loss deductions arising from foreign branches of the Bank. The remaining balance included various smaller items, amongst others related to permanent tax benefits from tax deductible goodwill amortization and tax holidays.

Changes in tax law and rates of CHF 170 million reflected a tax expense caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowances of CHF 471 million included an increase to the valuation allowance of CHF 428 million in respect of three of the Bank's operating entities, two in the UK and one in Asia, mainly relating to deferred tax assets on tax loss carry-forwards. Additionally, 2011 included a tax benefit of CHF 7 million resulting from the release of valuation allowances on deferred tax assets for one of the Bank's operating entities in the US.

Other of CHF 381 million included a tax benefit of CHF 261 million relating to the increase of deferred tax assets in two of the Bank's operating entities, one in Switzerland (CHF 129 million) and one in the US (CHF 132 million). The increase is related to the re-measurement of existing deferred tax assets on net operating losses due to changes in the mix of the sources of income and related tax rates that these net operating losses are expected to be applied to. Also included was an amount of CHF 125 million relating to the release of tax contingency accruals following the favorable resolution of tax matters.

As of December 31, 2013, the Bank had accumulated undistributed earnings from foreign subsidiaries of CHF 5.6 billion. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Details of the tax effect of temporary differences

end of	2013	2012
Tax effect of temporary differences (CHF million)		
Compensation and benefits	2,106	2,279
Loans	363	441
Investment securities	1,654	1,818
Provisions	1,874	1,760
Derivatives	136	343
Real estate	240	242
Net operating loss carry-forwards	4,432	5,177
Other	186	204
Gross deferred tax assets before valuation allowance	10,991	12,264
Less valuation allowance	(2,704)	(2,550)
Gross deferred tax assets net of valuation allowance	8,287	9,714
Compensation and benefits	(120)	(164)
Loans	(109)	(162)
Investment securities	(1,089)	(1,354)
Provisions	(396)	(402)
Business combinations	0	(20)
Derivatives	(193)	(295)
Leasing	(53)	(40)
Real estate	(75)	(78)
Other	(153)	(208)
Gross deferred tax liabilities	(2,188)	(2,723)
Net deferred tax assets	6,099	6,991

The decrease in net deferred tax assets from 2012 to 2013 of CHF 892 million was primarily due to the impact of taxable income in 2013 decreasing deferred tax assets by CHF 411 million and the recognition of a valuation allowance against deferred tax assets, mainly in the UK, of CHF 278 million. In addition, the decrease reflected a write-down of deferred tax assets of CHF 184 million as a result of changes to corporation tax rates in the UK, the tax impacts directly recorded in equity, mainly related to share-based compensation and other tax recorded in accumulated other comprehensive income/(loss) (AOCI) of CHF 44 million and foreign exchange translation losses of CHF 182 million, which are included within currency translation adjustments recorded in AOCI. These decreases were partially offset by an increase in net deferred tax asset balances following a re-measurement of deferred tax balances in Switzerland and the release of valuation allowances in Japan and the UK of CHF 207 million.

Due to uncertainty concerning its ability to generate the necessary amount and mix of taxable income in future periods, the Bank recorded a valuation allowance against deferred tax assets in the amount of CHF 2.7 billion as of December 31, 2013 compared to CHF 2.6 billion as of December 31, 2012.

Amounts and expiration dates of net operating loss carry-forwards

end of 2013	Total
Net operating loss carry-forwards (CHF million)	
Due to expire within 1 year	46
Due to expire within 2 to 5 years	10,197
Due to expire within 6 to 10 years	1,152
Due to expire within 11 to 20 years	1,375
Amount due to expire	12,770
Amount not due to expire	13,008
Total net operating loss carry-forwards	25,778

Movements in the valuation allowance

in	2013	2012	2011
Movements in the valuation allowance (CHF million)			
Balance at beginning of period	2,550	2,689	2,262
Net changes	154	(139)	427
Balance at end of period	2,704	2,550	2,689

Uncertain tax positions

Reconciliation of the beginning and ending amount of gross unrecognized tax benefits

in	2013	2012	2011
Movements in gross unrecognized tax benefits (CHF million)			
Balance at beginning of period	416	370	578
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	4	33	54
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(8)	(58)	(177)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	43	38	29
Decreases in unrecognized tax benefits relating to settlements with tax authorities	0	(4)	(65)
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(5)	(43)	(19)
Other (including foreign currency translation)	(34)	80	(30)
Balance at end of period	416	416	370
of which, if recognized, would affect the effective tax rate	410	410	364

Interest and penalties

in	2013	2012	2011
Interest and penalties (CHF million)			
Interest and penalties recognized in the consolidated statements of operations	6	(13)	(19)
Interest and penalties recognized in the consolidated balance sheets	64	64	82

Interest and penalties are reported as tax expense. The Bank is currently subject to ongoing tax audits, inquiries and litigation with the tax authorities in a number of jurisdictions, including Brazil, the Netherlands, the US, the UK and Switzerland. Although the timing

Tax benefits associated with share-based compensation

in	2013	2012	2011
Tax benefits associated with share-based compensation (CHF million)			
Tax benefits recorded in the consolidated statements of operations	481	596	464
Windfall tax benefits/(shortfall tax charges) recorded in additional paid-in capital	(24)	30	(277)
Tax benefits in respect of tax on dividend equivalent payments	22	12	1

► Refer to "Note 27 – Employee deferred compensation" for further information on share-based compensation.

Windfall deductions and dividend equivalents aggregating CHF 0.9 billion and CHF 0.9 billion for 2013 and 2012, respectively, did not result in a reduction of income taxes payable because certain entities were in a net operating loss position. When the income tax benefit of these deductions is realized, an estimated CHF 170 million tax benefit will be recorded in additional paid-in capital.

of completion is uncertain, it is reasonably possible that some of these will be resolved within 12 months of the reporting date.

It is reasonably possible that there will be a decrease of between zero and CHF 74 million in unrecognized tax benefits within 12 months of the reporting date.

The Bank remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2009; Brazil – 2008; Japan – 2008; the UK – 2006; the US – 2006; and the Netherlands – 2005.

► Refer to "Note 27 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information.

27 Employee deferred compensation

Deferred compensation for employees

► Refer to "Note 28 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for further information.

The following tables show the compensation expense for deferred compensation awards granted in 2013 and prior years that was recognized in the consolidated statements of operations during 2013, 2012 and 2011, the total shares delivered, the estimated unrecognized compensation expense for deferred compensation awards granted in 2013 and prior years outstanding as of December 31, 2013 and the remaining requisite service period over which the estimated unrecognized compensation expense will be recognized.

Deferred compensation expense

in	2013	2012	2011
Deferred compensation expense (CHF million)			
Share awards	806	773	759
Performance share awards	580	362	0
Plus Bond awards ¹	37	–	–
2011 Partner Asset Facility awards ²	77	675	0
Adjustable Performance Plan share awards	30	71	0
Adjustable Performance Plan cash awards	4	281	1,087
Restricted Cash Awards	145	165	252
Scaled Incentive Share Units	38	95	404
Incentive Share Units ³	(3)	62	172
2008 Partner Asset Facility awards ²	93	173	3
Other cash awards	430	363	337
Discontinued operations	(21)	(23)	(21)
Total deferred compensation expense	2,216	2,997	2,993
Total shares delivered (million)			
Total shares delivered	32.6	30.9	23.7

¹ Compensation expense primarily relates to mark-to-market changes of the underlying assets of the Plus Bonds and the amortization of the voluntary Plus Bonds elected in the first quarter of 2013 and expensed over a three-year vesting period.

² Compensation expense mainly includes the change in the underlying fair value of the indexed assets during the period.

³ Includes forfeitures.

Estimated unrecognized deferred compensation

end of	2013
Estimated unrecognized compensation expense (CHF million)	
Share awards	800
Performance share awards	219
Plus Bond awards	18
Adjustable Performance Plan share awards	10
Adjustable Performance Plan cash awards	13
Restricted Cash Awards	136
Other cash awards	107
Total	1,303
Aggregate remaining weighted-average requisite service period (years)	
Aggregate remaining weighted-average requisite service period	1.3

Does not include the estimated unrecognized compensation expense relating to grants made in 2014 for 2013.

Share awards

On January 16, 2014, the Bank granted 30.1 million share awards with a total value of CHF 824 million. The estimated unrecognized compensation expense of CHF 821 million was determined based on the ► fair value of the award on the grant date, includes the current estimate of future forfeitures and will be recognized over the three-year vesting period, subject to early retirement rules. On January 17, 2013 and January 19, 2012, the Bank granted 37.8 million and 19.7 million share awards with a total value of CHF 947 million and CHF 432 million, respectively, equivalent to the Group's closing share price on the grant date.

On January 16, 2014, the Bank granted 0.5 million blocked shares with a total value of CHF 15 million that vested immediately upon grant, have no future service requirements and were attributed to services performed in 2013. On January 17, 2013 and January 19, 2012, the Bank granted 0.1 million and 0.4 million blocked shares with a total value of CHF 3 million and CHF 9 million, respectively.

Share award activities

	2013		2012		2011	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
Share awards						
Balance at beginning of period	55.1	34.27	47.6	41.91	17.3	43.86
Granted	40.0	26.43	24.5	23.39	39.8	41.03
Settled	(19.6)	34.12	(14.6)	40.43	(7.4)	43.39
Forfeited	(3.3)	32.04	(2.4)	36.96	(2.1)	43.39
Balance at end of period	72.2	30.07	55.1	34.27	47.6	41.91
of which vested	5.8	–	3.9	–	1.8	–
of which unvested	66.4	–	51.2	–	45.8	–

Performance share awards

On January 16, 2014, the Bank granted 23.9 million performance share awards with a total value of CHF 654 million. The estimated unrecognized compensation expense of CHF 651 million was determined based on the fair value of the award at the grant date, includes the current estimated outcome of the relevant

performance criteria and estimated future forfeitures and will be recognized over the three-year vesting period. On January 17, 2013, and January 19, 2012, the Bank granted 26.0 million and 23.2 million performance share awards with a total value of CHF 651 million and CHF 509 million.

Performance share award activities

	2013		2012	
	Number of performance share awards in million	Weighted-average grant-date fair value in CHF	Number of performance share awards in million	Weighted-average grant-date fair value in CHF
Performance share awards				
Balance at beginning of period	22.9	23.90	–	–
Granted	26.2	26.44	23.3	23.90
Settled	(7.5)	23.90	0.0	0.00
Forfeited	(0.9)	24.92	(0.4)	23.90
Balance at end of period	40.7	25.51	22.9	23.90
of which vested	2.7	–	0.9	–
of which unvested	38.0	–	22.0	–

Contingent Capital Awards

On January 16, 2014, the Bank awarded Contingent Capital Awards with a total value of CHF 391 million that will be expensed over the three-year period from the grant date. The estimated unrecognized compensation expense of CHF 433 million was determined based on the fair value of the award on the grant date, includes the current estimated outcome of the relevant performance criteria, estimated future forfeitures and the expected semi-annual cash payments of interest and will be recognized over the three-year vesting period.

2011 Partner Asset Facility

In January 2012, the Bank awarded 2011 Partner Asset Facility (PAF2) units with a fair value of CHF 497 million and the associated compensation expenses were fully expensed in the first quarter of 2012, as the awards were fully vested as of March 31, 2012.

Adjustable Performance Plan Awards

In July 2012, the Bank executed a voluntary exchange offer, under which employees had the right to voluntarily convert all or a portion of their respective unvested Adjustable Performance Plan cash awards into Adjustable Performance Plan share awards. Adjustable Performance Plan holders elected to convert CHF 479 million of their Adjustable Performance Plan cash awards into the new

Adjustable Performance Plan share awards during the election period, which represented an approximate conversion rate of 50%.

Upon conversion, CHF 435 million of the liability related to Adjustable Performance Plan cash awards that were converted into the Adjustable Performance Plan share awards were reclassified to total shareholder's equity.

Adjustable Performance Plan share award activities

	2013	2012
	Number of APP share awards in million	Number of APP share awards in million
Adjustable Performance Plan share awards		
Balance at beginning of period	29.7	–
Granted	1.1 ¹	29.9
Settled	(16.5)	0.0
Forfeited	(0.3)	(0.2)
Balance at end of period	14.0	29.7
of which vested	1.2	0.3
of which unvested	12.8	29.4

¹ Represents additional units earned in the first quarter of 2013 as the original Adjustable Performance Plan awards met performance criteria in accordance with the terms and conditions of the awards.

Scaled Incentive Share Unit

Scaled Incentive Share Unit activities

	2013	2012	2011
SISU awards (million)			
Balance at beginning of period	9.4	14.4	20.0
Settled	(4.7)	(4.8)	(5.0)
Forfeited	(0.1)	(0.2)	(0.6)
Balance at end of period	4.6	9.4	14.4
of which vested	1.2	1.7	1.0
of which unvested	3.4	7.7	13.4

Share option activities

	2013		2012		2011	
	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF
Share options						
Balance at beginning of period	5.2	32.61	16.5	50.99	28.3	63.94
Exercised	0.0	0.00	0.0	0.00	(0.1)	31.74
Forfeited	(0.1)	70.90	0.0	0.00	0.0	0.00
Expired	(4.7)	30.59	(11.3)	59.40	(11.7)	82.41
Balance at end of period	0.4	50.77	5.2	32.61	16.5	50.99
of which exercisable at end of period	0.4	50.77	5.2	32.61	16.5	50.99

Incentive Share Unit

Incentive Share Unit activities

	2013	2012	2011
ISU awards (million)			
Balance at beginning of period	3.6	13.2	37.2
Settled	(1.8)	(8.7)	(23.0)
Forfeited	(0.6)	(0.9)	(1.0)
Balance at end of period	1.2	3.6	13.2
of which vested	0.1	0.4	1.4
of which unvested	1.1	3.2	11.8

Share options

There were no options granted during 2013, 2012 and 2011. As of December 31, 2013, 2012 and 2011, there was no aggregate intrinsic value of options outstanding or exercisable. As of December 31, 2013 and 2012, there was no total intrinsic value of options exercised and the weighted-average remaining contractual term as of December 31, 2013 was 0.7 years. As of the exercise date, the total intrinsic value of options exercised during 2011 was CHF 1 million. There was no cash received from option exercises in 2013 and 2012. Cash received from option exercises during 2011 was CHF 2 million.

28 Related parties

The Group owns all of the Bank's outstanding voting registered shares. The Bank is involved in significant financing and other transactions with subsidiaries and affiliates of the Group. The Bank generally enters into these transactions in the ordinary course of business and believes that these transactions are generally on market terms that could be obtained from unrelated third parties.

► Refer to "Note 29 – Related parties" in V – Consolidated financial statements – Credit Suisse Group for further information.

Related party assets and liabilities

end of	2013	2012
Assets (CHF million)		
Cash and due from banks	0	386
Interest-bearing deposits with banks	1,870	1,775
Trading assets	159	213
Net loans	6,770	7,894
Other assets	29	58
Total assets	8,828	10,326
Liabilities (CHF million)		
Due to banks/customer deposits	2,503	1,915
Trading liabilities	14	209
Long-term debt	4,300	4,907
Other liabilities	200	206
Total liabilities	7,017	7,237

Related party revenues and expenses

in	2013	2012	2011
Revenues (CHF million)			
Interest and dividend income	49	54	61
Interest expense	(81)	(117)	(195)
Net interest income	(32)	(63)	(134)
Commissions and fees	(20)	6	(50)
Other revenues	172	174	201
Net revenues	120	117	17
Expenses (CHF million)			
Total operating expenses	288	270	309

Related party guarantees

end of	2013	2012
Guarantees (CHF million)		
Credit guarantees and similar instruments	0	1
Performance guarantees and similar instruments	1	0
Total guarantees	1	1

Executive Board and Board of Directors loans

	2013	2012	2011
Loans to members of the Executive Board (CHF million)			
Balance at beginning of period	8¹	22	18
Additions	4	3	5
Reductions	(2)	(17)	(1)
Balance at end of period	10¹	8	22
Loans to members of the Board of Directors (CHF million)			
Balance at beginning of period	41²	33	34
Additions	16	13	2
Reductions	(2)	(5)	(3)
Balance at end of period	55²	41	33

¹ The number of individuals with outstanding loans at the beginning and end of the year was three and four, respectively.

² The number of individuals with outstanding loans at the beginning and end of the year was five.

Liabilities due to own pension funds

Liabilities due to the Bank's own defined benefit pension funds as of December 31, 2013 and 2012 of CHF 2,852 million and CHF 2,804 million, respectively, were reflected in various liability accounts in the Bank's consolidated balance sheets.

29 Pension and other post-retirement benefits

The Bank participates in a defined benefit pension plan sponsored by the Group and has defined contribution pension plans, single-employer defined benefit pension plans and other post-retirement defined benefit plans. The Bank's principal plans are located in Switzerland, the US and the UK.

DEFINED CONTRIBUTION PENSION PLANS

The Bank contributes to various defined contribution pension plans primarily in the US and the UK as well as other countries throughout the world. During 2013, 2012 and 2011, the Bank contributed to these plans and recognized as expense CHF 178 million, CHF 219 million and CHF 244 million, respectively.

► Refer to "Note 30 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information on defined contribution pension plans.

DEFINED BENEFIT PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Defined benefit pension plans

► Refer to "Note 30 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information on defined benefit pension plans.

Group pension plan

The Bank covers pension requirements for its employees in Switzerland by participating in a defined benefit pension plan sponsored by the Group (Group plan), the Group's most significant defined benefit pension plan. The plan provides benefits in the event of retirement, death and disability. Various legal entities within the Group participate in the plan, which is set up as an independent trust domiciled in Zurich. Historically, this plan provided traditional defined benefit pensions under the annuity section. In 2010, a new savings section was introduced and as of January 1, 2013, all active employees were transferred to the savings section and the annuity section has ceased accruing new benefits. In the savings section, the benefits are determined on the basis of the accumulated employer and employee contributions and accumulated interest credited. In accordance with US GAAP, the Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic benefit costs, the PBO and the accumulated benefit obligation (ABO). The Bank accounts for the defined benefit pension plan sponsored by the Group as a multi-employer pension plan because other legal entities within the Group also participate in the plan and the assets contributed by the Bank are not segregated into a separate account or restricted to provide benefits only to employees of the Bank. The assets contributed

by the Bank are commingled with the assets contributed by the other legal entities of the Group and can be used to provide benefits to any employee of any participating legal entity. The Bank's contributions to the Group plan comprise 95% of the total assets contributed to the Group plan by all participating legal entities on an annual basis.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expenses or balance sheet amounts related to the Group plan were recognized by the Bank. In the savings section of the plan, the Bank's contribution varies between 7.5% and 25% of the pensionable salary depending on the employees' age.

During 2013, 2012 and 2011, the Bank contributed and recognized as expense CHF 390 million, CHF 458 million and CHF 645 million to the Group plan, respectively. The Bank expects to contribute CHF 390 million to the Group plan during 2014. If the Bank had accounted for the Group plan as a single-employer defined benefit plan, the net periodic pension expense recognized by the Bank during 2013, 2012 and 2011 would have been lower by CHF 131 million, CHF 197 million and CHF 476 million, respectively, and the Bank would have recognized CHF 158 million, CHF 88 million and CHF 96 million, respectively, as amortization of actuarial losses and prior service cost for the Group plan.

As of December 31, 2013 and 2012, the ABO of the Group plan was CHF 13.0 billion and CHF 13.8 billion, the PBO was CHF 13.5 billion and CHF 14.3 billion and the fair value of plan assets was CHF 14.9 billion and CHF 14.3 billion, respectively. As of December 31, 2013 and 2012, the Group plan was overfunded on an ABO basis by CHF 1,869 million and CHF 519 million, respectively. On a PBO basis, the Group plan was overfunded by CHF 1,439 million and CHF 44 million as of December 31, 2013 and 2012, respectively. If the Bank had accounted for the Group plan as a defined benefit pension plan, the Bank would have had to recognize the funded status of the Group plan on a PBO basis of CHF 1,367 million and CHF 42 million as an asset as of December 31, 2013 and 2012, respectively, in the consolidated balance sheets.

If the Bank had accounted for the Group plan as a defined benefit plan, the Bank would have used the assumptions made by the Group for the calculation of the expense and liability associated with the Group plan.

► Refer to "Note 30 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for information on assumptions made by the Group for Switzerland.

International pension plans

Various defined benefit pension plans cover the Bank's employees outside Switzerland. These plans provide benefits in the event of retirement, death, disability or termination of employment. Retirement benefits under the plans depend on age, contributions and salary. The Bank's principal defined benefit pension plans outside Switzerland are located in the US and in the UK. Both plans are funded, closed to new participants and have ceased accruing new benefits. Smaller defined benefit pension plans, both funded and unfunded, are operated in other locations.

Other post-retirement defined benefit plans

In the US, the Bank's defined benefit plans provide post-retirement benefits other than pension benefits that primarily focus on health and welfare benefits for certain retired employees. In exchange for

the current services provided by the employee, the Bank promises to provide health and welfare benefits after the employee retires. The Bank's obligation for that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

Benefit costs of defined benefit plans

The net periodic benefit costs for defined benefit pension and other post-retirement defined benefit plans are the costs of the respective plan for a period during which an employee renders services. The actual amount to be recognized is determined using the standard actuarial methodology which considers, among other factors, current service cost, interest cost, expected return on plan assets and the amortization of both prior service cost/(credit) and actuarial losses/(gains) recognized in AOCI.

Components of total benefit costs

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans		
	2013	2012	2011	2013	2012	2011
Total benefit costs (CHF million)						
Service costs on benefit obligation	24	30	33	0	1	0
Interest costs on benefit obligation	122	127	123	8	8	7
Expected return on plan assets	(161)	(164)	(160)	0	0	0
Amortization of recognized prior service cost/(credit)	0	(1)	0	0	(2)	(2)
Amortization of recognized actuarial losses/(gains)	79	74	51	13	13	9
Total benefit costs	64	66	47	21	20	14

Total benefit costs reflected in compensation and benefits – other for 2013, 2012 and 2011 were CHF 85 million, CHF 86 million and CHF 61 million, respectively.

Benefit obligation

The following table shows the changes in the PBO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the international single-employer defined benefit pension plans and other post-retirement defined benefit plans as well as the ABO for the defined benefit pension plans.

Obligations and funded status of the plans

in / end of	International single-employer defined benefit pension plans		Other post-retirement defined benefit plans	
	2013	2012	2013	2012
PBO (CHF million)¹				
Beginning of the measurement period	2,773	2,675	180	174
Service cost	24	30	0	1
Interest cost	122	127	8	8
Plan amendments	0	0	0	0
Settlements	(4)	0	0	0
Curtailments	(2)	(12)	0	0
Special termination benefits	1	1	0	0
Actuarial losses/(gains)	69	70	(8)	10
Plans removed	0	(6)	0	0
Benefit payments	(97)	(103)	(8)	(8)
Exchange rate losses/(gains)	(43)	(9)	(4)	(5)
End of the measurement period	2,843	2,773	168	180
Fair value of plan assets (CHF million)				
Beginning of the measurement period	2,893	2,586	0	0
Actual return on plan assets	183	234	0	0
Employer contributions	67	158	8	8
Settlements	(4)	0	0	0
Benefit payments	(97)	(103)	(8)	(8)
Exchange rate gains/(losses)	(35)	18	0	0
End of the measurement period	3,007	2,893	0	0
Total funded status recognized (CHF million)				
Funded status of the plan – over/(underfunded)	164	120	(168)	(180)
Funded status recognized in the consolidated balance sheet as of December 31	164	120	(168)	(180)
Total amount recognized (CHF million)				
Noncurrent assets	520	695	0	0
Current liabilities	(8)	(7)	(8)	(8)
Noncurrent liabilities	(348)	(568)	(160)	(172)
Total amount recognized in the consolidated balance sheet as of December 31	164	120	(168)	(180)
ABO (CHF million)²				
End of the measurement period	2,785	2,714	-	-

¹ Including estimated future salary increases.

² Excluding estimated future salary increases.

The total net amount recognized in the consolidated balance sheets as of December 31, 2013 and 2012 was an underfunding of CHF 4 million and CHF 60 million, respectively.

In 2013 and 2012, the Bank made contributions of CHF 67 million and CHF 158 million, respectively, to the international single-employer defined benefit pension plans. In 2014, the Bank expects to contribute CHF 110 million to the international

single-employer defined benefit pension plans and CHF 8 million to other post-retirement defined benefit plans.

PBO or ABO in excess of plan assets

The following table shows the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2013 and 2012, respectively.

Defined benefit pension plans in which PBO or ABO exceeded plan assets

December 31	PBO exceeds fair value of plan assets ¹		ABO exceeds fair value of plan assets ¹	
	2013	2012	2013	2012
CHF million				
PBO	1,334	1,400	1,319	1,382
ABO	1,307	1,364	1,298	1,354
Fair value of plan assets	978	825	964	810

¹ Includes only those defined benefit pension plans where the PBO/ABO exceeded the fair value of plan assets.

Amount recognized in AOCI and other comprehensive income

The following table shows the actuarial gains/(losses) and prior service credit/(cost) which were recorded in AOCI and subsequently recognized as components of net periodic benefit costs.

Amounts recognized in AOCI, net of tax

end of	International single-employer defined benefit pension plans		Other post-retirement defined benefit plans		Total	
	2013	2012	2013	2012	2013	2012
Amounts recognized in AOCI (CHF million)						
Actuarial gains/(losses)	(674)	(617)	(40)	(53)	(714)	(670)
Prior service credit/(cost)	0	0	3	3	3	3
Total	(674)	(617)	(37)	(50)	(711)	(667)

The following tables show the changes in other comprehensive income due to actuarial gains/(losses) and prior service credit/(cost) recognized in AOCI during 2013 and 2012, and the

amortization of the aforementioned items as components of net periodic benefit costs for these periods, as well as the amounts expected to be amortized in 2014.

Amounts recognized in other comprehensive income

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
2013 (CHF million)							
Actuarial gains/(losses)	(47)	(62) ¹	(109)	8	(3)	5	(104)
Amortization of actuarial losses/(gains)	79	(29)	50	13	(5)	8	58
Immediate recognition due to curtailment/settlement	2	0	2	0	0	0	2
Total amounts recognized in other comprehensive income	34	(91)	(57)	21	(8)	13	(44)
2012 (CHF million)							
Actuarial gains/(losses)	0	0	0	(10)	4	(6)	(6)
Amortization of actuarial losses/(gains)	74	(27)	47	13	(5)	8	55
Amortization of prior service cost/(credit)	(1)	1	0	(2)	1	(1)	(1)
Immediate recognition due to curtailment/settlement	12	(2)	10	0	0	0	10
Total amounts recognized in other comprehensive income	85	(28)	57	1	0	1	58

¹ Includes the impact from the valuation allowance recognized on deferred tax assets on one of the Bank's entities in the UK, offsetting the tax benefit of CHF 37 million attributable to the UK pension plan.

Amounts in AOCI, net of tax, expected to be amortized in 2014

in 2014	International single-employer defined benefit pension plans	Other post-retirement defined benefit plans
CHF million		
Amortization of actuarial losses/(gains)	38	5
Total	38	5

Assumptions

Weighted-average assumptions used to determine net periodic benefit costs and benefit obligation

December 31	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans		
	2013	2012	2011	2013	2012	2011
Net periodic benefit cost (%)						
Discount rate	4.5	4.8	5.5	4.3	4.7	5.5
Salary increases	4.0	4.0	4.2	–	–	–
Expected long-term rate of return on plan assets	6.2	6.4	7.3	–	–	–
Benefit obligation (%)						
Discount rate	4.7	4.5	4.8	5.1	4.3	4.7
Salary increases	4.3	4.0	4.0	–	–	–

Health care cost assumptions

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining those costs, an annual weighted-average rate is assumed in the cost of covered health care benefits.

The following table provides an overview of health care cost trend rates assumed and the sensitivity of a one percentage point increase or decrease of the rate.

Health care cost trend rates and sensitivity

in / end of	2013	2012	2011
Health care cost trend rate (%)			
Annual weighted-average health care cost trend rate ¹	8.00	9.00	9.00
Increase/(decrease) in post-retirement expenses (CHF million)			
One percentage point increase in health care cost trend rates	1.3	1.4	1.3
One percentage point decrease in health care cost trend rates	(1.0)	(1.1)	(1.1)
Increase/(decrease) in post-retirement benefit obligation (CHF million)			
One percentage point increase in health care cost trend rates	23	27	23
One percentage point decrease in health care cost trend rates	(19)	(22)	(19)

¹ The annual health care cost trend rate is assumed to decrease gradually to achieve the long-term health care cost trend rate of 5% by 2021.

The annual health care cost trend rate used to determine the defined benefit cost for 2014 is 8.00%.

Plan assets and investment strategy

► Refer to "Note 30 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information.

As of December 31, 2013 and 2012, no Group debt or equity securities were included in plan assets for the international single-employer defined benefit pension plans.

Fair value of plan assets

The following tables present the plan assets measured at fair value on a recurring basis as of December 31, 2013 and 2012, for the Bank's defined benefits plans.

Plan assets measured at fair value on a recurring basis

end of	2013				2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Plan assets at fair value (CHF million)								
Cash and cash equivalents	66	333	0	399	0	394	0	394
Debt securities	335	1,017	177	1,529	234	1,128	71	1,433
of which governments	335	30	0	365	234	8	0	242
of which corporates	0	987	177	1,164	0	1,120 ²	71	1,191
Equity securities	172	441	0	613	188	325 ²	0	513
Real estate – indirect	0	0	94	94	0	0	89	89
Alternative investments	(23)	290	7	274	0	335	34	369
of which private equity	0	0	0	0	0	0	4	4
of which hedge funds	0	264	3	267	0	94 ²	30	124
of which other	(23) ¹	26 ¹	4	7	0	241 ¹	0	241
Other investments	0	98	0	98	0	95	0	95
Total plan assets at fair value	550	2,179	278	3,007	422	2,277	194	2,893

¹ Primarily related to derivative instruments.

² Prior period has been corrected to reclassify certain plan assets from equity securities to corporate debt and hedge funds, respectively.

Plan assets measured at fair value on a recurring basis for level 3

	Balance at beginning of period	Transfers in	Transfers out	Actual return on plan assets		Purchases, sales, settlements	Foreign currency translation impact	Balance at end of period
				On assets still held at reporting date	On assets sold during the period			
2013 (CHF million)								
Debt securities – corporates	71	1	(1)	5	0	103	(2)	177
Real estate – indirect	89	0	0	7	0	0	(2)	94
Alternative investments	34	2	0	(5)	7	(27)	(4)	7
of which private equity	4	0	0	(1)	0	(3)	0	0
of which hedge funds	30	2	0	(4)	3	(28)	0	3
of which other	0	0	0	0	4	4	(4)	4
Total plan assets at fair value	194	3	(1)	7	7	76	(8)	278
2012 (CHF million)								
Debt securities – corporates	90	0	(28)	9	3	(3)	0	71
Real estate – indirect	84	0	0	6	0	1	(2)	89
Alternative investments	90	0	0	0	3	(56)	(3)	34
of which private equity	9	0	0	(1)	2	(6)	0	4
of which hedge funds	81	0	0	1	1	(50)	(3)	30
Total plan assets at fair value	264	0	(28)	15	6	(58)	(5)	194

Plan asset allocation

The following table shows the plan asset allocation as of the measurement date calculated based on the fair value at that date including the performance of each asset class.

Weighted-average plan asset allocation

December 31	2013	2012
Weighted-average plan asset allocation (%)		
Cash and cash equivalents	13.3	13.6
Debt securities	50.7	49.5 ¹
Equity securities	20.4	17.8 ¹
Real estate	3.1	3.1
Alternative investments	9.2	12.7 ¹
Insurance	3.3	3.3
Total	100.0	100.0

¹ Prior period has been corrected to reclassify certain plan assets from equity securities to debt securities and alternative investments, respectively.

The following table shows the target plan asset allocation for 2014 in accordance with the Bank's investment strategy. The target plan asset allocation is used to determine the expected return on plan assets to be considered in the net periodic benefit costs for 2014.

Weighted-average target plan asset allocation for 2014

2014 (%)	
Cash and cash equivalents	0
Debt securities	59
Equity securities	25
Real estate	3
Alternative investments	10
Insurance	3
Total	100

Estimated future benefit payments for defined benefit plans

The following table shows the estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans.

Estimated future benefit payments for defined benefit plans

	International single-employer defined benefit pension plans	Other post-retirement defined benefit plans
Estimated future benefit payments (CHF million)		
2014	64	8
2015	73	9
2016	74	10
2017	80	10
2018	96	11
For five years thereafter	615	59

30 Derivatives and hedging activities

► Refer to “Note 31 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group for further information.

forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was three years.

Hedge accounting

Cash flow hedges

As of the end of 2013, the maximum length of time over which the Bank hedged its exposure to the variability in future cash flows for

Fair value of derivative instruments

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 2013						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	9,366.2	2.5	2.6	0.0	0.0	0.0
Swaps	30,593.2	399.7	393.7	63.7	2.7	0.6
Options bought and sold (OTC)	3,889.5	44.3	44.9	0.0	0.0	0.0
Futures	830.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	705.9	0.3	0.2	0.0	0.0	0.0
Interest rate products	45,385.6	446.8	441.4	63.7	2.7	0.6
Forwards	2,098.6	21.6	21.5	30.5	0.3	0.1
Swaps	1,382.2	28.8	39.2	0.0	0.0	0.0
Options bought and sold (OTC)	815.6	10.7	11.6	9.4	0.0	0.0
Futures	48.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	5.5	0.1	0.2	0.0	0.0	0.0
Foreign exchange products	4,350.7	61.2	72.5	39.9	0.3	0.1
Forwards	4.0	0.7	0.1	0.0	0.0	0.0
Swaps	236.1	5.4	8.0	0.0	0.0	0.0
Options bought and sold (OTC)	225.7	12.4	12.1	0.0	0.0	0.0
Futures	50.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	416.2	17.0	17.2	0.0	0.0	0.0
Equity/index-related products	932.6	35.5	37.4	0.0	0.0	0.0
Credit derivatives²	1,483.3	26.8	27.2	0.0	0.0	0.0
Forwards	19.2	0.7	1.1	0.0	0.0	0.0
Swaps	45.5	2.9	2.5	0.0	0.0	0.0
Options bought and sold (OTC)	35.1	1.1	1.0	0.0	0.0	0.0
Futures	31.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	48.9	0.7	0.9	0.0	0.0	0.0
Other products³	179.8	5.4	5.5	0.0	0.0	0.0
Total derivative instruments	52,332.0	575.7	584.0	103.6	3.0	0.7

The notional amount, PRV and NRV (trading and hedging) was CHF 52,435.6 billion, CHF 578.7 billion and CHF 584.7 billion, respectively, as of December 31, 2013.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Primarily credit default swaps.

³ Primarily precious metals, commodity, energy and emission products.

Fair value of derivative instruments (continued)

end of 2012	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	8,055.9	2.6	2.5	0.0	0.0	0.0
Swaps	29,159.0	635.8	630.1	58.0	3.8	1.3
Options bought and sold (OTC)	3,739.9	62.4	62.6	0.0	0.0	0.0
Futures	1,145.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	952.0	0.3	0.2	0.0	0.0	0.0
Interest rate products	43,052.2	701.1	695.4	58.0	3.8	1.3
Forwards	2,134.1	21.6	21.3	19.6	0.2	0.1
Swaps	1,336.4	32.1	46.6	0.0	0.0	0.0
Options bought and sold (OTC)	985.3	9.7	10.7	0.0	0.0	0.0
Futures	83.8 ²	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.6	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	4,543.2	63.4	78.6	19.6	0.2	0.1
Forwards	5.5	0.6	0.0	0.0	0.0	0.0
Swaps	211.1	4.5	5.9	0.0	0.0	0.0
Options bought and sold (OTC)	215.1	11.5	11.1	0.0	0.0	0.0
Futures	74.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	338.2	13.7	14.1	0.0	0.0	0.0
Equity/index-related products	844.3	30.3	31.1	0.0	0.0	0.0
Credit derivatives³	1,694.5	30.6	29.8	0.0	0.0	0.0
Forwards	31.3	1.1	1.4	0.0	0.0	0.0
Swaps	55.3	3.6	3.1	0.0	0.0	0.0
Options bought and sold (OTC)	54.2	1.6	1.6	0.0	0.0	0.0
Futures	35.5 ²	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	50.4	1.6	1.7	0.0	0.0	0.0
Other products⁴	226.7	7.9	7.8	0.0	0.0	0.0
Total derivative instruments	50,360.9	833.3	842.7	77.6	4.0	1.4

The notional amount, PRV and NRV (trading and hedging) was CHF 50,438.5 billion, CHF 837.3 billion and CHF 844.1 billion, respectively, as of December 31, 2012.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Prior period amounts have been corrected to reclassify the notional amounts from other products to foreign exchange products.

³ Primarily credit default swaps.

⁴ Primarily precious metals, commodity, energy and emission products.

Fair value hedges

in	2013	2012	2011
Gains/(losses) recognized in income on derivatives (CHF million)			
Interest rate products	378	849	634
Foreign exchange products	(9)	(13)	20
Total	369	836	654
Gains/(losses) recognized in income on hedged items (CHF million)			
Interest rate products	(375)	(894)	(672)
Foreign exchange products	9	13	(20)
Total	(366)	(881)	(692)
Details of fair value hedges (CHF million)			
Net gains/(losses) on the ineffective portion	3	(45)	(38)

Represents gains/(losses) recognized in trading revenues.

Cash flow hedges

in	2013	2012	2011
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	7	8	0
Foreign exchange products	0	0	(5)
Total	7	8	(5)
Gains/(losses) reclassified from AOCI into income (CHF million)			
Interest rate products ¹	3	0	0
Foreign exchange products ²	0	0	31
Total	3	0	31
Details of cash flow hedges (CHF million)			
Net gains on the ineffective portion ¹	1	0	0

¹ Included in trading revenues.

² Included in commissions and fees.

The net gain associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 6 million.

Contingent credit risk

end of	2013				2012			
	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total
Contingent credit risk (CHF billion)								
Current net exposure	11.7	1.1	0.1	12.9	15.3	1.4	0.6	17.3
Collateral posted	10.6	1.2	–	11.8	13.4	1.4	–	14.8
Additional collateral required in a one-notch downgrade event	0.6	0.8	0.0	1.4	0.2	0.5	0.0	0.7
Additional collateral required in a two-notch downgrade event	2.3	1.1	0.0	3.4	2.7 ¹	1.5	0.5	4.7

¹ Additional collateral required in a two-notch downgrade event has been corrected.

Credit derivatives

► Refer to “Note 31 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group for further information.

Net investment hedges

in	2013	2012	2011
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Foreign exchange products	504	(81)	280
Total	504	(81)	280
Gains/(losses) reclassified from AOCI into income (CHF million)			
Foreign exchange products ¹	2	75	4
Total	2	75	4

Represents gains/(losses) on effective portion.

¹ Included in other revenues.

The Bank includes all ◻ derivative instruments not included in hedge accounting relationships in its trading activities.

► Refer to “Note 8 – Trading revenues” for gains and losses on trading activities by product type.

Disclosures relating to contingent credit risk

The following table provides the Bank’s current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and special purpose entities (SPEs) that include credit support agreements, the related collateral posted and the additional collateral required in a one-notch and a two-notch downgrade event, respectively. The table also includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate ◻ fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the NRV and a percentage of the notional value of the derivative.

Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the “Fair value of derivative instruments” table. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative

as a derivative instrument (a) in which one or more of its underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit risk-related events specified in the contract.

Certain cash collateralized debt obligations (CDOs) and other instruments were excluded as they do not fall within the scope of

US GAAP rules. Total return swaps (TRS) of CHF 7.4 billion and CHF 6.0 billion as of December 31, 2013 and 2012, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

Credit protection sold/purchased

end of	2013					2012				
	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold
Single-name instruments (CHF billion)										
Investment grade ²	(305.9)	287.9	(18.0)	37.7	5.2	(394.6)	373.9	(20.7)	56.0	2.5
Non-investment grade	(108.7)	104.9	(3.8)	10.5	2.5	(135.4)	129.3	(6.1)	11.3	(0.4)
Total single-name instruments	(414.6)	392.8	(21.8)	48.2	7.7	(530.0)³	503.2³	(26.8)	67.3³	2.1³
of which sovereign	(88.1)	85.0	(3.1)	8.9	(0.4)	(119.4)	117.1	(2.3)	10.3	(0.7)
of which non-sovereign	(326.5)	307.8	(18.7)	39.3	8.1	(410.6)	386.1	(24.5)	57.0	2.8
Multi-name instruments (CHF billion)										
Investment grade ²	(219.1)	212.1	(7.0)	47.3	3.3	(222.2)	207.1	(15.1)	20.6	(0.7)
Non-investment grade	(65.0)	59.0 ⁴	(6.0)	13.5	1.5	(62.8)	56.1 ⁴	(6.7)	9.8	(1.6)
Total multi-name instruments	(284.1)	271.1	(13.0)	60.8	4.8	(285.0)³	263.2³	(21.8)	30.4³	(2.3)³
of which sovereign	(10.8)	10.9	0.1	1.1	0.0	(13.5)	13.1	(0.4)	0.4	(0.1)
of which non-sovereign	(273.3)	260.2	(13.1)	59.7	4.8	(271.5)	250.1	(21.4)	30.0	(2.2)
Total instruments (CHF billion)										
Investment grade ²	(525.0)	500.0	(25.0)	85.0	8.5	(616.8)	581.0	(35.8)	76.6	1.8
Non-investment grade	(173.7)	163.9	(9.8)	24.0	4.0	(198.2)	185.4	(12.8)	21.1	(2.0)
Total instruments	(698.7)	663.9	(34.8)	109.0	12.5	(815.0)	766.4	(48.6)	97.7	(0.2)
of which sovereign	(98.9)	95.9	(3.0)	10.0	(0.4)	(132.9)	130.2	(2.7)	10.7	(0.8)
of which non-sovereign	(599.8)	568.0	(31.8)	99.0	12.9	(682.1)	636.2	(45.9)	87.0	0.6

¹ Represents credit protection purchased with identical underlyings and recoveries.

² Based on internal ratings of BBB and above.

³ Credit protection instruments have been corrected to reclassify certain single-name instruments to multi-name instruments.

⁴ Includes the Clock Finance transaction.

The following table reconciles the notional amount of credit derivatives included in the table "Fair value of derivative instruments" to the table "Credit protection sold/purchased".

Credit derivatives

end of	2013	2012
Credit derivatives (CHF billion)		
Credit protection sold	698.7	815.0
Credit protection purchased	663.9	766.4
Other protection purchased	109.0	97.7
Other instruments ¹	11.7	15.4
Total credit derivatives	1,483.3	1,694.5

¹ Consists of certain cash collateralized debt obligations, total return swaps and other derivative instruments.

Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
2013 (CHF billion)				
Single-name instruments	91.2	281.4	42.0	414.6
Multi-name instruments	19.2	208.2	56.7	284.1
Total instruments	110.4	489.6	98.7	698.7
2012 (CHF billion)				
Single-name instruments	125.0	326.0	79.0	530.0
Multi-name instruments	42.7	171.0	71.3	285.0
Total instruments	167.7	497.0	150.3	815.0

31 Guarantees and commitments

Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Carrying value	Collateral received
2013 (CHF million)								
Credit guarantees and similar instruments	2,820	1,125	396	569	4,910	4,762	34	2,330
Performance guarantees and similar instruments	4,337	1,733	981	136	7,187	6,265	83	3,277
Securities lending indemnifications	11,479	0	0	0	11,479	11,479	0	11,479
Derivatives ²	18,247	9,544	1,960	1,899	31,650	31,650	715	- ³
Other guarantees	3,894	811	193	193	5,091	5,068	3	2,606
Total guarantees	40,777	13,213	3,530	2,797	60,317	59,224	835	19,692
2012 (CHF million)								
Credit guarantees and similar instruments ⁴	10,101	1,541	334	606	12,582	12,195	53	1,918
Performance guarantees and similar instruments	5,047	1,599	951	1,750	9,347	8,608	135	3,307
Securities lending indemnifications	12,211	0	0	0	12,211	12,211	0	12,211
Derivatives ²	21,197	9,951	1,833	2,434	35,415	35,415	985	- ³
Other guarantees	4,172	684	281	144	5,281	5,260	3	2,789
Total guarantees	52,728	13,775	3,399	4,934	74,836	73,689	1,176	20,225

¹ Total net amount is computed as the gross amount less any participations.

² Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Bank had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments.

³ Collateral for derivatives accounted for as guarantees is not significant.

⁴ Prior period has been corrected.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by the Swiss Financial Market Supervisory Authority FINMA (FINMA) or by the compulsory liquidation of another deposit-taking bank, the Bank's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Bank, the Bank's share in the deposit insurance guarantee program for the period July 1, 2013 to June 30, 2014 is CHF 0.5 billion. These deposit insurance guarantees were reflected in other guarantees.

▶ Refer to "Note 32 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information.

PAF2 transaction

The Bank's results are impacted by the risk of counterparty defaults and the potential for changes in counterparty credit spreads related to derivative trading activities of the Bank. In the first quarter of 2012, the Bank entered into the PAF2 transaction to hedge the counterparty credit risk of a referenced portfolio of derivatives and their credit spread volatility. The hedge covered approximately USD 12 billion notional amount of expected positive exposure from counterparties of the Bank, and was 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 was retained by the Bank and actively managed through normal credit procedures. The mezzanine layer was hedged by transferring the risk of default and counterparty credit spread movements to eligible employees in the form of PAF2 awards, as part of their deferred compensation granted in the annual compensation process.

The model used to value the PAF2 awards is the standard Gaussian copula valuation model used for synthetic CDO trades with adjustments necessary to incorporate the specific nature of the PAF2 transaction. The key model inputs are notional value, correlation assumption, credit spreads, liquidity and recovery rates of the portfolio, the Bank's own credit spread and the maturity of the trade. In the model, the credit spreads of the counterparties determine the respective probability of default. Such probability is used to compute the expected value of the cash flows contingent on survival and on default of the counterparties in the reference portfolio. The credit spreads are sourced using observable data from CDS on the specific reference entity. Where a specific reference entity curve does not exist for a reference name in the portfolio, a proxy curve is used. The expected value of the counterparty exposure on default determines the equivalent notional value for the given name. This is computed from the effective positive exposure which is the weighted average over time of the expected exposure used by the Bank for counterparty risk management. As of December 31, 2013, the carrying value of the PAF2 awards was CHF 649 million. The amount of the PAF2

awards compensation expense for 2013 was CHF 83 million and is included in the amount reflected in the "Deferred compensation expense" table in Note 27 – Employee deferred compensation, which includes deferred compensation expense for a smaller plan unrelated to the hedging aspects of this transaction.

The Bank had purchased protection on the senior layer to hedge against the potential for future counterparty credit spread volatility. This was executed through a credit default swap (CDS), accounted for at fair value, with a third-party entity. The value of the senior layer was calculated using the same model as for the PAF2 awards. The Bank also had a credit support facility with this entity that allowed the Bank to provide credit support in connection with other assets that are commonly financed through the issuance of commercial paper (CP) and, in connection with the CDS, to provide immediately available funding to this entity in certain circumstances. Among others, such circumstances included: (i) a disruption of the CP market such that the entity could not issue or roll a CP to fund the CDS payment or repay a maturing CP; (ii) the interest payable on the CP exceeded certain thresholds and the Bank instructed the entity to draw on the facility instead of issuing a CP; (iii) a CP was issued by the entity to fund a CDS payment and subsequently the short-term rating of the facility provider was downgraded; or (iv) to repay any outstanding CP at the maturity date of the facility. Any funded amount could be settled by the assignment of the rights and obligations of the CDS to the Bank. The credit support facility was accounted for on an accrual basis.

In December 2012, the  Basel Committee on Banking Supervision (BCBS) published updated regulatory guidance that made the PAF2 transaction as it was structured ineligible for counterparty credit spread hedging under the  Basel III framework. As a result of this new guidance, the Bank had the right to exercise a regulatory call to restructure or terminate the CDS and the credit support facility layer at par and terminate the mezzanine layer at fair value. In October 2013, the Bank exercised the call to terminate the CDS and the credit support facility at par.

As of December 31, 2013, the mezzanine layer in the form of PAF2 awards remained in place. In February 2014, the Bank terminated the PAF2 awards and exchanged them at fair value

for other compensation awards in the form of either Contingent Capital Awards or for an interest in a fund at the discretion of the award holders.

► Refer to "Note 27 – Employee deferred compensation" for further information.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking's sale of US residential mortgage loans, the Bank has provided certain representations and warranties relating to the loans sold.

► Refer to "Note 32 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information.

With respect to its outstanding repurchase claims, the Bank is unable to estimate reasonably possible losses in excess of the amounts accrued because of the heterogeneity of its portfolio, the complexity of legal and factual determinations related to each claim, the limited amount of discovery and/or other factors.

The following tables present the total amount of residential mortgage loans sold during the period from January 1, 2004 to December 31, 2013 by counterparty type and the development of outstanding repurchase claims and provisions for outstanding repurchase claims in 2013 and 2012, including realized losses from the repurchase of residential mortgage loans sold.

Residential mortgage loans sold

January 1, 2004 to December 31, 2013 (USD billion)

Government-sponsored enterprises	8.2
Private investors ¹	23.5
Non-agency securitizations	133.8 ²
Total	165.5

¹ Primarily banks.

² The outstanding balance of residential mortgage loans sold was USD 26.2 billion as of December 31, 2013. The difference of the total balance of mortgage loans sold and the outstanding balance as of December 31, 2013 was attributable to borrower payments of USD 88.9 billion and losses of USD 18.7 billion due to loan defaults.

Residential mortgage loans sold – outstanding repurchase claims

	2013							2012
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total
Outstanding repurchase claims (USD million)								
Balance at beginning of period	67	464	1,395	1,926	68	432	243	743
New claims	69	139	1,039	1,247	58	57	2,032	2,147
Claims settled through repurchases	(4)	(1)	(2)	(7) ¹	(7)	0	(7)	(14) ¹
Other settlements	(31)	(178)	(7)	(216) ²	(15)	(7)	(32)	(54) ²
Total claims settled	(35)	(179)	(9)	(223)	(22)	(7)	(39)	(68)
Claims rescinded	(24)	(4)	0	(28)	(37)	(18)	0	(55)
Transfers to/from arbitration and litigation, net ³	0	0	(2,342) ⁴	(2,342)	0	0	(841)	(841)
Balance at end of period	77	420	83	580	67	464	1,395	1,926

¹ Settled at a repurchase price of USD 6 million and USD 15 million in 2013 and 2012, respectively.

² Settled at USD 48 million and USD 41 million in 2013 and 2012, respectively.

³ Refer to "Note 36 – Litigation" for repurchase claims that are in arbitration or litigation.

⁴ Transfers to arbitration and litigation disclosed in 2013 include portfolios of claims of approximately USD 0.3 billion for which formal legal proceedings had commenced in prior periods.

Provisions for outstanding repurchase claims

	2013	2012
Provisions for outstanding repurchase claims (USD million)¹		
Balance at beginning of period	55	59
Increase/(decrease) in provisions, net	145	52
Realized losses ²	(54) ³	(56) ⁴
Balance at end of period	146³	55⁵

¹ Excludes provisions for repurchase claims related to residential mortgage loans sold that are in arbitration or litigation. Refer to "Note 36 – Litigation" for further information.

² Includes indemnifications paid to resolve loan repurchase claims.

³ Primarily related to government-sponsored enterprises and private investors.

⁴ Primarily related to government-sponsored enterprises and non-agency securitizations.

⁵ Primarily related to government-sponsored enterprises.

Lease commitments

Lease commitments (CHF million)	
2014	579
2015	526
2016	473
2017	412
2018	365
Thereafter	3,062
Future operating lease commitments	5,417
Less minimum non-cancellable sublease rentals	171
Total net future minimum lease commitments	5,246

Rental expense for operating leases

in	2013	2012	2011
Rental expense for operating leases (CHF million)			
Minimum rental expense	642	629	549
Sublease rental income	(85)	(97)	(96)
Total net expenses for operating leases	557	532	453

Operating lease commitments

► Refer to "Note 32 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information.

Sale-leaseback transactions

In the first quarter of 2012, the Bank sold the office complex of its European headquarters at One Cabot Square in London to OCS Investment S.à.r.l. and leased back this property under an operating lease arrangement for 22 years, with two options to extend the lease by five years each. OCS Investment S.à.r.l. is a company wholly owned by the Qatar Investment Authority, which is a minority shareholder of the Group.

In the fourth quarter of 2012, the Bank sold the Uetlihof office complex in Zurich, the Bank's principal office building worldwide,

to Norges Bank, a minority shareholder of the Group, and leased back this property under an operating lease arrangement for 25 years, with the option to extend the lease by up to 15 years. Norges Bank, through its Investment Management unit, was acting as the buyer on behalf of the Norwegian Government Pension Fund Global.

During 2013 and 2012, the Bank entered into several smaller sale-leaseback transactions in respect of own property, which were all recognized as operating lease arrangements with lease terms of between two and ten years and between five and ten years, respectively. The total contractual rental expenses were CHF 78 million for the 2013 sale-leaseback transactions and CHF 41 million for the 2012 sale-leaseback transactions.

Other commitments

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Collateral received
2013 (CHF million)							
Irrevocable commitments under documentary credits	5,478	27	1	0	5,506	5,446	3,380
Irrevocable loan commitments	27,154	26,852	35,326	7,483	96,815 ²	92,557	47,995
Forward reverse repurchase agreements	26,893	0	0	0	26,893	26,893	26,893
Other commitments	2,436	1,020	103	286	3,845	3,845	351
Total other commitments	61,961	27,899	35,430	7,769	133,059	128,741	78,619
2012 (CHF million)							
Irrevocable commitments under documentary credits	6,210	35	6	0	6,251	6,054	3,219
Irrevocable loan commitments	32,632	23,610	37,790	6,022	100,054 ²	94,582	32,759
Forward reverse repurchase agreements	45,556	0	0	0	45,556	45,556	45,556
Other commitments	906	863	171	575	2,515	2,515	131
Total other commitments	85,304	24,508	37,967	6,597	154,376	148,707	81,665

¹ Total net amount is computed as the gross amount less any participations.

² Irrevocable loan commitments do not include a total gross amount of CHF 87,161 million and CHF 75,832 million of unused credit limits as of December 31, 2013 and 2012, respectively, which were revocable at the Bank's sole discretion upon notice to the client. The prior period has been adjusted to the current presentation.

► Refer to "Note 32 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information.

32 Transfers of financial assets and variable interest entities

Transfers of financial assets

Securitizations

► Refer to "Note 33 – Transfers of financial assets and variable interest entities" in V – Credit Suisse Group – Consolidated financial statements for further information.

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2013, 2012 and 2011 securitizations of financial assets that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Bank and the SPEs used in any securitizations in which the Bank still has continuing involvement, regardless of when the securitization occurred.

Securitizations

in	2013	2012	2011
Gains and cash flows (CHF million)			
CMBS			
Net gain ¹	4	56	6
Proceeds from transfer of assets	5,574	6,156	974
Servicing fees	0	0	1
Cash received on interests that continue to be held	70	57	205
RMBS			
Net gain/(loss) ¹	(8)	3	65
Proceeds from transfer of assets	24,523	15,143	30,695
Purchases of previously transferred financial assets or its underlying collateral	(10)	(25)	(4)
Servicing fees	4	3	3
Cash received on interests that continue to be held	486	554	382
Other asset-backed financings			
Net gain ¹	15	83	24
Proceeds from transfer of assets	915	591	1,268
Purchases of previously transferred financial assets or its underlying collateral ²	(213)	(621)	(256)
Servicing fees	0	0	1
Cash received on interests that continue to be held	633	1,350	701

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans.

² Represents market making activity and voluntary repurchases at fair value where no repurchase obligations were present.

Continuing involvement in transferred financial assets

The following table provides the outstanding principal balance of assets to which the Bank continued to be exposed after the transfer of the financial assets to any SPE and the total assets of the SPE as of the end of 2013 and 2012, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	2013	2012
CHF million		
CMBS		
Principal amount outstanding	37,308	30,050
Total assets of SPE	48,715	45,407
RMBS		
Principal amount outstanding	45,571	58,112
Total assets of SPE	48,741	60,469
Other asset-backed financings		
Principal amount outstanding	27,854	32,805
Total assets of SPE	27,854	32,805

Principal amount outstanding relates to assets transferred from the Bank and does not include principle amounts for assets transferred from third parties.

Fair value of beneficial interests

The fair value measurement of beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Bank may utilize to hedge the inherent risks.

Key economic assumptions at the time of transfer

► Refer to "Note 33 – Financial instruments" for further information on fair value hierarchy.

Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer	2013		2012	
	CMBS	RMBS	CMBS	RMBS
CHF million, except where indicated				
Fair value of beneficial interests	633	2,993	761	2,219
of which level 2	476	2,879	654	2,090
of which level 3	156	114	107	129
Weighted-average life, in years	7.3	7.7	8.4	5.0
Prepayment speed assumption (rate per annum), in % ¹	- ²	2.0–31.0	- ²	0.1–34.9
Cash flow discount rate (rate per annum), in % ³	1.6–11.6	0.0–45.9	0.8–10.7	0.1–25.7
Expected credit losses (rate per annum), in %	0.0–7.5	0.0–45.8	0.5–9.0	0.0–25.1

Transfers of assets in which the Bank does not have beneficial interests are not included in this table.

¹ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

² To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

³ The rate was based on the weighted-average yield on the beneficial interests.

Sensitivity analysis

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of the end of 2013 and 2012.

Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

end of	2013			2012		
	CMBS ¹	RMBS	Other asset-backed financing activities ²	CMBS ¹	RMBS	Other asset-backed financing activities ²
CHF million, except where indicated						
Fair value of beneficial interests	1,132	2,354	284	274	1,929	692
of which non-investment grade	26	359	204	90	342	686
Weighted-average life, in years	6.5	8.6	3.7	4.0	5.2	3.6
Prepayment speed assumption (rate per annum), in % ³	–	1.0–23.5	–	–	0.1–27.6	–
Impact on fair value from 10% adverse change	–	(26.6)	–	–	(38.5)	–
Impact on fair value from 20% adverse change	–	(48.6)	–	–	(74.3)	–
Cash flow discount rate (rate per annum), in % ⁴	1.1–37.1	1.7–22.4	1.0–23.1	1.1–50.2	0.2–42.8	0.7–51.7
Impact on fair value from 10% adverse change	(25.5)	(65.0)	(2.4)	(14.8)	(62.8)	(1.0)
Impact on fair value from 20% adverse change	(50.0)	(124.9)	(4.9)	(19.9)	(93.5)	(1.8)
Expected credit losses (rate per annum), in %	0.2–36.6	0.1–17.3	0.7–21.0	0.9–49.5	0.9–42.8	0.3–51.4
Impact on fair value from 10% adverse change	(10.9)	(42.2)	(0.4)	(14.4)	(55.9)	(0.8)
Impact on fair value from 20% adverse change	(21.5)	(79.6)	(0.7)	(19.2)	(80.3)	(1.6)

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

² CDOs within this category are generally structured to be protected from prepayment risk.

³ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

⁴ The rate was based on the weighted-average yield on the beneficial interests.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of the end of 2013 and 2012.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

end of	2013	2012
CHF million		
CMBS		
Other assets	432	467
Liability to SPE, included in Other liabilities	(432)	(467)
Other asset-backed financings		
Trading assets	216	1,171
Other assets	157	913
Liability to SPE, included in Other liabilities	(373)	(2,084)

Variable interest entities

► Refer to "Note 33 – Transfers of financial assets and variable interest entities" in V – Consolidated financial statements – Credit Suisse Group for further information.

Consolidated VIEs

The Bank has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Bank consolidated all VIEs related to financial intermediation for which it was the primary beneficiary.

Consolidated VIEs in which the Bank was the primary beneficiary

end of	CDO	CP Conduit	Financial intermediation				Total
			Securi- tizations	Funds	Loans	Other	
2013 (CHF million)							
Cash and due from banks	702	1	2	100	87	60	952
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	1,959	0	0	0	0	1,959
Trading assets	869	51	3	1,687	665	335	3,610
Investment securities	0	100	0	0	0	0	100
Other investments	0	0	0	0	1,491	492	1,983
Net loans	0	2,012	885	0	779	531	4,207
Premises and equipment	0	0	0	0	415	66	481
Other assets	7,516	1,473	3,353	0	307	1,680	14,329
of which loans held-for-sale	7,479	0	3,093	0	56	0	10,628
Total assets of consolidated VIEs	9,087	5,596	4,243	1,787	3,744	3,164	27,621
Customer deposits	0	0	0	0	0	265	265
Trading liabilities	9	0	0	0	8	76	93
Short-term borrowings	0	4,280	0	7	0	(1)	4,286
Long-term debt	9,067	17	3,187	179	93	449	12,992
Other liabilities	34	16	67	2	152	439	710
Total liabilities of consolidated VIEs	9,110	4,313	3,254	188	253	1,228	18,346
2012 (CHF million)							
Cash and due from banks	1,534	27	0	125	44	20	1,750
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	117	0	0	0	0	117
Trading assets	1,064	196	14	1,861	565	997	4,697
Investment securities	0	23	0	0	0	0	23
Other investments	0	0	0	0	1,712	577	2,289
Net loans	0	4,360	859	0	405	429	6,053
Premises and equipment	0	0	0	0	474	72	546
Other assets	7,369	1,637	3,111	4	571	1,816	14,508
of which loans held-for-sale	7,324	0	3,110	0	71	0	10,505
Total assets of consolidated VIEs	9,967	6,360	3,984	1,990	3,771	3,911	29,983
Customer deposits	0	0	0	0	0	247	247
Trading liabilities	20	0	0	0	4	101	125
Short-term borrowings	0	5,776	0	3	0	0	5,779
Long-term debt	9,944	14	3,608	500	38	428	14,532
Other liabilities	45	6	97	7	167	842	1,164
Total liabilities of consolidated VIEs	10,009	5,796	3,705	510	209	1,618	21,847

Non-consolidated VIEs

Non-consolidated VIE assets are related to the non-consolidated VIEs with which the Bank has variable interests. These amounts represent the assets of the entities themselves and are typically

unrelated to the exposures the Bank has with the entity and thus are not amounts that are considered for risk management purposes.

Non-consolidated VIEs

end of	Financial intermediation					Total
	CDO	Secur- tizations	Funds	Loans	Other	
2013 (CHF million)						
Trading assets	183	4,920	979	725	713	7,520
Net loans	2	613	2,712	2,856	1,282	7,465
Other assets	0	0	47	0	6	53
Total variable interest assets	185	5,533	3,738	3,581	2,001	15,038
Maximum exposure to loss	186	7,496	3,926	7,433	2,090	21,131
Non-consolidated VIE assets	10,211	101,524	55,509	31,144	8,525	206,913
2012 (CHF million)						
Trading assets	100	3,210	1,143	868	600	5,921
Net loans	8	111	2,048	3,572	1,668	7,407
Other assets	0	17	49	0	4	70
Total variable interest assets	108	3,338	3,240	4,440	2,272	13,398
Maximum exposure to loss	108	14,123	3,475	4,906	3,039	25,651
Non-consolidated VIE assets	5,163	103,990	52,268	22,304	6,486	190,211

33 Financial instruments

► Refer to "Note 34 – Financial instruments" in V – Consolidated financial statements – Credit Suisse Group for further information.

Assets and liabilities measured at fair value on a recurring basis

end of 2013	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	527	0	0	527
Interest-bearing deposits with banks	0	311	0	0	311
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	96,383	204	0	96,587
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Securities received as collateral	21,098	1,702	0	0	22,800
Debt	41,829	63,217	5,069	0	110,115
of which foreign governments	40,199	6,980	230	0	47,409
of which corporates	14	24,267	2,128	0	26,409
of which RMBS	0	23,343	436	0	23,779
of which CMBS	0	5,255	417	0	5,672
of which CDO	0	3,305	1,567	0	4,872
Equity	70,463	5,777	595	0	76,835
Derivatives	6,610	563,882	5,217	(543,922)	31,787
of which interest rate products	1,065	444,187	1,574	–	–
of which foreign exchange products	8	60,732	484	–	–
of which equity/index-related products	5,278	28,941	1,240	–	–
of which credit derivatives	0	25,662	1,138	–	–
Other	3,690	4,480	2,829	0	10,999
Trading assets	122,592	637,356	13,710	(543,922)	229,736
Debt	1,164	362	0	0	1,526
of which foreign governments	1,162	2	0	0	1,164
of which corporates	0	262	0	0	262
of which CDO	0	100	0	0	100
Equity	1	98	2	0	101
Investment securities	1,165	460	2	0	1,627
Private equity	0	0	3,339	0	3,339
of which equity funds	0	0	2,230	0	2,230
Hedge funds	0	289	392	0	681
of which debt funds	0	174	329	0	503
Other equity investments	283	55	1,632	0	1,970
of which private	0	15	1,631	0	1,646
Life finance instruments	0	0	1,600	0	1,600
Other investments	283	344	6,963	0	7,590
Loans	0	11,459	7,998	0	19,457
of which commercial and industrial loans	0	6,302	5,309	0	11,611
of which financial institutions	0	4,484	1,322	0	5,806
Other intangible assets (mortgage servicing rights)	0	0	42	0	42
Other assets	4,861	21,426	6,159	(928)	31,518
of which loans held-for-sale	0	12,770	5,615	0	18,385
Total assets at fair value	149,999	769,968	35,078	(544,850)	410,195
Less other investments – equity at fair value attributable to noncontrolling interests	(246)	(149)	(2,781)	0	(3,176)
Less assets consolidated under ASU 2009-17 ²	0	(8,996)	(2,458)	0	(11,454)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	149,753	760,823	29,839	(544,850)	395,565

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2013	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	1,460	0	0	1,460
Customer deposits	0	3,186	55	0	3,241
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	75,990	114	0	76,104
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Obligation to return securities received as collateral	21,098	1,702	0	0	22,800
Debt	19,037	5,312	2	0	24,351
of which foreign governments	18,863	603	0	0	19,466
of which corporates	1	4,132	2	0	4,135
Equity	15,476	309	17	0	15,802
Derivatives	5,879	572,717	5,545	(547,482)	36,659
of which interest rate products	896	439,502	1,129	–	–
of which foreign exchange products	14	71,588	938	–	–
of which equity/index-related products	4,691	30,800	1,896	–	–
of which credit derivatives	0	25,942	1,230	–	–
Trading liabilities	40,392	578,338	5,564	(547,482)	76,812
Short-term borrowings	0	5,888	165	0	6,053
Long-term debt	0	52,073	9,780	0	61,853
of which treasury debt over two years	0	9,081	0	0	9,081
of which structured notes over two years	0	20,680	6,217	0	26,897
of which non-recourse liabilities	0	9,509	2,552	0	12,061
Other liabilities	0	19,386	2,859	(274)	21,971
of which failed sales	0	638	1,143	0	1,781
Total liabilities at fair value	61,490	738,023	18,537	(547,756)	270,294

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	569	0	0	569
Interest-bearing deposits with banks	0	627	0	0	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	113,664	0	0	113,664
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Securities received as collateral	29,677	368	0	0	30,045
Debt	55,592	74,392	5,830	0	135,814
of which foreign governments	53,918	11,032	79	0	65,029
of which corporates	1	25,933	3,192	0	29,126
of which RMBS	0	30,392	724	0	31,116
of which CMBS	0	4,335	1,023	0	5,358
of which CDO	0	2,620	447	0	3,067
Equity	66,715	7,745	485	0	74,945
Derivatives	3,428	823,181	6,650	(799,843)	33,416
of which interest rate products	703	698,494	1,859	–	–
of which foreign exchange products	1	62,619	754	–	–
of which equity/index-related products	2,538	25,885	1,920	–	–
of which credit derivatives	0	29,274	1,294	–	–
Other	7,205	2,736	2,486	0	12,427
Trading assets	132,940	908,054	15,451	(799,843)	256,602
Debt	1,334	341	169	0	1,844
of which foreign governments	1,333	1	21	0	1,355
of which corporates	0	340	125	0	465
of which CDO	0	0	24	0	24
Equity	4	90	1	0	95
Investment securities	1,338	431	170	0	1,939
Private equity	0	0	3,855	0	3,855
of which equity funds	0	0	2,530	0	2,530
Hedge funds	0	470	165	0	635
of which debt funds	0	349	84	0	433
Other equity investments	271	69	2,244	0	2,584
of which private	0	61	2,245	0	2,306
Life finance instruments	0	0	1,818	0	1,818
Other investments	271	539	8,082	0	8,892
Loans	0	13,381	6,619	0	20,000
of which commercial and industrial loans	0	6,191	4,778	0	10,969
of which financial institutions	0	5,934	1,530	0	7,464
Other intangible assets (mortgage servicing rights)	0	0	43	0	43
Other assets	5,439	26,802	5,164	(146)	37,259
of which loans held-for-sale	0	14,899	4,463	0	19,362
Total assets at fair value	169,665	1,064,435	35,529	(799,989)	469,640
Less other investments – equity at fair value attributable to noncontrolling interests	(240)	(99)	(3,292)	0	(3,631)
Less assets consolidated under ASU 2009-17 ²	0	(8,769)	(2,745)	0	(11,514)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	169,425	1,055,567	29,492	(799,989)	454,495

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	3,431	0	0	3,431
Customer deposits	0	4,601	25	0	4,626
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	108,784	0	0	108,784
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Obligation to return securities received as collateral	29,677	368	0	0	30,045
Debt	25,782	7,015	196	0	32,993
of which foreign governments	25,624	1,476	0	0	27,100
of which corporates	0	5,030	196	0	5,226
Equity	18,109	389	6	0	18,504
Derivatives	3,174	834,413	5,154	(803,147)	39,594
of which interest rate products	628	693,525	1,357	–	–
of which foreign exchange products	1	76,988	1,648	–	–
of which equity/index-related products	2,305	27,749	1,003	–	–
of which credit derivatives	0	28,952	819	–	–
Trading liabilities	47,065	841,817	5,356	(803,147)	91,091
Short-term borrowings	0	4,389	124	0	4,513
Long-term debt	218	54,458	10,098	0	64,774
of which treasury debt over two years	0	10,567	0	0	10,567
of which structured notes over two years	0	22,545	6,189	0	28,734
of which non-recourse liabilities	218	11,006	2,551	0	13,775
Other liabilities	0	24,235	2,847	(283)	26,799
of which failed sales	0	2,523	1,160	0	3,683
Total liabilities at fair value	76,960	1,042,083	18,450	(803,430)	334,063

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

Transfers between level 1 and level 2

in	2013		2012		
	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	
Assets (CHF million)					
Debt		499	92	318	23,632
Equity		437	183	209	650
Derivatives		5,090	2	5,510	20
Trading assets		6,026	277	6,037	24,302
Liabilities (CHF million)					
Debt		11	18	87	34
Equity		248	17	100	226
Derivatives		4,433	11	6,441	72
Trading liabilities		4,692	46	6,628	332

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

2013	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	0	0	0
Debt	5,830	1,418	(1,977)	6,363
of which corporates	3,192	571	(552)	1,759
of which RMBS	724	467	(690)	1,012
of which CMBS	1,023	86	(310)	497
of which CDO	447	55	(357)	3,072
Equity	485	303	(237)	405
Derivatives	6,650	1,442	(2,208)	0
of which interest rate products	1,859	244	(363)	0
of which equity/index-related products	1,920	223	(1,020)	0
of which credit derivatives	1,294	923	(633)	0
Other	2,486	288	(487)	3,266
Trading assets	15,451	3,451	(4,909)	10,034
Investment securities	170	0	(230)	165
Equity	6,264	106	(63)	1,081
Life finance instruments	1,818	0	0	189
Other investments	8,082	106	(63)	1,270
Loans	6,619	320	(1,561)	800
of which commercial and industrial loans	4,778	305	(315)	727
of which financial institutions	1,530	15	(6)	71
Other intangible assets (mortgage servicing rights)	43	0	0	12
Other assets	5,164	3,552	(2,998)	4,781
of which loans held-for-sale ²	4,463	3,539	(2,918)	4,456
Total assets at fair value	35,529	7,429	(9,761)	17,062
Liabilities (CHF million)				
Customer deposits	25	0	0	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	0	0	0
Trading liabilities	5,356	1,503	(1,537)	66
of which interest rate derivatives	1,357	75	(134)	0
of which foreign exchange derivatives	1,648	13	(21)	0
of which equity/index-related derivatives	1,003	360	(676)	0
of which credit derivatives	819	1,001	(590)	0
Short-term borrowings	124	43	(99)	0
Long-term debt	10,098	2,322	(2,375)	0
of which structured notes over two years	6,189	453	(1,226)	0
of which non-recourse liabilities	2,551	1,836	(670)	0
Other liabilities	2,847	227	(149)	213
of which failed sales	1,160	176	(82)	154
Total liabilities at fair value	18,450	4,095	(4,160)	279
Net assets/(liabilities) at fair value	17,079	3,334	(5,601)	16,783

¹ For all transfers to level 3 or out of level 3, the Bank determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

² Includes unrealized gains recorded in trading revenues of CHF 238 million primarily related to subprime exposures in securitized business and market movements across the wider loans held-for-sale portfolio.

Sales	Issuances	Settlements	Trading revenues		Other revenues		Foreign currency translation impact	Balance at end of period
			On transfers in / out ¹	On all other	On transfers in / out ¹	On all other		
0	362	(153)	0	4	0	0	(9)	204
(6,984)	0	0	165	465	0	0	(211)	5,069
(3,022)	0	0	109	157	0	0	(86)	2,128
(1,162)	0	0	11	91	0	0	(17)	436
(866)	0	0	(4)	15	0	0	(24)	417
(1,810)	0	0	36	197	0	0	(73)	1,567
(431)	0	0	20	68	(1)	0	(17)	595
0	1,766	(2,446)	230	(53)	0	0	(164)	5,217
0	279	(663)	8	249	0	0	(39)	1,574
0	207	(538)	184	330	0	0	(66)	1,240
0	627	(631)	38	(461)	0	0	(19)	1,138
(2,656)	0	(65)	8	83	0	0	(94)	2,829
(10,071)	1,766	(2,511)	423	563	(1)	0	(486)	13,710
(82)	0	0	0	9	0	0	(30)	2
(2,649)	0	0	0	(3)	0	776	(149)	5,363
(365)	0	0	0	1	0	0	(43)	1,600
(3,014)	0	0	0	(2)	0	776	(192)	6,963
(1,673)	6,767	(2,920)	0	(21)	0	0	(333)	7,998
(1,280)	3,541	(2,171)	1	(85)	0	0	(192)	5,309
(207)	651	(650)	0	(48)	0	0	(34)	1,322
0	0	0	0	0	0	(12)	(1)	42
(4,213)	1,034	(1,148)	5	199	0	0	(217)	6,159
(3,964)	1,034	(1,147)	5	348	0	0	(201)	5,615
(19,053)	9,929	(6,732)	428	752	(1)	764	(1,268)	35,078
0	51	(3)	0	(13)	0	0	(5)	55
0	119	0	0	0	0	0	(5)	114
(197)	1,561	(2,556)	235	1,302	0	0	(169)	5,564
0	107	(508)	10	254	0	0	(32)	1,129
0	15	(662)	(16)	(21)	0	0	(18)	938
0	632	(380)	210	831	0	0	(84)	1,896
0	655	(856)	39	186	0	0	(24)	1,230
0	318	(216)	0	3	0	0	(8)	165
0	5,006	(5,330)	25	321	0	(1)	(286)	9,780
0	3,602	(2,534)	(18)	(36)	0	(1)	(212)	6,217
0	818	(2,128)	24	151	0	0	(30)	2,552
(393)	10	(86)	(17)	70	26	217	(106)	2,859
(308)	0	0	0	72	0	0	(29)	1,143
(590)	7,065	(8,191)	243	1,683	26	216	(579)	18,537
(18,463)	2,864	1,459	185	(931)	(27)	548	(689)	16,541

Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)

2012	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,204	0	0	0
Securities received as collateral	193	0	(188)	0
Debt	9,941	2,312	(5,035)	7,479
of which corporates	5,076	1,113	(3,609)	5,210
of which RMBS	1,786	831	(958)	937
of which CMBS	1,517	188	(262)	664
of which CDO	727	158	(121)	483
Equity	467	419	(100)	377
Derivatives	9,588	1,465	(2,175)	0
of which interest rate products	2,547	168	(686)	0
of which equity/index-related products	2,732	681	(844)	0
of which credit derivatives	2,172	592	(544)	0
Other	2,195	179	(366)	2,842
Trading assets	22,191	4,375	(7,676)	10,698
Investment securities	102	0	0	94
Equity	6,899	4	(61)	757
Life finance instruments	1,968	0	0	102
Other investments	8,867	4	(61)	859
Loans	6,842	605	(642)	509
of which commercial and industrial loans	4,559	537	(391)	275
of which financial institutions	2,179	64	(248)	218
Other intangible assets (mortgage servicing rights)	70	0	0	11
Other assets	7,469	2,509	(2,949)	3,007
of which loans held-for-sale	6,901	2,471	(2,948)	2,801
Total assets at fair value	46,938	7,493	(11,516)	15,178
Liabilities (CHF million)				
Customer deposits	0	0	0	0
Obligation to return securities received as collateral	193	0	(188)	0
Trading liabilities	7,343	1,294	(1,783)	94
of which interest rate derivatives	1,588	230	(754)	0
of which foreign exchange derivatives	2,836	3	(178)	0
of which equity/index-related derivatives	1,022	132	(262)	0
of which credit derivatives	1,520	700	(571)	0
Short-term borrowings	236	23	(96)	0
Long-term debt	12,715	2,616	(4,044)	0
of which structured notes over two years	7,576	789	(1,668)	0
of which non-recourse liabilities	3,585	1,701	(2,225)	0
Other liabilities	3,890	246	(315)	321
of which failed sales	1,909	136	(47)	302
Total liabilities at fair value	24,377	4,179	(6,426)	415
Net assets/(liabilities) at fair value	22,561	3,314	(5,090)	14,763

¹ For all transfers to level 3 or out of level 3, the Bank determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

			Trading revenues		Other revenues			Foreign currency translation impact	Balance at end of period
Sales	Issuances	Settlements	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other			
0	0	(1,174)	0	(28)	0	0	(2)	0	
0	0	0	0	0	0	0	(5)	0	
(8,793)	0	0	72	129	(4)	0	(271)	5,830	
(4,745)	0	0	49	278	(4)	0	(176)	3,192	
(1,924)	0	0	18	60	0	0	(26)	724	
(809)	0	0	(4)	(228)	0	0	(43)	1,023	
(851)	0	0	(4)	67	0	0	(12)	447	
(611)	0	0	0	(63)	0	0	(4)	485	
0	1,007	(3,262)	60	163	0	0	(196)	6,650	
0	303	(976)	47	515	0	0	(59)	1,859	
0	346	(844)	(31)	(56)	0	0	(64)	1,920	
0	161	(914)	43	(179)	0	0	(37)	1,294	
(2,290)	0	0	2	(4)	0	0	(72)	2,486	
(11,694)	1,007	(3,262)	134	225	(4)	0	(543)	15,451	
(17)	0	0	0	0	0	0	(9)	170	
(1,789)	0	0	0	2	0	620	(168)	6,264	
(274)	0	0	0	72	0	0	(50)	1,818	
(2,063)	0	0	0	74	0	620	(218)	8,082	
(1,286)	4,490	(3,473)	15	(250)	0	0	(191)	6,619	
(469)	3,084	(2,773)	15	76	0	0	(135)	4,778	
(745)	1,078	(672)	(1)	(293)	0	0	(50)	1,530	
(16)	0	0	0	0	0	(20)	(2)	43	
(3,356)	298	(2,319)	128	580	0	0	(203)	5,164	
(3,182)	298	(2,319)	127	486	0	0	(172)	4,463	
(18,432)	5,795	(10,228)	277	601	(4)	600	(1,173)	35,529	
0	25	0	0	0	0	0	0	25	
0	0	0	0	0	0	0	(5)	0	
(346)	853	(2,599)	151	505	0	0	(156)	5,356	
0	115	(194)	75	340	0	0	(43)	1,357	
0	1	(1,037)	24	48	0	0	(49)	1,648	
0	537	(315)	(16)	(61)	0	0	(34)	1,003	
0	88	(939)	79	(36)	0	0	(22)	819	
0	288	(332)	(3)	14	0	0	(6)	124	
0	4,015	(6,043)	182	989	(4)	0	(328)	10,098	
0	1,925	(2,867)	32	604	(4)	0	(198)	6,189	
0	1,473	(2,312)	144	275	0	0	(90)	2,551	
(1,322)	2	(219)	(15)	74	0	278	(93)	2,847	
(1,260)	0	0	0	153	0	0	(33)	1,160	
(1,668)	5,183	(9,193)	315	1,582	(4)	278	(588)	18,450	
(16,764)	612	(1,035)	(38)	(981)	0	322	(585)	17,079	

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	2013			2012		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	(746)	521	(225)¹	(1,019)	322	(697)¹
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(2,850)	245	(2,605)	(1,209)	(23)	(1,232)

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Quantitative information about level 3 assets at fair value

end of 2013	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	204	Discounted cash flow	Funding spread, in bp	90	350	178
Debt	5,069					
of which corporates	2,128					
of which	129	Option model	Correlation, in %	(83)	96	14
			Buyback probability, in % ²	50	100	62
of which	592	Market comparable	Price, in %	0	112	91
of which	807	Discounted cash flow	Credit spread, in bp	22	957	348
of which RMBS	436	Discounted cash flow	Discount rate, in %	2	33	9
			Prepayment rate, in %	0	27	7
			Default rate, in %	0	25	5
			Loss severity, in %	0	100	48
of which CMBS	417	Discounted cash flow	Capitalization rate, in %	5	12	9
			Discount rate, in %	1	30	9
			Prepayment rate, in %	0	20	10
			Default rate, in %	0	18	1
			Loss severity, in %	0	40	3
of which CDO	1,567					
of which	118	Vendor price	Price, in %	0	100	94
of which	278	Discounted cash flow	Discount rate, in %	2	24	6
			Prepayment rate, in %	0	30	7
			Default rate, in %	1	15	3
			Loss severity, in %	25	100	68
of which	423	Market comparable	Price, in %	85	101	98
Equity	595					
of which	270	Market comparable	EBITDA multiple	3	12	7
of which	35	Discounted cash flow	Capitalization rate, in %	7	7	7
			Discount rate, in %	15	15	15
Derivatives	5,217					
of which interest rate products	1,574	Option model	Correlation, in %	15	100	82
			Prepayment rate, in %	5	31	24
			Volatility, in %	2	31	6
			Volatility skew, in %	(9)	2	(1)
			Credit spread, in bp	95	2,054	218
of which equity/index-related products	1,240	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	2	252	26
of which credit derivatives	1,138	Discounted cash flow	Credit spread, in bp	1	2,054	298
			Recovery rate, in %	0	77	25
			Discount rate, in %	4	29	14
			Default rate, in %	1	16	6
			Loss severity, in %	10	100	59
			Correlation, in %	34	97	83
			Prepayment rate, in %	0	17	5
Other	2,829					
of which	2,139	Market comparable	Price, in %	0	146	34
of which	589	Discounted cash flow	Market implied life expectancy, in years	3	19	9
Trading assets	13,710					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 2013	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Investment securities	2	–	–	–	–	–
Private equity	3,339	– ²	– ²	– ²	– ²	– ²
Hedge funds	392	– ²	– ²	– ²	– ²	– ²
Other equity investments	1,632					
of which private	1,631					
of which	384	Discounted cash flow	Credit spread, in bp	897	3,175	1,207
			Contingent probability, in %	59	59	59
of which	813	Market comparable	EBITDA multiple	1	10	8
			Market implied life expectancy, in years	1	21	9
Life finance instruments	1,600	Discounted cash flow				
Other investments	6,963					
Loans	7,998					
of which commercial and industrial loans	5,309					
of which	4,526	Discounted cash flow	Credit spread, in bp	50	2,488	504
of which	326	Market comparable	Price, in %	0	100	69
of which financial institutions	1,322	Discounted cash flow	Credit spread, in bp	98	884	302
Other intangible assets (mortgage servicing rights)	42	–	–	–	–	–
Other assets	6,159					
of which loans held-for-sale	5,615					
of which	1,954	Vendor price	Price, in %	0	160	99
of which	1,042	Discounted cash flow	Credit spread, in bp	75	2,389	467
			Recovery rate, in %	1	1	0
of which	2,420	Market comparable	Price, in %	0	105	59
Total level 3 assets at fair value	35,078					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Disclosure not required as balances are carried at unadjusted net asset value. Refer to "Fair value, unfunded commitments and term of redemption conditions" for further information.

Quantitative information about level 3 assets at fair value (continued)

end of 2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Debt	5,830				
of which corporates	3,192				
of which	754	Option model	Correlation, in %	(87)	97
			Buyback probability, in % ¹	50	100
of which	797	Market comparable	Price, in %	0	146
of which	1,231	Discounted cash flow	Credit spread, in bp	0	2,439
of which RMBS	724	Discounted cash flow	Discount rate, in %	2	50
			Prepayment rate, in %	0	55
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which CMBS	1,023	Discounted cash flow	Capitalization rate, in %	5	12
			Internal rate of return, in %	9	15
			Discount rate, in %	2	35
			Prepayment rate, in %	0	10
			Default rate, in %	0	40
			Loss severity, in %	0	90
of which CDO	447				
of which	193	Vendor price	Price, in %	0	102
of which	123	Discounted cash flow	Discount rate, in %	2	35
			Prepayment rate, in %	0	40
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which	78	Market comparable	Price, in %	80	93
Equity	485				
of which	237	Market comparable	EBITDA multiple	3	12
of which	26	Discounted cash flow	Capitalization rate, in %	7	7
Derivatives	6,650				
of which interest rate products	1,859	Option model	Correlation, in %	17	100
			Prepayment rate, in %	2	45
			Volatility, in %	(5)	31
			Credit spread, in bp	34	157
of which equity/index-related products	1,920	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
of which credit derivatives	1,294	Discounted cash flow	Credit spread, in bp	1	5,843
			Recovery rate, in %	0	75
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Loss severity, in %	0	100
			Correlation, in %	30	97
			Prepayment rate, in %	0	40
Other	2,486				
of which	1,891	Market comparable	Price, in %	0	103
of which	564	Discounted cash flow	Life expectancy, in years	4	20
Trading assets	15,451				

¹ Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Investment securities	170	–	–	–	–
Private equity	3,855	– ¹	– ¹	– ¹	– ¹
Hedge funds	165	– ¹	– ¹	– ¹	– ¹
Other equity investments	2,244				
of which private	2,245				
of which	759	Discounted cash flow	Credit spread, in bp	1,070	2,049
			Contingent probability, in %	50	50
of which	903	Market comparable	EBITDA multiple	2	13
Life finance instruments	1,818	Discounted cash flow	Life expectancy, in years	1	23
Other investments	8,082				
Loans	6,619				
of which commercial and industrial loans	4,778	Discounted cash flow	Credit spread, in bp	0	2,763
of which financial institutions	1,530	Discounted cash flow	Credit spread, in bp	0	888
Other intangible assets (mortgage servicing rights)	43	–	–	–	–
Other assets	5,164				
of which loans held-for-sale	4,463				
of which	2,031	Vendor price	Price, in %	0	103
of which	328	Discounted cash flow	Credit spread, in bp	20	1,458
of which	2,009	Market comparable	Price, in %	0	115
Total level 3 assets at fair value	35,529				

¹ Disclosure not required as balances are carried at unadjusted net asset value. Refer to "Fair value, unfunded commitments and term of redemption conditions" for further information.

Quantitative information about level 3 liabilities at fair value

end of 2013	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Customer deposits	55	–	–	–	–	–
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	114	Discounted cash flow	Funding spread, in bp	90	90	90
Trading liabilities	5,564					
of which interest rate derivatives	1,129	Option model	Basis spread, in bp	(5)	148	74
			Correlation, in %	17	99	62
			Mean reversion, in % ²	5	10	6
			Prepayment rate, in %	5	31	23
of which foreign exchange derivatives	938	Option model	Correlation, in %	(10)	70	48
			Prepayment rate, in %	19	31	25
of which equity/index-related derivatives	1,896	Option model	Correlation, in %	(83)	96	14
			Skew, in %	79	152	118
			Volatility, in %	2	252	26
of which credit derivatives	1,230	Discounted cash flow	Buyback probability, in % ³	50	100	62
			Credit spread, in bp	1	2,052	252
			Discount rate, in %	4	29	14
			Default rate, in %	1	15	6
			Recovery rate, in %	14	77	43
			Loss severity, in %	6	100	62
			Correlation, in %	34	98	55
			Prepayment rate, in %	0	17	2
Short-term borrowings	165	–	–	–	–	–
Long-term debt	9,780					
of which structured notes over two years	6,217	Option model	Correlation, in %	(83)	99	16
			Volatility, in %	5	252	28
			Buyback probability, in % ³	50	100	62
			Gap risk, in % ⁴	0	5	0
of which non-recourse liabilities	2,552					
of which	2,105	Vendor price	Price, in %	0	217	104
of which	301	Market comparable	Price, in %	0	93	13
Other liabilities	2,859					
of which failed sales	1,143					
of which	829	Market comparable	Price, in %	0	100	63
of which	195	Discounted cash flow	Credit spread, in bp	813	1,362	1,185
			Recovery rate, in %	23	23	23
Total level 3 liabilities at fair value	18,537					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Management's best estimate of the speed at which interest rates will revert to the long-term average.

³ Estimate of the probability of structured notes being put back to the Bank at the option of the investor over the remaining life of the financial instruments.

⁴ Risk of unexpected large declines in the underlying values between collateral settlement dates.

Quantitative information about level 3 liabilities at fair value (continued)

end of 2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Customer deposits	25	–	–	–	–
Trading liabilities	5,356				
of which interest rate derivatives	1,357	Option model	Basis spread, in bp	(28)	54
			Correlation, in %	17	100
			Mean reversion, in % ¹	(33)	5
			Prepayment rate, in %	4	45
of which foreign exchange derivatives	1,648	Option model	Correlation, in %	(10)	70
			Prepayment rate, in %	4	22
of which equity/index-related derivatives	1,003	Option model	Correlation, in %	(87)	97
			Skew, in %	56	128
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	4
of which credit derivatives	819	Discounted cash flow	Credit spread, in bp	0	5,843
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Recovery rate, in %	0	77
			Loss severity, in %	0	100
			Correlation, in %	0	47
			Prepayment rate, in %	0	40
Short-term borrowings	124	–	–	–	–
Long-term debt	10,098				
of which structured notes over two years	6,189	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	12
of which non-recourse liabilities	2,551				
of which	2,255	Vendor price	Price, in %	0	103
of which	230	Market comparable	Price, in %	0	87
Other liabilities	2,847				
of which failed sales	1,160				
of which	646	Market comparable	Price, in %	0	100
of which	290	Discounted cash flow	Credit spread, in bp	0	1,532
Total level 3 liabilities at fair value	18,450				

¹ Management's best estimate of the speed at which interest rates will revert to the long-term average.

² Estimate of the probability of structured notes being put back to the Bank at the option of the investor over the remaining life of the financial instruments.

³ Risk of unexpected large declines in the underlying values between collateral settlement dates.

Fair value, unfunded commitments and term of redemption conditions

end of	2013				2012			
	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)								
Debt funds	1	18	19	0	127	38	165	0
Equity funds	28	3,096 ¹	3,124	0	52	3,810 ²	3,862	0
Equity funds sold short	0	(17)	(17)	0	0	(111)	(111)	0
Total funds held in trading assets and liabilities	29	3,097	3,126	0	179	3,737	3,916	0
Debt funds	320	183	503	6	68	365	433	157
Equity funds	0	25	25	0	3	43	46	0
Others	0	153	153	31	4	152	156	46
Hedge funds	320	361 ³	681	37	75	560 ⁴	635	203
Debt funds	53	0	53	2	97	0	97	17
Equity funds	2,230	0	2,230	464	2,530	0	2,530	723
Real estate funds	350	0	350	110	382	0	382	131
Others	706	0	706	250	846	0	846	198
Private equities	3,339	0	3,339	826	3,855	0	3,855	1,069
Equity method investments	349	0	349	0	385	0	385	0
Total funds held in other investments	4,008	361	4,369	863	4,315	560	4,875	1,272
Total fair value	4,037⁵	3,458⁶	7,495	863⁷	4,494⁵	4,297⁶	8,791	1,272⁷

¹ 55% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 19% is redeemable on an annual basis with a notice period primarily of more than 60 days, 17% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 9% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

² 57% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 17% is redeemable on an annual basis with a notice period primarily of more than 60 days, 13% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 13% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

³ 45% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 33% is redeemable on demand with a notice period primarily of less than 30 days, and 21% is redeemable on an annual basis with a notice period of more than 60 days.

⁴ 66% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 19% is redeemable on demand with a notice period primarily of less than 30 days, and 11% is redeemable on an annual basis with a notice period of more than 60 days.

⁵ Includes CHF 1,819 million and CHF 1,958 million attributable to noncontrolling interests in 2013 and 2012, respectively.

⁶ Includes CHF 107 million and CHF 107 million attributable to noncontrolling interests in 2013 and 2012, respectively.

⁷ Includes CHF 405 million and CHF 418 million attributable to noncontrolling interests in 2013 and 2012, respectively.

Nonrecurring fair value changes

end of	2013	2012
Assets held-for-sale recorded at fair value on a nonrecurring basis (CHF billion)		
Assets held-for-sale recorded at fair value on a nonrecurring basis	0.3	0.5
of which level 3	0.3	0.5

Difference between the aggregate fair value and the aggregate unpaid principal balances of loans and financial instruments

end of	2013			2012		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-interest-earning loans	956	3,262	(2,306)	920	3,810	(2,890)
Financial instruments (CHF million)						
Interest-bearing deposits with banks	311	307	4	627	615	12
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	96,587	96,217	370	113,664	113,196	468
Loans	19,457	19,653	(196)	20,000	20,278	(278)
Other assets ¹	20,749	25,756	(5,007)	22,060	29,787	(7,727)
Due to banks and customer deposits	(690)	(680)	(10)	(531)	(493)	(38)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(76,104)	(76,012)	(92)	(108,784)	(108,701)	(83)
Short-term borrowings	(6,053)	(5,896)	(157)	(4,513)	(4,339)	(174)
Long-term debt	(61,853)	(61,529)	(324)	(64,774)	(66,434)	1,660
Other liabilities	(1,780)	(3,285)	1,505	(3,683)	(6,186)	2,503

¹ Primarily loans held-for-sale.

Gains and losses on financial instruments

	2013	2012	2011
in	Net gains/ (losses)	Net gains/ (losses)	Net gains/ (losses)
Financial instruments (CHF million)			
Cash and due from banks	0	(13) ²	–
of which related to credit risk	0	(13)	–
Interest-bearing deposits with banks	10 ¹	12 ¹	0
of which related to credit risk	(3)	3	0
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,143 ¹	1,183 ¹	1,698 ¹
Other trading assets	0	10 ²	10 ²
Other investments	126 ³	144 ³	196 ²
of which related to credit risk	11	34	(14)
Loans	1,470 ¹	925 ¹	(1,105) ²
of which related to credit risk	26	318	(256)
Other assets	2,058 ¹	2,641 ¹	476 ¹
of which related to credit risk	604	355	(332)
Due to banks and customer deposits	0	(22) ¹	(2) ¹
of which related to credit risk	(5)	8	45
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(67) ¹	(114) ¹	(575) ¹
Short-term borrowings	(256) ²	(350) ²	91 ²
of which related to credit risk ⁴	0	0	(2)
Long-term debt	(2,697) ²	(7,709) ²	2,301 ²
of which related to credit risk ⁴	(309)	(2,365)	1,769
Other liabilities	413 ²	826 ²	(286) ²
of which related to credit risk	112	912	(348)

¹ Primarily recognized in net interest income.

² Primarily recognized in trading revenues.

³ Primarily recognized in other revenues.

⁴ Changes in fair value related to credit risk are due to the change in the Bank's own credit spreads. Other changes in fair value are attributable to changes in foreign currency exchange rates and interest rates, as well as movements in the reference price or index for structured notes.

Carrying value and fair value of financial instruments not carried at fair value

end of	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
2013 (CHF million)					
Financial assets					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	63,426	0	62,882	544	63,426
Loans	209,070	0	209,820	3,940	213,760
Other financial assets ¹	143,827	71,518	71,135	1,473	144,126
Financial liabilities					
Due to banks and deposits	340,278	204,134	136,064	9	340,207
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	17,928	0	17,928	0	17,928
Short-term borrowings	14,140	0	14,148	0	14,148
Long-term debt	64,788	0	62,027	3,774	65,801
Other financial liabilities ²	96,649	1,128	94,452	1,085	96,665
2012 (CHF million)					
Financial assets					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	69,783	0	69,755	27	69,782
Loans	204,551	0	206,214	4,482	210,696
Other financial assets ¹	133,498	63,519	68,568	1,680	133,767
Financial liabilities					
Due to banks and deposits	320,208	193,288	126,798	9	320,095
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	23,937	0	23,939	0	23,939
Short-term borrowings	10,325	0	10,328	0	10,328
Long-term debt	82,223	0	79,032	4,546	83,578
Other financial liabilities ²	89,275	0	88,035	1,170	89,205

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities.

² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

34 Assets pledged and collateral

Assets pledged

The Bank pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning they have the right to be sold or repledged. The encumbered assets are parenthetically disclosed on the consolidated balance sheet.

Assets pledged

end of	2013	2012
Assets pledged (CHF million)		
Total assets pledged or assigned as collateral	137,207	145,598
of which encumbered	92,300	90,745

Collateral

The Bank receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A substantial portion of the collateral and securities received by the Bank was sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

Collateral

end of	2013	2012
Collateral (CHF million)		
Fair value of collateral received with the right to sell or repledge	359,508	402,784
of which sold or repledged	267,902	292,531

Other information

end of	2013	2012
Other information (CHF million)		
Cash and securities restricted under foreign banking regulations	18,130	14,340
Swiss National Bank required minimum liquidity reserves	2,305	2,312

► Refer to "Note 35 – Assets pledged and collateral" in V – Consolidated financial statements – Credit Suisse Group for further information.

35 Capital adequacy

The Bank is subject to regulation by ◻ FINMA. The capital levels of the Bank are subject to qualitative judgments by regulators, including FINMA, about the components of capital, risk weightings and other factors. Since January 2013, the Bank has operated under the international capital adequacy standards known as ◻ Basel III set forth by the ◻ BCBS. These standards have affected the measurement of both total eligible capital and ◻ risk-weighted assets.

As of December 31, 2013 and 2012, the Bank was adequately capitalized under the regulatory provisions outlined under both FINMA and the Bank for International Settlements (BIS) guidelines.

► Refer to "Note 36 – Capital adequacy" in V – Consolidated financial statements – Credit Suisse Group for further information.

Broker-dealer operations

Certain Bank broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2013 and 2012, the Bank and its subsidiaries complied with all applicable regulatory capital adequacy requirements.

Dividend restrictions

Certain of the Bank's subsidiaries are subject to legal restrictions governing the amount of dividends they can pay (for example, pursuant to corporate law as defined by the Swiss Code of Obligations).

As of December 31, 2013 and 2012, the Bank was not subject to restrictions on its ability to pay the proposed dividends.

BIS statistics – Basel III

end of	2013	2012
Eligible capital (CHF million)		
CET1 capital	38,028	36,717
Additional tier 1 capital	3,077	3,760
Total tier 1 capital	41,105	40,477
Tier 2 capital	10,961	8,829
Total eligible capital	52,066	49,306
Risk-weighted assets (CHF million)		
Credit risk	166,324	191,649
Market risk	39,111	39,438
Operational risk	53,075	45,125
Non-counterparty risk	5,758	5,873
Risk-weighted assets	264,268	282,085
Capital ratios (%)		
CET1 ratio	14.4	13.0
Tier 1 ratio	15.6	14.3
Total capital ratio	19.7	17.5

36 Litigation

► Refer to "Note 38 – Litigation" in V – Consolidated financial statements – Credit Suisse Group for further information.

37 Significant subsidiaries and equity method investments

Significant subsidiaries

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
as of December 31, 2013				
Credit Suisse AG				
100	AJP Cayman Ltd.	George Town, Cayman Islands	JPY	8,025.6
100	Banco Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	53.6
100	Banco Credit Suisse (México), S.A.	Mexico City, Mexico	MXN	1,716.7
100	Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	164.8
100	Boston Re Ltd.	Hamilton, Bermuda	USD	2.0
100	CJSC Bank Credit Suisse (Moscow)	Moscow, Russia	USD	37.8
100	Column Financial, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1
100	Credit Suisse (Brasil) Distribuidora de Títulos e Valores Mobiliários S.A.	São Paulo, Brazil	BRL	5.0
100	Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários	São Paulo, Brazil	BRL	98.4
100	Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany	EUR	130.0
100	Credit Suisse (France)	Paris, France	EUR	52.9
100	Credit Suisse (Gibraltar) Limited	Gibraltar, Gibraltar	GBP	5.0
100	Credit Suisse (Channel Islands) Limited	St. Peter Port, Guernsey	USD	6.1
100	Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	6,910.9
100	Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	139.6
100	Credit Suisse (Monaco) S.A.M.	Monte Carlo, Monaco	EUR	18.0
100	Credit Suisse (Poland) Sp. z o.o	Warsaw, Poland	PLN	20.0
100	Credit Suisse (Qatar) LLC	Doha, Qatar	USD	24.0
100	Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	743.3
100	Credit Suisse (UK) Limited	London, United Kingdom	GBP	168.2
100	Credit Suisse (USA), Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Asset Management (UK) Holding Limited	London, United Kingdom	GBP	144.2
100	Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft mbH	Frankfurt, Germany	EUR	6.1
100	Credit Suisse Asset Management International Holding Ltd	Zurich, Switzerland	CHF	20.0
100	Credit Suisse Asset Management Investments Ltd	Zurich, Switzerland	CHF	0.1
100	Credit Suisse Asset Management Limited	London, United Kingdom	GBP	45.0
100	Credit Suisse Asset Management, LLC	Wilmington, United States	USD	1,086.8
100	Credit Suisse Business Analytics (India) Private Limited	Mumbai, India	INR	40.0
100	Credit Suisse Capital (Guernsey) I Limited	St. Peter Port, Guernsey	USD	0.0
100	Credit Suisse Capital LLC	Wilmington, United States	USD	737.6

Significant subsidiaries (continued)

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
100	Credit Suisse Energy (Canada) Limited	Toronto, Canada	USD	0.0
100	Credit Suisse Energy LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Equities (Australia) Limited	Sydney, Australia	AUD	62.5
100	Credit Suisse Finance (Guernsey) Limited	St. Peter Port, Guernsey	USD	0.2
100	Credit Suisse Finance (India) Private Limited	Mumbai, India	INR	1,050.1
100	Credit Suisse First Boston (Latin America Holdings) LLC	George Town, Cayman Islands	USD	23.8
100	Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	EUR	0.0
100	Credit Suisse First Boston Mortgage Capital LLC	Wilmington, United States	USD	356.6
100	Credit Suisse First Boston Next Fund, Inc.	Wilmington, United States	USD	10.0
100	Credit Suisse Fund Management S.A.	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Fund Services (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	1.5
100	Credit Suisse Funds AG	Zurich, Switzerland	CHF	7.0
100	Credit Suisse Hedging-Griffo Corretora de Valores S.A.	São Paulo, Brazil	BRL	29.6
100	Credit Suisse Holding Europe (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	32.6
100	Credit Suisse Holdings (Australia) Limited	Sydney, Australia	AUD	3.0
100 ¹	Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	4,184.7
100	Credit Suisse Leasing 92A, L.P.	New York, United States	USD	43.9
100	Credit Suisse Life & Pensions AG	Vaduz, Liechtenstein	CHF	15.0
100	Credit Suisse Life (Bermuda) Ltd.	Hamilton, Bermuda	USD	1.0
100	Credit Suisse Loan Funding LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Management LLC	Wilmington, United States	USD	896.8
100	Credit Suisse Principal Investments Limited	George Town, Cayman Islands	JPY	3,324.0
100	Credit Suisse Private Equity, LLC	Wilmington, United States	USD	42.2
100	Credit Suisse PSL GmbH	Zurich, Switzerland	CHF	0.0
100	Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4
100	Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	2,859.3
100	Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	530.9
100	Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.8
100	Credit Suisse Securities (Japan) Limited	Tokyo, Japan	JPY	78,100.0
100	Credit Suisse Securities (Johannesburg) Proprietary Limited	Johannesburg, South Africa	ZAR	0.0
100	Credit Suisse Securities (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR	100.0
100	Credit Suisse Securities (Moscow)	Moscow, Russia	RUB	97.1
100	Credit Suisse Securities (Singapore) Pte Limited	Singapore, Singapore	SGD	30.0
100	Credit Suisse Securities (Thailand) Limited	Bangkok, Thailand	THB	500.0
100	Credit Suisse Securities (USA) LLC	Wilmington, United States	USD	1,881.5
100	CSAM Americas Holding Corp.	Wilmington, United States	USD	0.0
100	CS International Advisors AG	Zurich, Switzerland	CHF	0.1
100	CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1
100	DLJ LBO Plans Management, LLC	Wilmington, United States	USD	7.8
100	DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0
100	Merban Equity AG	Zug, Switzerland	CHF	0.1
100	SPS Holding Corporation	Wilmington, United States	USD	0.1
99	PT Credit Suisse Securities Indonesia	Jakarta, Indonesia	IDR	235,000.0
98	Credit Suisse Hypotheken AG	Zurich, Switzerland	CHF	0.1
98 ²	Credit Suisse International	London, United Kingdom	USD	13,107.7
83	Asset Management Finance LLC	Wilmington, United States	USD	341.8
71	Credit Suisse Saudi Arabia	Riyadh, Saudi Arabia	SAR	300.0
58 ³	Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	150.0

¹ 43% of voting rights held by Credit Suisse Group AG, Guernsey Branch.

² Remaining 2% held directly by Credit Suisse Group AG. 80% of voting rights and 98% of equity interest held by Credit Suisse AG.

³ 42% of voting rights held directly by Credit Suisse Group AG.

Significant equity method investments

Equity interest in %	Company name	Domicile
as of December 31, 2013		
Credit Suisse AG		
33	Credit Suisse Founder Securities Limited	Beijing, China
23	E.L. & C. Baillieu Stockbroking (Holdings) Pty Ltd	Melbourne, Australia
20	ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China
5 ¹	York Capital Management Global Advisors, LLC	New York, United States

¹ The Bank holds a significant noncontrolling interest.

38 Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)

► Refer to "Note 42 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in V – Consolidated financial statements – Credit Suisse Group for further information.

39 Risk assessment

During the reporting period the Board of Directors and its Risk Committee performed risk assessments in accordance with established policies and procedures.

The governance of the Bank and the Group, including risk governance, is fully aligned. Both the Board of Directors and the Executive Board are comprised of the same individuals.

► Refer to "Note 43 – Risk assessment" in V – Consolidated financial statements – Credit Suisse Group for information in accordance with the Swiss Code of Obligations on the risk assessment process followed by the Board of Directors.

Controls and procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Bank has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report under the supervision and with the participation of management, including the Bank Chief Executive Officer (CEO) and Chief Financial Officer (CFO), pursuant to Rule 13(a)-15(a) under the Securities Exchange Act of 1934 (the Exchange Act). There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives.

The CEO and CFO concluded that, as of December 31, 2013, the design and operation of the Bank's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in reports filed and submitted under the Exchange Act is recorded, processed, summarized and reported as and when required.

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Bank is responsible for establishing and maintaining adequate internal control over financial reporting. The Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has made an evaluation and assessment of the Bank's internal control over financial reporting as of December 31, 2013 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control – Integrated Framework (1992)".

Based upon its review and evaluation, management, including the Bank CEO and CFO, has concluded that the Bank's internal control over financial reporting is effective as of December 31, 2013.

KPMG AG, the Bank's independent auditors, have issued an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2013, as stated in their report, which follows.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Bank's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.



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Report of the Independent Registered Public Accounting Firm to the General Meeting of Shareholders of
Credit Suisse AG, Zurich

We have audited Credit Suisse AG and subsidiaries' (the "Bank") internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Bank's board of directors and management are responsible for maintaining effective internal control over financial reporting and the Bank's management is responsible for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards, the consolidated balance sheets of the Bank as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2013, and our report dated April 3, 2014 expressed an unqualified opinion on those consolidated financial statements.

KPMG AG


 Simon Ryder
 Licensed Audit Expert
 Auditor in Charge


 Anthony Anzevino
 Global Lead Partner

Zurich, Switzerland
 April 3, 2014

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of

Credit Suisse AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Credit Suisse AG (the "Bank"), which comprise the balance sheet, statements of income and notes for the year ended December 31, 2013.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Bank's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the Bank's articles of incorporation.



*Credit Suisse AG, Zurich
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting*

Report on Other Legal and Regulatory Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) (Switzerland) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Bank's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to read 'S. Ryder', written in a cursive style.

Simon Ryder
*Licensed Audit Expert
Auditor in Charge*

A handwritten signature in black ink, appearing to read 'R. Dicht', written in a cursive style.

Ralph Dicht
Licensed Audit Expert

Zurich, Switzerland
April 3, 2014

Financial review

The Credit Suisse AG (Bank) parent company (Bank parent company) recorded net operating income of CHF 11,117 million in 2013, up 9% compared to CHF 10,235 million in 2012. After deduction of operating expenses totaling CHF 6,641 million, down 7% from 2012, gross operating profit was CHF 4,476 million, up CHF 1,351 million, or 43%, compared to 2012.

Depreciation of noncurrent assets of CHF 2,894 million, which included a CHF 2,092 million impairment of participating interests, decreased from CHF 3,267 million in 2012. Valuation adjustments, provisions and losses of CHF 773 million in 2013 was up CHF 247 million, or 47%, compared to 2012 and included CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014. The resulting operating profit in 2013 was CHF 809 million, compared to an operating loss of CHF 668 million in 2012. The Bank parent company recorded net profit of CHF 1,066 million in 2013, compared to a net profit of CHF 183 million in 2012.

Net interest income of CHF 3,631 million in 2013 increased CHF 640 million, or 21%, compared to 2012. Net commission and service fee activities of CHF 5,234 million in 2013 increased CHF 179 million, or 4%, compared to 2012. The Bank parent company reported net trading income of CHF 801 million, up CHF 655 million from 2012, mainly due to trading gains in equity instruments and reduced trading losses in credit products included in other trading losses, partially offset by trading losses in interest-related instruments. Net other ordinary income was CHF 1,451 million compared to CHF 2,043 million in 2012. The decrease of CHF 592 million, or 29%, was mainly related to reduced income from the disposal of financial investments, a decrease in income received from services provided for other companies of Credit Suisse Group (Group) and lower income from participating interests.

Operating expenses of CHF 6,641 million were down CHF 469 million, or 7%, compared to 2012. Personnel expenses decreased CHF 464 million, or 9%. Property, equipment and administrative costs were stable at CHF 2,016 million. Extraordinary income in 2013 of CHF 807 million reflected realized gains from the sale of real estate of CHF 156 million, the release of replacement reserves totaling CHF 320 million and realized gains from the disposal of participating interests of CHF 230 million, mainly related to the sale of the exchange-traded funds (ETF) business to BlackRock and the sale of the equity and debt underwriting and advisory services businesses in France to Credit Suisse Securities (Europe) Ltd., a subsidiary of the Bank parent company. Other extraordinary income of CHF 101 million was substantially all related to prior periods. The losses realized on the disposal of participating interests included realized losses of CHF 218 million from the partial redemption of ordinary shares in Credit Suisse Capital (Guernsey) I Limited in December 2013, and realized losses of CHF 70 million from the repatriation and liquidation of three participating interests.

Changes in shareholder's equity included a capital contribution by the shareholder of CHF 4,468 million, of which CHF 3,578 million related to a contribution in kind of preferred shares in Credit Suisse Holdings (USA), Inc. from the Credit Suisse Group AG to the Bank parent company.

At the Annual General Meeting on May 9, 2014, the registered shareholders will be asked to approve the Board of Directors' proposed appropriation of retained earnings, which includes a dividend of CHF 10 million.

Parent company financial statements

Statements of income

	Reference to notes	2013	in 2012
Net interest income (CHF million)			
Interest and discount income		8,192	8,436
Interest and dividend income from trading portfolio		916	956
Interest and dividend income from financial investments		29	37
Interest expense		(5,506)	(6,438)
Net interest income	3	3,631	2,991
Net commission and service fee activities (CHF million)			
Commission income from lending transactions		791	749
Securities and investment commissions		4,403	4,193
Other commission and fee income		723	707
Commission expense		(683)	(594)
Net commission and service fee activities		5,234	5,055
Net trading income	3	801	146
Net other ordinary income (CHF million)			
Income from the disposal of financial investments		17	291
Income from participating interests		1,139	1,237
Income from real estate		31	33
Other ordinary income		550	775
Other ordinary expenses		(286)	(293)
Net other ordinary income		1,451	2,043
Net operating income		11,117	10,235
Operating expenses (CHF million)			
Personnel expenses		4,625	5,089
Property, equipment and administrative costs		2,016	2,021
Total operating expenses		6,641	7,110
Gross operating profit		4,476	3,125
Depreciation of noncurrent assets		2,894	3,267
Valuation adjustments, provisions and losses		773	526
Operating profit/(loss)		809	(668)
Extraordinary income	3	807	1,113
Extraordinary expenses	3	(297)	(106)
Taxes		(253)	(156)
Net profit		1,066	183

Balance sheets

	Reference to notes	2013	end of 2012
Assets (CHF million)			
Cash and other liquid assets		53,508	43,929
Money market instruments		4,480	5,384
Due from banks		168,159	164,754
Due from customers		192,376	188,085
Mortgages		111,041	107,601
Securities and precious metals trading portfolio		19,923	19,285
Financial investments		800	1,324
Participating interests		36,034	34,139
Tangible fixed assets		3,038	3,274
Intangible assets		213	261
Accrued income and prepaid expenses		2,202	2,539
Other assets	5	14,588	18,488
Total assets		606,362	589,063
of which subordinated amounts receivable		1,264	183
of which amounts receivable from group companies and qualified shareholders		250,727	242,136
Liabilities and shareholder's equity (CHF million)			
Liabilities from money market instruments	7	54,544	35,260
Due to banks		101,583	95,820
Due to customers, savings and investment deposits		55,637	52,534
Due to customers, other deposits		240,519	232,888
Medium-term notes		1,884	2,412
Bonds and mortgage-backed bonds	7	89,348	107,573
Accrued expenses and deferred income		3,590	3,745
Other liabilities	5	13,374	18,795
Valuation adjustments and provisions	9	1,351	1,028
Total liabilities		561,830	550,055
Share and participation capital	10	4,400	4,400
General reserves		6,678	6,644
Reserves from capital contributions		26,619	22,185
General legal reserves		33,297	28,829
Other reserves		610	610
Retained earnings carried forward		5,159	4,986
Net profit		1,066	183
Total shareholder's equity	12	44,532	39,008
Total liabilities and shareholder's equity		606,362	589,063
of which subordinated amounts payable		21,879	20,438
of which amounts payable to group companies and qualified shareholders		118,093	108,730

Off-balance sheet transactions

end of	2013	2012
Off-balance sheet transactions (CHF million)		
Contingent liabilities	223,448	247,827
Irrevocable commitments	87,108	77,406
Liabilities for calls on shares and other equity instruments	42	42
Fiduciary transactions	5,089	5,810
Derivative financial instruments (CHF million)		
Gross positive replacement values	52,735	54,088
Gross negative replacement values	51,018	53,437
Contract volume	4,239,043	4,885,466

The company belongs to the Swiss value-added tax group of Credit Suisse Group, and thus carries joint liability to the Swiss Federal Tax Administration for value-added tax debts of the entire Group.

Contingent liabilities to other Bank entities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the Bank parent company's exposure is not defined as an amount but relates to specific circumstances such as the solvency of subsidiaries or the performance of a service.

Further, as shareholder of Credit Suisse International, an unlimited company incorporated in England and Wales, the Bank parent company has joint and several unlimited obligations to meet any insufficiency in the assets in the event of liquidation.

Notes to the financial statements

1 Description of business activities

The Bank parent company is a Swiss bank with total assets of CHF 606.4 billion and shareholder's equity of CHF 44.5 billion as of December 31, 2013.

The Bank parent company is a 100% subsidiary of Credit Suisse Group AG domiciled in Switzerland. Since November 30, 2012, the Bank parent company's business consists of two divisions, Private Banking & Wealth Management and Investment Banking:

- Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Wealth Management Clients serves ultra-high-net-worth and high-net-worth individuals around the globe in addition to affluent and retail clients in Switzerland. Corporate

& Institutional Clients serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across asset classes and for all investment styles, serving governments, institutions, corporations and individuals worldwide.

- Investment Banking offers investment banking and securities products and services to corporate, institutional and government clients around the world. Its products and services include debt and equity underwriting, sales and trading, mergers and acquisitions advice, divestitures, corporate sales, restructuring and investment research.

The two divisions are complemented by Shared Services, which provides support in the areas of finance, operations, human resources, legal and compliance, risk management and information technology.

2 Accounting and valuation policies

Basis for accounting

The Bank parent company's stand-alone financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks, the corresponding Implementing Ordinance and the Swiss Financial Market Supervisory Authority FINMA (FINMA) Circular 2008/2, "Accounting – banks" (Swiss GAAP statutory).

The Bank's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the US (US GAAP), which differ in certain material respects from Swiss GAAP statutory.

▶ Refer to "Note 1 – Summary of significant accounting policies" in VII – Consolidated financial statements – Credit Suisse (Bank) for a detailed description of the Bank's accounting and valuation principles.

▶ Refer to "Note 38 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view).

Additional differences between US GAAP and Swiss GAAP statutory are stated below and should be read in conjunction with Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank). Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation and had no impact on net profit or total shareholder's equity.

Foreign currency translations

Under US GAAP, foreign currency translation adjustments resulting from the consolidation of branches with functional currencies other than the Swiss franc are included in accumulated other

comprehensive income/(loss) (AOCI) in shareholders' equity. Under Swiss GAAP, foreign currency translation adjustments from the consolidation of foreign branches is recognized in trading income.

Under US GAAP, foreign currency translation adjustments for available-for-sale securities are reported in AOCI, which is part of total shareholder's equity, whereas for Swiss GAAP statutory purposes they are included in the statements of income.

Share-based compensation

Under US GAAP, share-based compensation plans are treated as equity awards. Under Swiss GAAP, such plans are treated as liability awards with changes in fair value of unsettled awards recognized in the statements of income.

Treasury shares and derivatives on own shares

Under US GAAP, treasury shares are recognized at cost directly in equity. Under Swiss GAAP, own shares and derivatives on own shares are recognized as assets or liabilities. Treasury shares can be classified as trading assets and marked to market through the statements of income or as financial investment carried at lower of cost or market. Derivatives on own shares are reported at fair value in other assets or other liabilities.

Derivatives used for fair value hedging

Under US GAAP, the full amount of unrealized losses on derivatives classified as hedging instruments and the corresponding gains on the hedged available-for-sale securities are recognized in income. Under Swiss GAAP, the amount representing the portion exceeding historical cost of the hedged financial investments is recorded in the compensation account.

Deferred taxes

US GAAP allows the recognition of deferred tax assets on net operating loss carry-forwards. Such recognition is not allowed for Swiss GAAP statutory purposes.

Investments in equity securities

Under US GAAP, investments in equity securities where the Bank parent company has the ability to significantly influence the operating and financial policies of an investee are accounted for under the equity method of accounting or the fair value option. Under the equity method of accounting, the Bank parent company's share of the profit or loss, as well as any impairment on the investee, if applicable, are reported in other revenues. Under Swiss GAAP, neither the equity method of accounting nor the fair value option is allowed for such investments. Investments in equity securities that are held with the intention of a permanent investment are recorded as participating interests irrespective of the percentage ownership of voting shares held. Equity securities held for trading purposes that meet the criteria for trading positions are recorded in the trading portfolio at fair value. Equity securities that are not held for permanent investment purposes and do not qualify as trading portfolio positions are recorded as financial investments at lower of cost or market.

Participating interests

Participating interests are initially recognized at cost. For the purpose of testing the Bank parent company's participating interests for impairment, the portfolio method is applied. An impairment is recorded if the carrying value of a portfolio of participating interests exceeds its fair value.

Notes on risk management

► Refer to "Note 8 – Trading revenues" and "Note 30 – Derivatives and hedging activities" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on the Bank parent company's policy with regard to risk management and the use of financial derivatives.

Subsequent events

On February 25, 2014, the Bank parent company transferred assets and liabilities of CHF 242 million and CHF 238 million, respectively, relating to its US cross-border business for no consideration to CS International Advisors AG, a wholly owned Swiss subsidiary of the Bank parent company incorporated in December 2013. CS International Advisors AG is a Swiss bank.

On March 18, 2014, a second tranche of ordinary shares in Credit Suisse Capital (Guernsey) I Limited held by the Bank parent company was redeemed at par value resulting in a factual liquidation of the participation. On March 21, 2014, additional liquidation proceeds of CHF 40 million were distributed to the Bank parent company. The net impact of this factual liquidation on the Bank parent company's pre-tax income was a loss of CHF 236 million, which will be recorded in 2014.

On April 3, 2014, Credit Suisse Group AG announced that its previously reported 2013 results were updated to reflect additional litigation provisions in connection with the US tax matter. The impact of those additional provisions were also reflected in the Bank parent company's 2013 results.

► Refer to "Note 3 – Business developments and subsequent events" in VII – Consolidated financial statements – Credit Suisse (Bank) for further information on the US tax matter.

3 Additional information on the parent company statements of income

in	2013	2012
Net trading income (CHF million)		
Income from trading in interest-related instruments	(323)	771
Income/(loss) from trading in equity instruments	377	(527)
Income from foreign exchange and banknote trading	1,061	1,002
Income from precious metals trading	51	40
Other gains/(losses) from trading	(365)	(1,140)
Total net trading income	801	146
in	2013	2012
Extraordinary income and expenses (CHF million)		
Gains realized from the disposal of participating interests	230 ¹	137 ²
Gains realized from the sale of real estate	156	687
Release of reserves for general banking risks and other provisions ³	320 ³	234 ⁴
Other extraordinary income ⁵	101	55
Extraordinary income	807	1,113
Losses realized from the disposal of participating interests	(288) ⁶	0
Other extraordinary expenses	(9)	(106) ⁵
Extraordinary expenses	(297)	(106)
Total net extraordinary income and expenses	510	1,007

¹ Primarily related to the sale of the ETF business to BlackRock and the sale of the equity and debt underwriting and advisory businesses in France to Credit Suisse Securities (Europe) Ltd.

² Primarily related to the sale of the remaining participating interests in Aberdeen Asset Management and the sale of a non-core business in Private Banking & Wealth Management.

³ Includes the release of replacement reserves.

⁴ Includes the release of reserves for general banking risks of CHF 165 million and other provisions economically no longer required of CHF 69 million.

⁵ Substantially all related to prior periods.

⁶ Includes realized losses of CHF 218 million from the partial redemption of ordinary shares in Credit Suisse Capital (Guernsey) I Limited in December 2013, and realized losses of CHF 70 million from the repatriation and liquidation of three participating interests.

Net interest income

Negative interest income is debited to interest income and negative interest expense is credited to interest expense. In 2013 and 2012, negative interest income and negative interest expense were immaterial.

4 Pledged assets and assets under reservation of ownership

end of	2013	2012
Pledged assets and assets under reservation of ownership (CHF million)		
Assets pledged and assigned as collateral	25,534	27,098
Actual commitments secured	13,669	15,283

5 Other assets and other liabilities

end of	2013	2012
Other assets (CHF million)		
Net positive replacement values	13,608	17,331
Other	980	1,157
Total other assets	14,588	18,488
Other liabilities (CHF million)		
Net negative replacement values	12,156	17,389
Other	1,218	1,406
Total other liabilities	13,374	18,795

6 Securities borrowing and securities lending, repurchase and reverse repurchase agreements

end of	2013	2012
Securities borrowing and securities lending, repurchase and reverse repurchase agreements (CHF million)		
Due from banks	18,177	28,158
Due from customers	518	4,726
Cash collateral paid for securities borrowed and reverse repurchase agreements	18,695	32,884
Due to banks	12,588	12,492
Due to customers	339	1,188
Cash collateral received for securities lent and repurchase agreements	12,927	13,680
Carrying value of securities transferred under securities lending and borrowing and repurchase agreements	4,747	3,737
of which transfers with the right to resell or repledge	4,747	3,436
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to resell or repledge	46,402	73,486
of which resold or repledged	26,150	35,491

7 Balance sheet items that include issued structured products at fair value

end of	2013		2012	
	Total book value	Of which reported at fair value	Total book value	Of which reported at fair value
Balance sheet items that include issued structured products at fair value (CHF million)				
Liabilities from money market instruments	54,544	5,568	35,260	4,916
Bonds and mortgage-backed bonds	89,348	11,257	107,573	11,801
Total	143,892	16,825	142,833	16,717

8 Liabilities due to own pension plans

Liabilities due to the Bank parent company's own pension plans as of December 31, 2013 and 2012 of CHF 2,841 million and CHF 2,553 million, respectively, are reflected in various liability accounts in the Bank parent company's balance sheet.

▶ Refer to "Note 29 – Pension and other post-retirement benefits" in VII – Consolidated financial statements – Credit Suisse (Bank) for further information.

Swiss pension plan

The Bank parent company's employees are covered by the pension plan of the "Pensionskasse der Credit Suisse Group AG (Schweiz)" (the Swiss pension plan). All Swiss subsidiaries of Credit Suisse Group AG participate in this plan. The Swiss pension plan is an independent self-insured pension plan set up as a trust and qualifies as a defined contribution plan (savings plan) under Swiss law.

As of January 1, 2013, all covered active employees, which previously were insured in the annuity section of the pension plan, were converted to the savings section. The impact from this conversion was recognized by the Bank parent company upon announcement of this plan amendment in 2011. The annuity section of the plan has ceased accruing new benefits.

The Swiss pension plan's annual financial statements are prepared in accordance with Swiss GAAP FER 26 based on the

full population of covered employees. Individual annual financial statements for each participating company are not prepared. As a multi-employer plan with unrestricted joint liability for all participating companies, the economic interest in the Swiss pension plan's over- or underfunding is allocated to each participating company based on an allocation key determined by the plan.

Pension plan economic benefit/(obligation), pension contributions accrued and pension expenses

end of / in	Bank parent company's share in over/(under) -funding ¹	Economic benefit/(obligation) recorded by Bank parent company ²			Pension contributions – accrued liabilities	Pension expenses included in personnel expenses ³	
	2013	2013	2012	Change	2013	2013	2012
CHF million							
Pension plan – status overfunded	1,453	–	–	–	37	412	465

¹ Represents the Bank parent company's share of 93.89% in the total overfunding of the Swiss pension plan of CHF 1,548 million.

² In line with Swiss GAAP statutory accounting guidance, the Bank parent company's economic benefit from its share in the overfunding of the Swiss pension plan is not recorded in the Bank parent company's statutory balance sheet.

³ Includes a release of employer contribution reserves of CHF 51 million and CHF 142 million in 2013 and 2012, respectively, which were established in 2011 in the context of headcount reductions and the plan amendment announced.

As of December 31, 2013 and 2012, the Bank parent company had an employer contribution reserve of CHF 43 million and CHF 94 million, respectively, of which CHF 12 million and CHF 19 million, respectively, were dedicated to specific events, such as

early retirements, and subject to a waiver by the Bank parent company. In line with Swiss GAAP statutory accounting guidance, contributions to the employer contribution reserves are not recorded in the Bank parent company's statutory balance sheet.

9 Valuation adjustments and provisions

	Total 2012	Utilized for purpose	Recoveries, endangered interest, currency differences	New charges to income statement	Releases to income statement	Total 2013
Valuation adjustments and provisions (CHF million)						
Provisions for deferred taxes	102	0	1	11	(54)	60
Valuation adjustments and provisions for default risks	1,090	(205)	73	274	(256)	976
Valuation adjustments and provisions for other business risks ¹	36	(16)	2	121	(6)	137
Other provisions ^{2, 3}	890	(16)	(25)	737	(432) ⁴	1,154
Subtotal	2,016	(237)	50	1,132	(694)	2,267
Total valuation adjustments and provisions	2,118	(237)	51	1,143	(748)	2,327
Less direct charge-offs against specific assets	(1,090)					(976)
Total valuation adjustments and provisions as shown in the balance sheet	1,028					1,351

¹ Provisions are not discounted due to their short-term nature.

² Includes provisions in respect of litigation claims of CHF 961 million and CHF 370 million as of December 31, 2013 and 2012, respectively.

³ Includes provisions for pension benefit obligations from international plans of CHF 2 million and CHF 4 million as of December 31, 2013 and 2012, respectively.

⁴ Includes a release of replacement reserves of CHF 320 million.

10 Composition of share and participation capital, conditional, conversion and reserve capital

end of	2013				2012	
	Quantity	Total nominal value in CHF million		Quantity	Total nominal value in CHF million	
Share and participation capital						
Registered shares ¹	4,399,665,200	4,400 ²		43,996,652	4,400 ²	
Participation securities (at CHF 0.01 par value per share) ³	1,500,000	0 ⁴		1,500,000	0 ⁴	
Total share and participation capital		4,400			4,400	
Conditional, conversion and reserve capital						
Conditional capital (at CHF 100 par value per share) ⁵	–	–		20,000,000	2,000	
of which used for capital increases	–	–		0	0	
Unlimited conversion capital (at CHF 1 par value per share) ⁶	unlimited	unlimited		–	–	
of which used for capital increases	0	0		–	–	
of which reserved for capital instruments outstanding	0	0		–	–	
Reserve capital (at CHF 1 par value per share) ⁷	4,399,665,200	4,400		–	–	
of which used for capital increases	0	0		–	–	
of which reserved for planned capital increases	0	0		–	–	

¹ The increase in the number of shares reflects the split of the par value per share from CHF 100 to CHF 1 effective November 19, 2013.

² The dividend eligible capital equals the total nominal value. As of December 31, 2013 and 2012, the total nominal value of registered shares was CHF 4,399,665,200. Refer to footnotes 3 and 4 for the conversion of participation securities of Class A into registered shares.

³ For information on principal characteristics of participation securities, refer to Articles 4a, 4b and 4c in the Articles of Association of Credit Suisse AG. On December 27, 2013, the holders of Class A participation securities irrevocably waived their preference rights and agreed to a conversion of the 750,000 Class A participation securities into 7,500 registered shares of Credit Suisse AG. On the same date, the Articles of Association of Credit Suisse AG were amended accordingly. The waiver of preference rights became effective on December 27, 2013 and conversion into registered shares became effective with the entry in the Commercial Register of the Canton of Zurich on January 16, 2014.

⁴ The dividend eligible capital equals the total nominal value. As of December 31, 2013 and 2012, the total nominal value of participation securities was CHF 15,000. On December 27, 2013, the shareholder of Credit Suisse AG amended the Articles of Association to convert the Class A participation securities into registered shares of Credit Suisse AG. Following effectiveness of conversion (see footnote 3), only a total nominal value of participation securities of CHF 7,500 is entitled to dividends while a nominal value of CHF 7,500 that was converted into registered shares is entitled to dividends as registered shares.

⁵ With the amendment of Article 4d of the Articles of Association of Credit Suisse AG effective November 19, 2013, the conditional capital was cancelled.

⁶ For information on principal characteristics of unlimited conversion capital, refer to Article 4d in the Articles of Association of Credit Suisse AG.

⁷ For information on principal characteristics of reserve capital, refer to Article 4e in the Articles of Association of Credit Suisse AG.

11 Major shareholders and groups of shareholders

end of	2013				2012		
	Quantity	Total nominal value in CHF million	Share %	Quantity	Total nominal value in CHF million	Share %	
Direct shareholder							
Credit Suisse Group AG	4,399,665,200 ¹	4,400	100%	43,996,652 ¹	4,400	100%	

¹ All shares with voting rights. The increase in the number of shares reflects the split of the par value per share from CHF 100 to CHF 1 effective November 19, 2013.

Indirect shareholders

In a disclosure notification that the Group published on April 6, 2013, Credit Suisse Group AG (Group parent company) was notified that as of February 25, 2013, The Olayan Group, through its registered entity Crescent Holding GmbH, held 88.5 million shares, or 6.7%, of the registered Credit Suisse Group AG shares (Group shares) issued as of the date of the notified transaction. No further disclosure notification was received from The Olayan Group relating to holdings of registered Group shares in 2013.

In a disclosure notification that the Group parent company published on October 31, 2013, the Group parent company was notified that as of October 23, 2013, Qatar Investment Authority,

through its registered entity Qatar Holding LLC, held 82.0 million shares, or 5.2%, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification was received from Qatar Investment Authority relating to holdings of registered Group shares in 2013.

In a disclosure notification that the Group parent company published on November 9, 2013, the Group parent company was notified that as of November 4, 2013, Harris Associates L.P. held 81.5 million shares, or 5.2%, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification was received from Harris Associates L.P. relating to holdings of registered Group shares in 2013.

12 Shareholder's equity

	2013	2012
Shareholder's equity (CHF million)		
Share and participation capital	4,400	4,400
General reserves	6,644	5,543
Reserves from capital contributions	22,185 ¹	18,387 ¹
General legal reserves	28,829	23,930
Other reserves	610	610
Retained earnings	5,169	4,996
of which carried forward from previous year	4,986	3,720
of which net profit/(loss)	183	1,276
Total shareholder's equity as of January 1	39,008	33,936
Capital contribution	4,468 ²	3,500
Other changes	0	1,399 ³
Dividend	(10)	(10)
Net profit	1,066	183
Total shareholder's equity as of December 31 (before profit allocation)	44,532	39,008
Share and participation capital	4,400	4,400
General reserves	6,678	6,644
Reserves from capital contributions	26,619 ¹	22,185 ¹
General legal reserves	33,297	28,829
Other reserves	610	610
Retained earnings	6,225	5,169
of which carried forward from previous year	5,159	4,986
of which net profit	1,066	183
Total shareholder's equity as of December 31 (before profit allocation)	44,532	39,008

¹ Subject to approval by the Swiss Federal Tax Administration.

² Includes a contribution in kind of preferred shares in Credit Suisse Holdings (USA), Inc. from Credit Suisse Group AG to the Bank parent company in the amount of CHF 3,578 million.

³ Substantially all related to Clariden Leu integration.

13 Amounts receivable from and payable to affiliated companies and loans to members of the Bank parent company's governing bodies

end of	2013	2012
Amounts receivable from and amounts payable to affiliated companies and loans to members of the Bank parent company's governing bodies (CHF million)		
Amounts receivable from affiliated companies	5,547	6,341
Amounts payable to affiliated companies	1,846	2,917
Loans to members of the Bank parent company's governing bodies	65	49

14 Significant transactions with related parties

Transactions (such as securities transactions, payment transfer services, borrowings and compensation for deposits) with related parties are carried out on an arm's length basis.

15 Fire insurance value of tangible fixed assets

end of	2013	2012
Fire insurance value of tangible fixed assets (CHF million)		
Real estate	2,256	2,445
Other fixed assets	245	328

16 Liabilities for future payments in connection with operating leases

end of	2013	2012
Liabilities for future payments in connection with operating leases (CHF million)		
Total	2,113	2,343

17 Fiduciary transactions

end of	2013	2012
Fiduciary transactions (CHF million)		
Fiduciary placements with third-party institutions	5,089	5,749
Fiduciary placements with affiliated and associated banks	0	61
Total fiduciary transactions	5,089	5,810

18 Number of employees

end of	2013	2012
Number of employees (full-time equivalents)		
Switzerland	17,100	18,400
Abroad	4,400	4,800
Total number of employees	21,500	23,200

19 Foreign currency translation rates

		End of		Average in
	2013	2012	2013	2012
1 USD / 1 CHF	0.89	0.92	0.93	0.93
1 EUR / 1 CHF	1.23	1.21	1.23	1.20
1 GBP / 1 CHF	1.47	1.48	1.45	1.48
100 JPY / 1 CHF	0.85	1.06	0.95	1.17

20 Outsourcing of services

Where the outsourcing of services through agreements with external service providers is considered significant under the terms of [FINMA Circular 2008/7](#) "Outsourcing banks" those agreements comply with all regulatory requirements with respect to business

and banking confidentiality, data protection and customer information. At the Bank, outsourcing of services is in compliance with [Circular 2008/7](#).

21 Risk assessment

► Refer to "Note 39 – Risk assessment" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on the Bank parent company's risk assessment in accordance with the Swiss Code of Obligations.

Proposed appropriation of retained earnings

Proposed appropriation of retained earnings

end of	2013
Retained earnings (CHF million)	
Retained earnings carried forward	5,159
Net profit	1,066
Retained earnings available for appropriation	6,225
Dividend	10
To be carried forward	6,215
Total	6,225

IX

Additional information

480 Statistical information

499 Other information

Statistical information

STATISTICAL INFORMATION – GROUP

Set forth below is statistical information for the Group required under the US Securities and Exchange Commission's (SEC) specialized industry guide for bank holding companies – Industry Guide 3. Certain reclassifications have been made to the prior year's statistical information to conform to the current year's presentation. The tables are based on information in *V – Consolidated financial statements – Credit Suisse Group*.

Average balances and interest rates

in	2013			2012			2011		
	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate
Assets (CHF million, except where indicated)									
Cash and due from banks									
Switzerland	348	5	1.44%	432	3	0.69%	553	5	0.90%
Foreign	37,570	185	0.49%	57,142	241	0.42%	60,520	304	0.50%
Interest-bearing deposits with banks									
Switzerland	9	0	0.00%	18	0	0.00%	44	0	0.00%
Foreign	1,608	2	0.12%	2,336	14	0.60%	1,912	24	1.26%
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions ¹									
Switzerland	1,958	20	1.02%	2,382	33	1.39%	4,312	46	1.07%
Foreign	173,651	2,496	1.44%	216,504	2,907	1.34%	211,031	3,219	1.53%
Trading assets									
Switzerland	1,759	106	6.03%	2,740	159	5.80%	5,143	161	3.13%
Foreign	229,690	9,951	4.33%	258,069	11,786	4.57%	261,510	11,534	4.41%
Investment securities									
Switzerland	1,730	18	1.04%	2,061	20	0.97%	1,770	25	1.41%
Foreign	1,509	27	1.79%	2,435	45	1.85%	4,042	72	1.78%
Loans									
Switzerland	148,356	2,808	1.89%	145,061	2,866	1.98%	139,034	2,973	2.14%
Foreign	98,723	2,035	2.06%	93,740	2,025	2.16%	86,131	1,942	2.25%
Other interest-earning assets									
Switzerland	2,091	50	2.39%	2,632	25	0.95%	3,714	29	0.78%
Foreign	107,748	1,853	1.72%	114,733	1,966	1.71%	108,693	2,642	2.43%
Interest-earning assets	806,750	19,556	2.42%	900,285	22,090	2.45%	888,409	22,976	2.59%
Specific allowance for losses	(3,365)			(3,523)			(2,963)		
Non-interest-earning assets	187,943			228,408			217,913		
Total assets	991,328			1,125,170			1,103,359		
Percentage of assets attributable to foreign activities	81.41%			84.08%			83.07%		

Average balances and interest rates exclude discontinued operations.

¹ Average balances of central bank funds sold, securities purchased under resale agreements and securities borrowing transactions are reported net in accordance with ASC Topic 210 – Balance sheet, while interest income excludes the impact of ASC Topic 210 – Balance sheet.

Average balances and interest rates (continued)

in	2013			2012			2011		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
Liabilities (CHF million, except where indicated)									
Deposits of banks									
Switzerland	2,081	5	0.24%	2,655	12	0.45%	3,405	21	0.62%
Foreign	22,948	126	0.55%	33,579	244	0.73%	33,885	329	0.97%
Deposits of non-banks									
Switzerland	200,659	369	0.18%	188,414	494	0.26%	136,067	529	0.39%
Foreign	115,327	478	0.41%	112,315	611	0.54%	144,143	834	0.58%
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions ¹									
Switzerland	2,893	51	1.76%	3,433	73	2.13%	4,406	76	1.72%
Foreign	109,583	1,104	1.01%	178,325	1,603	0.90%	152,065	1,545	1.02%
Trading liabilities									
Switzerland	545	94	17.25%	689	73	10.60%	1,254	47	3.75%
Foreign	61,401	4,989	8.13%	78,744	6,760	8.58%	89,353	7,078	7.92%
Short-term borrowings									
Switzerland	476	0	0.00%	1,188	(3)	-0.25%	2,066	(12)	-0.58%
Foreign	21,005	132	0.63%	21,912	188	0.86%	22,170	81	0.37%
Long-term debt									
Switzerland	20,051	371	1.85%	20,058	326	1.63%	19,059	334	1.75%
Foreign	123,153	3,491	2.83%	142,842	4,320	3.02%	156,288	5,330	3.41%
Other interest-bearing liabilities									
Switzerland	1,424	1	0.07%	1,245	2	0.16%	2,563	(18)	-0.70%
Foreign	111,583	230	0.21%	111,798	244	0.22%	98,037	376	0.38%
Interest-bearing liabilities	793,129	11,441	1.44%	897,197	14,947	1.67%	864,761	16,550	1.91%
Non-interest-bearing liabilities	157,445			193,227			206,100		
Total liabilities	950,574			1,090,424			1,070,861		
Shareholders' equity	40,754			34,746			32,498		
Total liabilities and shareholders' equity	991,328			1,125,170			1,103,359		
Percentage of liabilities attributable to foreign activities	75.15%			78.70%			82.82%		

Average balances and interest rates exclude discontinued operations.

¹ Average balances of central bank funds purchased, securities sold under repurchase agreements and securities lending transactions are reported net in accordance with ASC Topic 210 – Balance sheet, while interest expense excludes the impact of ASC Topic 210 – Balance sheet.

Net interest income and interest rate spread

in	2013		2012		2011	
	Net interest income in CHF million	Interest rate spread in %	Net interest income in CHF million	Interest rate spread in %	Net interest income in CHF million	Interest rate spread in %
Net interest income and interest rate spread						
Switzerland	2,116	1.50	2,129	1.60	2,262	1.50
Foreign	5,999	0.60	5,014	0.40	4,164	0.50
Total net	8,115	1.00	7,143	0.80	6,426	0.70

The average rates earned and paid on related assets and liabilities can fluctuate within wide ranges and are influenced by several key factors. The most significant factor is changes in global interest rates. Additional factors include changes in the geographic

and product mix of the Group's business, and foreign exchange rate movements between the Swiss franc and the currency of the underlying individual assets and liabilities.

Selected margin information

in	2013	2012	2011
Selected margin information (average rate in %)			
Switzerland	1.35	1.37	1.46
Foreign	0.92	0.67	0.57
Net interest margin	1.01	0.79	0.72

The US Federal Reserve set the federal funds rate, which was a target band of 0.00% to 0.25% throughout 2013.

The Swiss National Bank set the three-month Swiss franc London Interbank Offered Rate, which was 0.0% to 0.25% throughout 2013.

The European Central Bank set the fixed rate tenders, which stood at 0.25% at the end of 2013.

The Bank of England set the bank rate at 0.50% in early 2009 and it remained at this level throughout 2013.

Analysis of changes in net interest income

in	2013 vs 2012			2012 vs 2011		
	Increase/(decrease) due to changes in			Increase/(decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Assets (CHF million)						
Cash and due from banks						
Switzerland	(1)	3	2	(1)	(1)	(2)
Foreign	(82)	26	(56)	(17)	(46)	(63)
Interest-bearing deposits with banks						
Switzerland	0	0	0	0	0	0
Foreign	(4)	(8)	(12)	5	(15)	(10)
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions						
Switzerland	(6)	(7)	(13)	(21)	8	(13)
Foreign	(574)	163	(411)	84	(396)	(312)
Trading assets						
Switzerland	(57)	4	(53)	(75)	73	(2)
Foreign	(1,297)	(538)	(1,835)	(152)	404	252
Investment securities						
Switzerland	(3)	1	(2)	4	(9)	(5)
Foreign	(17)	(1)	(18)	(29)	2	(27)
Loans						
Switzerland	65	(123)	(58)	129	(236)	(107)
Foreign	108	(98)	10	171	(88)	83
Other interest-earning assets						
Switzerland	(5)	30	25	(8)	4	(4)
Foreign	(119)	6	(113)	147	(823)	(676)
Interest-earning assets						
Switzerland	(7)	(92)	(99)	28	(161)	(133)
Foreign	(1,985)	(450)	(2,435)	209	(962)	(753)
Change in interest income	(1,992)	(542)	(2,534)	237	(1,123)	(886)

Average balances and interest rates exclude discontinued operations.

Analysis of changes in net interest income (continued)

in	2013 vs 2012			2012 vs 2011		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Liabilities (CHF million)						
Deposits of banks						
Switzerland	(3)	(4)	(7)	(5)	(4)	(9)
Foreign	(78)	(40)	(118)	(3)	(82)	(85)
Deposits of non-banks						
Switzerland	32	(157)	(125)	204	(239)	(35)
Foreign	16	(149)	(133)	(185)	(38)	(223)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions						
Switzerland	(12)	(10)	(22)	(17)	14	(3)
Foreign	(619)	120	(499)	268	(210)	58
Trading liabilities						
Switzerland	(15)	36	21	(21)	47	26
Foreign	(1,488)	(283)	(1,771)	(840)	522	(318)
Short-term borrowings						
Switzerland	2	1	3	5	4	9
Foreign	(8)	(48)	(56)	(1)	108	107
Long-term debt						
Switzerland	0	45	45	17	(25)	(8)
Foreign	(595)	(234)	(829)	(459)	(551)	(1,010)
Other interest-bearing liabilities						
Switzerland	0	(1)	(1)	9	11	20
Foreign	0	(14)	(14)	52	(184)	(132)
Interest-bearing liabilities						
Switzerland	4	(90)	(86)	192	(192)	0
Foreign	(2,772)	(648)	(3,420)	(1,168)	(435)	(1,603)
Change in interest expense	(2,768)	(738)	(3,506)	(976)	(627)	(1,603)
Change in interest income						
Switzerland	(11)	(2)	(13)	(164)	31	(133)
Foreign	787	198	985	1,377	(527)	850
Total change in net interest income	776	196	972	1,213	(496)	717

Average balances and interest rates exclude discontinued operations.

Carrying value of financial investments

end of	2013	2012	2011
Carrying value of financial investments (CHF million)			
Debt securities issued by Swiss federal, cantonal or local governmental entities	402	483	348
Debt securities issued by foreign governments	1,388	1,605	3,322
Corporate debt securities	606	845	791
Collateralized debt obligations	490	470	607
Total debt securities	2,886	3,403	5,068

As of December 31, 2012, no aggregate investment in debt securities of a specific counterparty was in excess of 10% of consolidated shareholders' equity.

Maturities and weighted-average yields of debt securities included in financial investments

	Within 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total	
	Amount in CHF million	Yield in %								
end of 2013										
Debt securities										
Debt securities issued by the Swiss federal, cantonal or local governmental entities	18	2.39	92	2.28	210	1.83	69	1.45	389	1.90
Debt securities issued by foreign governments	134	3.22	1,156	2.02	40	3.15	20	1.47	1,350	2.16
Corporate debt securities	341	0.60	224	3.07	25	2.38	0	n/a	590	1.61
Collateralized debt obligations	50	1.94	230	1.56	200	2.21	0	n/a	480	1.87
Total debt securities	543	1.43	1,702	2.11	475	2.13	89	1.46	2,809	1.96

Since substantially all investment securities are taxable securities, the yields presented above are on a tax-equivalent basis.

The values above are based upon amortized cost, whereas certain financial investments are carried at fair value in the consolidated balance sheets.

Details of the loan portfolio

end of	2013	2012	2011	2010
Loan portfolio (CHF million, except where indicated)				
Mortgages	92,418	89,733	86,514	83,228
Loans collateralized by securities	3,403	3,935	4,205	4,495
Consumer finance	4,397	4,502	4,598	4,088
Consumer	100,218	98,170	95,317	91,811
Real estate	24,715	23,717	21,971	20,071
Commercial and industrial loans	21,964	24,505	24,032	21,835
Financial institutions	4,016	3,718	4,306	4,279
Governments and public institutions	1,079	1,116	1,111	993
Corporate & institutional	51,774	53,056	51,420	47,178
Switzerland	151,992	151,226	146,737	138,989
Mortgages	2,560	2,139	1,741	1,397
Loans collateralized by securities	28,162	23,428	22,256	20,057
Consumer finance	1,541	2,399	2,097	1,620
Consumer	32,263	27,966	26,094	23,074
Real estate ¹	2,597	2,084	1,951	1,858
Commercial and industrial loans ¹	41,370	38,523	36,182	32,889
Financial institutions ¹	17,824	22,184	22,406	22,001
Governments and public institutions ¹	1,968	1,221	987	1,080
Corporate & institutional	63,759	64,012	61,526	57,828
Foreign	96,022	91,978	87,620	80,902
Gross loans	248,014	243,204	234,357	219,891
of which held at amortized cost	228,557	223,204	213,663	201,339
of which held at fair value	19,457	20,000	20,694	18,552
Net (unearned income)/deferred expenses	(91)	(59)	(34)	(32)
Allowance for loan losses	(869)	(922)	(910)	(1,017)
Net loans	247,054	242,223	233,413	218,842
Percentage of allowance for loan losses ²	0.4%	0.4%	0.4%	0.5%

¹ Prior periods have been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions, and from governments and public institutions to commercial and industrial loans, respectively.

² Calculated based on net loans which are not carried at fair value.

Details of the loan portfolio (continued)

end of	2009
Loan portfolio (CHF million, except where indicated)	
Banks	95
Commercial	43,893
Consumer	89,045
Public authorities	1,036
Lease financings	2,620
Switzerland	136,689
Banks	7,836
Commercial	69,036
Consumer	19,765
Public authorities	4,161
Lease financings	1,113
Foreign	101,911
Gross loans	238,600
of which held at amortized cost	202,354
of which held at fair value	36,246
Net (unearned income)/deferred expenses	(25)
Allowance for loan losses	(1,395)
Net loans	237,180
Percentage of allowance for loan losses ¹	0.7%

¹ Calculated based on net loans which are not carried at fair value.

Loan portfolio by industry

end of	2013	2012
Loan portfolio by industry (CHF million)		
Banks	4,232	5,518
Other financial services	17,608	20,384
Real estate companies	27,312	25,801
Other services	20,598	20,277
Manufacturing	9,343	9,554
Wholesale and retail trade	7,999	9,540
Construction	3,293	3,345
Transportation	13,608	12,163
Health and social services	1,814	1,834
Hotels and restaurants	1,253	1,182
Agriculture and mining	4,546	4,292
Telecommunications	319	554
Governments, public institutions and non-profit organizations	3,608	2,624
Corporate & institutional	115,533	117,068
Consumer	132,481	126,136
Gross loans	248,014	243,204
Net (unearned income)/deferred expenses	(91)	(59)
Allowance for loan losses	(869)	(922)
Net loans	247,054	242,223

Details of the loan portfolio by time remaining until contractual maturity by category

end of 2013	1 year or less	1 year to 5 years	After 5 years	Loans with no stated maturity ¹	Self- amortizing loans ²	Total
Loan portfolio (CHF million)						
Mortgages	26,451	42,679	21,635	1,653	0	92,418
Loans collateralized by securities	2,458	680	74	191	0	3,403
Consumer finance	2,231	1,894	79	193	0	4,397
Consumer	31,140	45,253	21,788	2,037	0	100,218
Real estate	13,344	7,016	4,045	259	51	24,715
Commercial and industrial loans	11,306	4,349	2,036	2,111	2,162	21,964
Financial institutions	2,204	759	180	82	791	4,016
Governments and public institutions	561	315	133	61	9	1,079
Corporate & institutional	27,415	12,439	6,394	2,513	3,013	51,774
Switzerland	58,555	57,692	28,182	4,550	3,013	151,992
Mortgages	1,087	1,353	73	17	30	2,560
Loans collateralized by securities	22,294	2,666	1,756	1,446	0	28,162
Consumer finance	989	209	103	240	0	1,541
Consumer	24,370	4,228	1,932	1,703	30	32,263
Real estate	1,141	976	390	11	79	2,597
Commercial and industrial loans	24,313	9,605	2,453	1,141	3,858	41,370
Financial institutions	8,654	6,104	1,825	350	891	17,824
Governments and public institutions	184	710	209	3	862	1,968
Corporate & institutional	34,292	17,395	4,877	1,505	5,690	63,759
Foreign	58,662	21,623	6,809	3,208	5,720	96,022
Gross loans	117,217	79,315	34,991	7,758	8,733	248,014
of which fixed rate	105,061	64,046	31,656	0	3,181	203,944
of which variable rate	12,156	15,269	3,335	7,758	5,552	44,070
Net (unearned income)/deferred expenses						(91)
Allowance for loan losses						(869)
Net loans						247,054

¹ Loans with no stated maturity include primarily certain loan products within Switzerland without a stated maturity within the original loan agreement.

² Self-amortizing loans include loans with monthly or quarterly interest and principal payments and are primarily related to lease financings.

Non-performing and non-interest-earning loans

in / end of						Interest income which would have been recognized		Interest income which was recognized	
	2013	2012	2011	2010	2009	2013	2012	2013	2012
Non-performing and non-interest-earning loans (CHF million)									
Switzerland	378	409	427	463	518	18	18	4	2
Foreign	484	450	331	498	779	31	23	5	6
Non-performing loans ¹	862	859	758	961	1,297	49	41	9	8
Switzerland	109	113	100	143	186	8	8	0	0
Foreign	172	200	162	197	150	11	12	0	0
Non-interest-earning loans ¹	281	313	262	340	336	19	20	0	0
Total non-performing and non-interest-earning loans	1,143	1,172	1,020	1,301	1,633	68	61	9	8

¹ Refer to "Impaired loans" in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality for a definition of these terms.

Potential problem loans

end of	2013	2012	2011	2010	2009
Potential problem loans (CHF million)					
Switzerland	115	181	323	222	277
Foreign	225	346	357	288	381
Total potential problem loans	340	527	680	510	658

Restructured loans

in / end of						Interest income which would have been recognized		Interest income which was recognized	
	2013	2012	2011	2010	2009	2013	2012	2013	2012
Restructured loans (CHF million)									
Switzerland	6	0	4	4	0	0	0	0	0
Foreign	0	30	14	48	6	0	4	0	4
Total restructured loans	6	30	18	52	6	0	4	0	4

Movements in the allowance for loan losses

	2013	2012	2011
Allowance for loan losses (CHF million, except where indicated)			
Balance at beginning of period	922	910	1,017
Allowances acquired/(deconsolidated)	(1)	(18)	0
Change in scope of consolidation	(1)	(18)	0
Switzerland	50	87	51
Foreign	115	72	90
Net movements recognized in the consolidated statements of operations	165	159	141
Mortgages	(6)	(7)	(10)
Loans collateralized by securities	(6)	(2)	(4)
Consumer finance	(96)	(75)	(79)
Consumer	(108)	(84)	(93)
Real estate	(5)	(1)	(9)
Commercial and industrial loans	(45)	(63)	(45)
Financial institutions	(1)	(1)	0
Corporate & institutional	(51)	(65)	(54)
Switzerland	(159)	(149)	(147)
Mortgages	(2)	(3)	(4)
Loans collateralized by securities	(2)	(7)	(15)
Consumer finance	(10)	(11)	(12)
Consumer	(14)	(21)	(31)
Real estate	0	(1)	0
Commercial and industrial loans	(103)	(14)	(116)
Financial institutions	(10)	(10)	(5)
Governments and public institutions	0	(6)	0
Corporate & institutional	(113)	(31)	(121)
Foreign	(127)	(52)	(152)
Gross write-offs	(286)	(201)	(299)
Consumer finance	23	21	33
Consumer	23	21	33
Commercial and industrial loans	3	12	3
Corporate & institutional	3	12	3
Switzerland	26	33	36
Consumer finance	1	1	5
Consumer	1	1	5
Commercial and industrial loans	27	10	0
Corporate & institutional	27	10	0
Foreign	28	11	5
Recoveries	54	44	41
Net write-offs	(232)	(157)	(258)
Provisions for interest	26	29	14
Foreign currency translation impact and other adjustments, net	(11)	(1)	(4)
Balance at end of period	869	922	910
Average loan balance	247,079	238,801	225,165
Ratio of net write-offs to average loans	0.09%	0.07%	0.11%

Movements in the allowance for loan losses (continued)

	2010	2009
Allowance for loan losses (CHF million, except where indicated)		
Balance at beginning of period	1,395	1,639
Allowances acquired/(deconsolidated)	0	0
Change in scope of consolidation	0	0
Switzerland	(3)	85
Foreign	(90)	230
Net movements recognized in the consolidated statements of operations	(93)	315
Commercial	(64)	(63)
Consumer	(90)	(80)
Lease financings	(8)	(8)
Switzerland	(162)	(151)
Commercial	(109)	(503)
Consumer	(23)	(20)
Foreign	(132)	(523)
Gross write-offs	(294)	(674)
Commercial	28	18
Consumer	15	23
Lease financings	1	1
Switzerland	44	42
Commercial	17	21
Consumer	1	0
Lease financings	1	0
Foreign	19	21
Recoveries	63	63
Net write-offs	(231)	(611)
Provisions for interest	2	43
Foreign currency translation impact and other adjustments, net	(56)	9
Balance at end of period	1,017	1,395
Average loan balance	227,874	241,892
Ratio of net write-offs to average loans	0.10%	0.25%

Analysis of the allowance for loan losses by Switzerland, foreign and category

end of	2013		2012		2011	
	CHF million	% of allowance in each category to total loans	CHF million	% of allowance in each category to total loans	CHF million	% of allowance in each category to total loans
Analysis of the allowance for loan losses						
Mortgages	47	0.0%	48	0.0%	54	0.0%
Loans collateralized by securities	2	0.0%	3	0.0%	11	0.0%
Consumer finance	122	0.0%	131	0.1%	107	0.0%
Consumer	171	0.1%	182	0.1%	172	0.1%
Real estate	60	0.0%	69	0.0%	63	0.0%
Commercial and industrial loans	166	0.1%	200	0.1%	230	0.1%
Financial institutions	1	0.0%	2	0.0%	2	0.0%
Corporate & institutional	227	0.1%	271	0.1%	295	0.1%
Switzerland	398	0.2%	453	0.2%	467	0.2%
Mortgages	9	0.0%	12	0.0%	14	0.0%
Loans collateralized by securities	52	0.0%	50	0.0%	38	0.0%
Consumer finance	35	0.0%	44	0.0%	65	0.0%
Consumer	96	0.0%	106	0.0%	117	0.1%
Real estate	5	0.0%	5	0.0%	8	0.0%
Commercial and industrial loans	277	0.1%	242	0.1%	215	0.1%
Financial institutions	93	0.0%	116	0.1%	97	0.0%
Governments and public institutions	0	0.0%	0	0.0%	6	0.0%
Corporate & institutional	375	0.2%	363	0.2%	326	0.1%
Foreign	471	0.2%	469	0.2%	443	0.2%
Total allowance for loan losses	869	0.4%	922	0.4%	910	0.4%
of which on principal	778	0.3%	842	0.4%	837	0.4%
of which on interest	91	0.0%	80	0.0%	73	0.0%

Percentages may not add up due to rounding.

Analysis of the allowance for loan losses by Switzerland, foreign and category (continued)

end of	2010		2009	
	CHF million	% of allowance in each category to total loans	CHF million	% of allowance in each category to total loans
Analysis of the allowance for loan losses				
Commercial	348	0.2%	445	0.2%
Consumer	178	0.1%	215	0.1%
Lease financings	23	0.0%	25	0.0%
Switzerland	549	0.3%	685	0.3%
Banks	41	0.0%	47	0.0%
Commercial	320	0.1%	549	0.2%
Consumer	90	0.0%	97	0.0%
Public authorities	7	0.0%	6	0.0%
Lease financings	10	0.0%	11	0.0%
Foreign	468	0.2%	710	0.3%
Total allowance for loan losses	1,017	0.5%	1,395	0.6%
of which on principal	905	0.4%	1,235	0.5%
of which on interest	112	0.1%	160	0.1%

Gross write-offs of loans by industry

in	2013	2012	2011
Gross write-offs of loans (CHF million)			
Banks	0	0	5
Other financial services	11	11	1
Real estate companies	5	2	9
Other services	18	15	12
Manufacturing	17	30	63
Wholesale and retail trade	9	13	25
Construction	6	4	11
Transportation	57	8	4
Health and social services	3	1	0
Hotels and restaurants	1	4	3
Agriculture and mining	35	0	42
Telecommunications	1	1	0
Governments, public institutions and non-profit organizations	0	7	0
Corporate & institutional	163	96	175
Consumer	123	105	124
Total gross write-offs	286	201	299

Gross write-offs of loans by industry (continued)

in	2010	2009
Gross write-offs of loans by industry (CHF million)		
Financial services	21	274
Real estate companies	24	151
Other services	3	15
Manufacturing	85	41
Wholesale and retail trade	22	9
Construction	4	62
Transportation	5	4
Health and social services	4	0
Hotels and restaurants	2	4
Agriculture and mining	0	0
Telecommunications	3	6
Non-profit and international organizations	0	0
Commercial	173	566
Consumer	113	100
Lease financings	8	8
Total gross write-offs	294	674

Cross-border outstandings

end of	Banks	Private	Public	Subtotal	Net local country assets over liabilities	Commit- ments	Total
2013 (CHF million)							
United States	5,373	36,815	9,898	52,086	68,444	67,393	187,923
France	4,048	6,331	6,187	16,566	636	13,992	31,194
Germany	4,226	10,870	8,528	23,624	0	6,213	29,837
United Kingdom	7,181	7,777	280	15,238	0	13,238	28,476
Japan	1,703	5,907	829	8,439	6,908	4,178	19,525
Luxembourg	3,659	11,035	3,545	18,239	0	1,280	19,519
Cayman Islands	627	16,078	0	16,705	0	1,267	17,972
The Netherlands	1,721	5,990	1,580	9,291	0	2,902	12,193
Italy	790	2,783	6,811	10,384	0	1,402	11,786
Canada	3,263	3,268	779	7,310	976	1,790	10,076
Brazil	916	3,143	1,630	5,689	4,035	330	10,054
Hong Kong	510	3,330	1	3,841	4,305	592	8,738
Australia	1,314	1,630	62	3,006	3,675	1,382	8,063
Spain	2,449	2,923	1,002	6,374	341	1,250	7,965
Ireland	1,508	4,581	3	6,092	13	1,423	7,528
Mexico	578	2,445	2,287	5,310	1,382	161	6,853
South Korea	468	3,509	889	4,866	1,465	231	6,562
2012 (CHF million)							
United States	11,217	49,107	8,667	68,991	41,925	76,115	187,031
United Kingdom	5,166	5,946	81	11,193	14,198	36,600	61,991
Cayman Islands	310	24,097	0	24,407	0	901	25,308
France	3,734	11,426	2,662	17,822	72	6,875	24,769
Germany	6,541	6,576	6,481	19,598	0	4,135	23,733
Brazil	2,163	3,627	2,660	8,450	7,710	1,685	17,845
Luxembourg	2,150	8,779	1,805	12,734	3,552	624	16,910
Japan	5,764	2,816	1,557	10,137	1,151	4,098	15,386
The Netherlands	2,530	6,844	1,745	11,119	51	2,305	13,475
Italy	1,309	3,427	5,700	10,436	0	1,025	11,461
Hong Kong	626	1,628	1	2,255	6,814	196	9,265
Canada	1,519	3,833	852	6,204	0	1,730	7,934
Singapore	268	1,526	124	1,918	0	5,359	7,277
Russian Federation	1,258	1,579	4,177	7,014	158	47	7,219
Ireland	800	5,165	60	6,025	0	992	7,017
2011 (CHF million)							
United States	12,015	51,736	6,868	70,619	11,238	59,548	141,405
United Kingdom	4,673	4,666	49	9,388	23,693	28,383	61,464
Luxembourg	2,307	9,072	1,180	12,559	20,129	1,223	33,911
Germany	9,696	8,500	4,682	22,878	699	4,877	28,454
France	7,647	12,367	3,384	23,398	100	3,349	26,847
Cayman Islands	231	22,587	0	22,818	67	808	23,693
Japan	6,642	3,827	605	11,074	4,377	4,969	20,420
The Netherlands	3,338	6,936	2,464	12,738	6	2,632	15,376
Brazil	1,715	3,217	2,095	7,027	7,445	264	14,736
Canada	1,766	6,520	1,061	9,347	0	1,456	10,803
Italy	1,687	2,287	5,251	9,225	0	471	9,696

Cross-border outstandings represent net claims against non-local country counterparties for countries where the aggregate amount outstanding to borrowers exceeds 0.75% of total assets. Monetary assets are loans (including accrued interest), acceptances, interest-bearing deposits with other banks, other interest-bearing investments and any other monetary asset with a fixed exchange value for cash. To the extent local currency outstandings are hedged or funded by local currency borrowings, such amounts are excluded from cross-border outstandings.

Deposits in Switzerland and foreign offices

in	2013			2012			2011		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
Deposits (CHF million, except where indicated)									
Non-interest-bearing demand	6,441	–	–	9,344	–	–	11,813	–	–
Interest-bearing demand	137,499	117	0.1%	128,172	160	0.1%	105,590	244	0.2%
Savings deposits	62,067	236	0.4%	58,078	296	0.5%	54,424	312	0.6%
Time deposits	12,490	62	0.5%	13,325	76	0.6%	19,116	95	0.5%
Switzerland	218,497	415	0.2%	208,919	532	0.3%	190,943	651	0.3%
Non-interest-bearing demand	4,723	–	–	4,600	–	–	3,655	–	–
Interest-bearing demand	26,231	30	0.1%	21,713	24	0.1%	18,921	41	0.2%
Savings deposits	32	0	0.0%	41	0	0.0%	34	0	0.0%
Time deposits	102,696	533	0.5%	115,634	797	0.7%	119,415	1,002	0.8%
Foreign	133,682	563	0.4%	141,988	821	0.6%	142,025	1,043	0.7%
Total deposits	352,179	978	0.3%	350,907	1,353	0.4%	332,968	1,694	0.5%

Deposits by foreign depositors in Swiss offices amounted to CHF 69.5 billion, CHF 68.2 billion and CHF 60.7 billion as of December 31, 2013, 2012 and 2011, respectively.

Aggregate of individual time deposits in Switzerland and foreign offices

in 2013	Switzerland	Foreign	Total
Time deposits (CHF million)			
3 months or less	–	16,127	16,127
Over 3 through 6 months	–	10,815	10,815
Over 6 through 12 months	–	7,683	7,683
Over 12 months	–	1,709	1,709
Certificates of deposit	–	36,334	36,334
3 months or less	8,559	55,060	63,619
Over 3 through 6 months	3,923	4,134	8,057
Over 6 through 12 months	2,236	2,063	4,299
Over 12 months	634	3,163	3,797
Other time deposits	15,352	64,420	79,772
Total time deposits	15,352	100,754	116,106

Balances shown are the Swiss franc equivalent of amounts greater than USD 100,000 together with their remaining maturities.

Selected information on short-term borrowings

in	2013	2012	2011
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions (CHF million)			
Outstanding as of December 31	94,032	132,721	176,559
Maximum amount outstanding at any month-end during the year	150,092	219,447	176,559
Approximate average amount outstanding during the year	112,475	181,758	156,472
Interest expense for the year ended December 31	1,156	1,677	1,621
Approximate weighted-average interest rate during the year	1.0%	0.9%	1.0%
Approximate weighted-average interest rate at year-end	0.6%	0.7%	0.8%
Commercial paper (CHF million)			
Outstanding as of December 31	12,095	10,882	21,444
Maximum amount outstanding at any month-end during the year	16,967	18,144	21,444
Approximate average amount outstanding during the year	14,555	13,876	16,232
Interest expense for the year ended December 31	52	54	52
Approximate weighted-average interest rate during the year	0.4%	0.4%	0.3%
Approximate weighted-average interest rate at year-end	0.3%	0.3%	0.4%
Other short-term borrowings (CHF million)			
Outstanding as of December 31	8,097	7,759	4,671
Maximum amount outstanding at any month-end during the year	9,861	9,444	9,218
Approximate average amount outstanding during the year	6,926	9,224	8,004
Interest expense for the year ended December 31	80	130	17
Approximate weighted-average interest rate during the year	1.2%	1.4%	0.2%
Approximate weighted-average interest rate at year-end	1.2%	1.7%	1.2%

Generally, original maturities of central bank funds purchased, securities sold under repurchase agreements and securities lending transactions are less than six months, commercial paper are less than six months and other short-term borrowings are one year or less.

STATISTICAL INFORMATION – BANK

Statistical information for the Group is required under the SEC's specialized industry guide for bank holding companies – Industry Guide 3. Certain statistical information is also included in VII – Consolidated financial statements – Credit Suisse (Bank), including Notes 6 – Net interest income, 15 – Investment securities, 17 – Loans, allowance for loan losses and credit quality, 22 – Deposits, 23 – Long-term debt, 30 – Derivatives and hedging activities, 31 – Guarantees and commitments and 33 – Financial instruments. Except to the extent described below, such statistical information for the Bank is not materially different, either in absolute amount or in terms of trends, from such statistical information for the Group. The principal differences described below relate to the banking businesses of the Group that are not included in the Bank's consolidated financial statements and intercompany eliminations.

The short-term borrowings of the Bank and the Group may differ from period to period. As of December 31, 2013, 2012 and 2011, the Bank had short-term borrowings of CHF 20.2 billion, CHF 14.8 billion and CHF 26.1 billion compared to short-term borrowings of CHF 20.2 billion, CHF 18.6 billion and CHF 26.1 billion at the Group, respectively. The lower level of short-term borrowings at the Bank compared to the Group at year-end 2012 was related to the mandatory and contingent convertible securities issued by the Group.

In addition, certain elements of the Group's and the Bank's investment portfolio may differ from period to period. As of December 31, 2013, the carrying value of the Group's debt securities was CHF 2.9 billion compared to CHF 1.5 billion for the Bank. The higher value of debt securities at the Group compared to the Bank primarily related to debt securities issued by Swiss federal, cantonal or local governmental entities, foreign governments and corporates, and collateralized debt obligations held by Neue Aargauer Bank, principally for liquidity management purposes.

The Bank's loan portfolio constitutes substantially all of the Group's consolidated loan portfolio. As of December 31, 2013, 2012 and 2011, the Bank's total loans were CHF 231.2 billion, CHF 227.5 billion and CHF 219.4 billion or 93.6%, 93.9% and 94.0% of the Group's total loans of CHF 247.1 billion, CHF 242.2 billion and CHF 233.4 billion, respectively. Differences between the Bank and the Group in the composition and maturity profile of the loan portfolio, allowance for loan losses, write-offs and impaired loans as of December 31, 2013, December 31, 2012 and December 31, 2011 principally related to Neue Aargauer Bank and BANK-now, primarily in the Swiss consumer segment.

► Refer to "Note 17 – Loans, allowance for loan losses and credit quality" in VII – Consolidated financial statements – Credit Suisse (Bank) for additional information on the Bank's loan portfolio and related allowances.

Ratio of earnings to fixed charges – Group

in	2013	2012	2011	2010	2009
Ratio of earnings to fixed charges (CHF million)					
Income/(loss) from continuing operations before taxes, noncontrolling interests, extraordinary items and cumulative effect of accounting changes	4,096	2,190	3,471	7,477	8,106
Income from equity method investments	(251)	(160)	(138)	(164)	(56)
Pre-tax earnings/(loss) from continuing operations	3,845	2,030	3,333	7,313	8,050
Fixed charges:					
Interest expense	11,441	14,947	16,550	18,980	18,367
Interest portion of rentals ¹	642	645	600	595	583
Preferred dividend requirements	236	231	216	162	131
Total fixed charges	12,319	15,823	17,366	19,737	19,081
Pre-tax earnings before fixed charges	16,164	17,853	20,699	27,050	27,131
Noncontrolling interests	639	336	837	822	(313)
Earnings before fixed charges and provision for income taxes	15,525	17,517	19,862	26,228	27,444
Ratio of earnings to fixed charges	1.26	1.11	1.14	1.33	1.44

¹ Amounts reflect a portion of premises and real estate expenses deemed representative of the interest factor.

Ratio of earnings to fixed charges – Bank

in	2013	2012	2011	2010	2009
Ratio of earnings to fixed charges (CHF million)					
Income/(loss) from continuing operations before taxes, noncontrolling interests, extraordinary items and cumulative effect of accounting changes	3,670	1,982	2,511	6,526	7,800
Income from equity method investments	(240)	(146)	(134)	(148)	(31)
Pre-tax earnings/(loss) from continuing operations	3,430	1,836	2,377	6,378	7,769
Fixed charges:					
Interest expense	11,306	14,734	16,404	18,783	18,118
Interest portion of rentals ¹	632	629	580	578	565
Preferred dividend requirements	236	231	216	162	131
Total fixed charges	12,174	15,594	17,200	19,523	18,814
Pre-tax earnings before fixed charges	15,604	17,430	19,577	25,901	26,583
Noncontrolling interests	860	(600)	901	802	(697)
Earnings before fixed charges and provision for income taxes	14,744	18,030	18,676	25,099	27,280
Ratio of earnings to fixed charges	1.21	1.16	1.09	1.29	1.45

¹ Amounts reflect a portion of premises and real estate expenses deemed representative of the interest factor.

Other information

EXCHANGE CONTROLS

There are no restrictions presently in force under our Articles of Association or Swiss law that limit the right of non-resident or foreign owners to hold our securities freely or, when entitled, to vote their securities freely. The Swiss federal government may from time to time impose sanctions, including exchange control restrictions, on particular countries, regimes, organizations or persons. A current list, in German, of such sanctions can be found at www.seco-admin.ch. Other than these sanctions, there are currently no Swiss exchange control laws or laws restricting the import or export of capital, including, but not limited to, the remittance of dividends, interest or other payments to non-resident holders of our securities.

AMERICAN DEPOSITARY SHARES

Under Swiss law, holders of  American Depositary Shares (ADS) are not shareholders and are not recorded in our share register. A nominee for the ADS depository is the registered holder of the shares underlying the ADS. Rights of ADS holders to exercise voting rights, receive dividends and other matters are governed by the deposit agreement pursuant to which the ADS are issued. For further information relating to our ADS, see the Registration Statement on Form F-6 filed with the SEC. Subject to any applicable law to the contrary, with respect to ADS for which timely voting instructions are not received by the ADS depository in relation to any proposed resolution or for which voting instructions are received by the ADS depository but do not specify how the ADS depository shall vote in relation to any proposed resolution, the ADS depository shall, or shall instruct the nominee to, vote such shares underlying the ADS in favor of such resolution if it has been proposed by the Board of Directors or otherwise in accordance with the recommendation of the Board of Directors.

TAXATION

The following summary contains a description of the principal Swiss and US federal income tax consequences of the purchase, ownership and disposition of our shares or ADS (Shares), but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to own or dispose of Shares. In particular, the summary is directed only to holders that hold Shares as capital assets and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that actually or constructively own 10% or more of our voting stock, persons that hold Shares as a position in a “straddle” or “conversion” transaction, or as part of a “synthetic security” or other integrated financial transaction, or persons that have a “functional currency” other than the Swiss franc or US dollar.

This summary is based on the current tax laws of Switzerland and the US, including the current “Convention Between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income” (Treaty), the US Internal Revenue Code of 1986, as amended (IR Code), existing and proposed regulations thereunder, published rulings and court decisions, all of which are subject to change, possibly with retroactive effect.

This discussion does not generally address any aspects of US taxation other than federal income taxation or any aspects of Swiss taxation other than income and capital taxation. Prospective investors are urged to consult their tax advisors regarding the US federal, state and local, Swiss and other tax consequences of owning and disposing of Shares.

Swiss taxation

Withholding tax on dividends and similar distributions

Dividends paid and other similar cash, in-kind taxable distributions made by us to a holder of Shares (including stock dividends) and taxable income resulting from partial liquidation as referred to below under “Capital gains tax realized on Shares” are subject to a federal withholding tax at a rate of 35%. The withholding tax will be withheld by us on the gross distributions and will be paid to the Swiss Federal Tax Administration. The repayment of nominal value of the Shares or repayment of capital contribution reserves (Kapitaleinlagen) is not subject to Swiss withholding tax.

Swiss recipients

Swiss resident individuals are generally entitled to a full refund or tax credit for the withholding tax if they are the beneficial owners of such distributions at the time the distribution is due and duly report the receipt thereof in the relevant Swiss income tax return. Swiss resident legal entities are generally entitled to a full refund for the withholding tax if they are the beneficial owners of such distributions at the time the distribution is due and duly book it as revenue in their profit and loss statement.

Non-resident recipients

The recipient of a taxable distribution who is an individual or a legal entity not resident in Switzerland for tax purposes may be entitled to a total or partial refund of the withholding tax if the country in which such recipient resides for tax purposes has entered into a bilateral treaty for the avoidance of double taxation with Switzerland and the further conditions of such treaty are met. Holders of Shares not resident in Switzerland should be aware that the procedures for claiming treaty benefits (and the time frame required for obtaining a refund) may differ from country to country. Holders of Shares not resident in Switzerland should consult their own legal, financial or tax advisors regarding receipt, ownership, purchases, sales or other dispositions of Shares and the procedures for claiming a refund of the withholding tax.

Residents of the US

A non-Swiss resident holder who is a resident of the US for purposes of the Treaty is eligible for a reduced rate of withholding tax on dividends equal to 15% of the dividend, provided that such holder: (i) qualifies for benefits under the Treaty; (ii) holds, directly or indirectly, less than 10% of our voting stock; and (iii) does not conduct business through a permanent establishment or fixed base in Switzerland to which Shares are attributable. Such an eligible US holder may apply for a refund of the amount of the withholding tax in excess of the 15% Treaty rate. The claim for refund must be filed on Swiss Tax Form 82 (82C for corporations; 82I for individuals; 82E for other entities), which may be obtained from any Swiss consulate general in the US or from the Federal Tax Administration of Switzerland at the address below, together with an instruction form. Four copies of the form must be duly completed, signed before a notary public of the US and sent to the Federal Tax Administration of Switzerland, Eigerstrasse 65, CH-3003, Bern, Switzerland. The form must be accompanied by suitable evidence of deduction of Swiss tax withheld at source, such as certificates of deduction, signed bank vouchers or credit slips. The form may be filed no later than December 31 of the third year following the calendar year in which the dividend became payable.

Income and profit tax on dividends and similar distributions

Individuals

An individual who is a Swiss resident for tax purposes, or who is a non-Swiss resident holding Shares as part of a Swiss business operation or Swiss permanent establishment, is required to report the receipt of taxable distributions received on the Shares in her or his relevant Swiss tax returns. An exemption from income tax applies with regard to distributions out of capital contribution reserves (Kapitaleinlagen).

Legal entities

Legal entities resident in Switzerland and non-Swiss resident legal entities holding Shares as part of a Swiss permanent establishment are required to include taxable distributions (including capital repayments or distributions out of capital contribution reserves) received on the Shares in their income subject to Swiss corporate income tax. A Swiss corporation or co-operative or a non-Swiss corporation or co-operative holding Shares as part of a Swiss permanent establishment may, under certain circumstances, benefit from relief from taxation with respect to taxable distributions (Beteiligungsabzug).

Non-resident recipients

Recipients of dividends and similar distributions on Shares who are neither residents of Switzerland for tax purposes nor holders of Shares as part of a Swiss business operation or a Swiss permanent establishment are not subject to Swiss income tax in respect of such distributions.

Capital gains tax realized on Shares

Individuals

Swiss resident individuals who hold Shares as part of their private property generally are exempt from Swiss federal, cantonal and communal taxes with respect to capital gains realized upon the sale or other disposal of Shares, unless such individuals are qualified as security trading professionals for income tax purposes. Gains realized upon a repurchase of Shares by us for the purpose of a capital reduction are characterized as a partial liquidation of the company. In this case, the difference between the nominal value and the distributed capital contribution, if any, of the shares and their repurchase price qualifies as taxable income to Swiss resident individuals holding Shares as part of their private property. Individuals who are Swiss residents for tax purposes and who hold the Shares as business assets (including security trading professionals for income tax purposes), or who are non-Swiss residents holding Shares as part of a Swiss business operation or Swiss permanent establishment, are required to include capital gains realized upon the disposal of Shares in their income subject to Swiss income tax.

Legal entities

Legal entities resident in Switzerland or non-Swiss resident legal entities holding Shares as part of a Swiss permanent establishment are required to include capital gains realized upon the disposal of Shares in their income subject to Swiss corporate income tax.

Non-resident individuals and legal entities

Individuals and legal entities which are not resident in Switzerland for tax purposes and do not hold Shares as part of a Swiss business operation or a Swiss permanent establishment are not subject to Swiss income tax on gains realized upon the disposal of the Shares.

Net worth and capital taxes

Individuals

Individuals who are Swiss residents for tax purposes or who are non-Swiss residents holding Shares as part of a Swiss business operation or Swiss permanent establishment are required to include their Shares in their assets that are subject to cantonal and communal net worth taxes.

Legal entities

Legal entities resident in Switzerland or non-Swiss resident legal entities holding Shares as part of a Swiss permanent establishment are required to include their Shares in their assets that are subject to cantonal and communal capital tax. In some cantons profit tax credits might be available for offsetting with the annual cantonal and communal capital tax.

Non-resident individuals and legal entities

Individuals and legal entities which are not resident in Switzerland for tax purposes and do not hold Shares as part of a Swiss

business operation or a Swiss permanent establishment are not subject to Swiss cantonal and communal net worth and capital taxes.

Stamp duties upon transfer of securities

The transfer of Shares, whether by Swiss residents or non-resident holders, may be subject to a Swiss securities transfer duty of 0.15% (0.075% for each party to a transaction) of the transaction value if the transfer occurs through or with a Swiss bank or other Swiss or foreign securities dealer as defined in the Swiss Federal Stamp Duty Act. Newly issued shares distributed by way of a stock or scrip dividend are not subject to the Swiss securities transfer duty. The stamp duty is paid by the securities dealer and may be charged to the parties in a taxable transaction who are not securities dealers. In addition to this stamp duty, the sale of Shares by or through a member of the SIX Swiss Exchange (SIX) may be subject to a minor SIX levy on the sale proceeds (this levy also includes the  Swiss Financial Market Supervisory Authority FINMA (FINMA) surcharge).

Final foreign withholding taxes

On January 1, 2013, bilateral tax agreements between Switzerland and the United Kingdom and between Switzerland and Austria entered into force. The agreements, among other things, require a Swiss paying agent to levy a non-refundable (final) tax at specified rates in respect of an individual resident in the United Kingdom or in Austria, as applicable, on interest, dividends or capital gain paid, or credited to an account, relating to the Shares. The final withholding tax substitutes the United Kingdom or Austrian income tax, as applicable, on such interest, dividends or capital gain. Such a person may, however, opt for voluntary disclosure of the interest, dividends or capital gain to the tax authority of his or her country of residency rather than be subject to the final withholding tax specified in the agreements. Switzerland may conclude similar treaties with other European countries.

US federal income tax

For purposes of this discussion, a "US Holder" is any beneficial owner of Shares that is: (i) a citizen or resident of the US; (ii) a corporation organized under the laws of the US or any political subdivision thereof; or (iii) any other person that is subject to US federal income tax on a net income basis in respect of Shares. A "Non-US Holder" is any beneficial owner of Shares that is a foreign corporation or non-resident alien individual.

Taxation of dividends

US Holders

For US federal income tax purposes, a US Holder will be required to include the full amount (before reduction for Swiss withholding tax) of a dividend paid with respect to Shares, generally as ordinary income. Subject to certain exceptions for short-term and hedged positions, the US dollar amount of dividends received by an individual with respect to our Shares will be subject to taxation at a

maximum rate of 20% if the dividends are "qualified dividends". Dividends paid on the Shares will be treated as qualified dividends if we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). Based on our audited consolidated financial statements, we believe that the Group was not treated as a PFIC for US federal income tax purposes with respect to our 2012 or 2013 taxable years. In addition, based on the audited consolidated financial statements of the Group and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not anticipate the Group becoming a PFIC for the 2014 taxable year. Holders of our Shares should consult their own tax advisors regarding the availability of the reduced dividend tax rate in light of the considerations discussed above and their own particular circumstances. For this purpose, a "dividend" will include any distribution paid by us with respect to Shares, but only to the extent such distribution is not in excess of our current and accumulated earnings and profits as defined for US federal income tax purposes. Such dividend will constitute income from sources outside of the US. Subject to the limitations and conditions provided in the IR Code, a US Holder may deduct from its US federal taxable income, or claim as a credit against its US federal income tax liability, the Swiss withholding tax withheld. Under the IR Code, dividend payments by us on Shares are not eligible for the dividends received deduction generally allowed to corporate shareholders. Any distribution that exceeds our earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's tax basis in Shares and thereafter as capital gain.

In general, a US Holder will be required to determine the amount of any dividend paid in Swiss francs by translating the Swiss francs into US dollars at the "spot rate" of exchange on the date of receipt. The tax basis of Swiss francs received by the US Holder generally will equal the US dollar equivalent of such Swiss francs, translated at the spot rate of exchange on the date such Swiss franc dividends are received. Upon a subsequent exchange of such Swiss francs for US dollars, or upon the use of such Swiss francs to purchase property, a US Holder will generally recognize ordinary income or loss in the amount equal to the difference between such US Holder's tax basis for the Swiss francs and the US dollars received or, if property is received, the fair market value of the property. In addition, a US Holder may be required to recognize domestic-source foreign currency gain or loss on the receipt of a refund in respect of Swiss withholding tax to the extent the US dollar value of the refund differs from the US dollar equivalent of the amount on the date of receipt of the underlying dividend.

Non-US Holders

Dividends paid to a Non-US Holder in respect of Shares will generally not be subject to US federal income tax unless such dividends are effectively connected with the conduct of a trade or business within the US by such Non-US Holder.

Capital gains tax upon disposal of shares

US Holders

A gain or loss realized by a US Holder on the sale or other disposition of Shares will be subject to US federal income taxation as a capital gain or loss in an amount equal to the difference between the US Holder's basis in Shares and the amount realized on the disposition. Such gain or loss will generally be a long-term capital gain or loss if the US Holder holds the Shares for more than one year. A long-term capital gain realized by a US Holder that is an individual generally is subject to taxation at reduced rates.

Non-US Holders

A Non-US Holder will generally not be subject to US federal income tax in respect of gains realized on a sale or other disposition of Shares unless the gain is effectively connected with a trade or business of the Non-US Holder in the US.

Backup withholding tax and information reporting requirements

Dividends paid on, and proceeds from the sale or other disposition of, Shares paid to a US Holder generally may be subject to the information reporting requirements of the IR Code and may be subject to backup withholding unless the holder: (i) establishes that it is a corporation or other exempt holder; or (ii) provides an accurate taxpayer identification number on a properly completed US Internal Revenue Service (IRS) Form W-9 and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle such holder to a refund, provided that certain required information is furnished to the IRS.

A Non-US Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

LISTING DETAILS

Credit Suisse Group's shares are listed on the SIX under the symbol "CSGN". The Group's ADS are traded on the New York Stock Exchange under the symbol "CS".

The Group's shares are in registered form with a par value of CHF 0.04 per share.

TRADING IN OUR OWN SHARES

The Group buys and sells its own shares and derivatives on its own shares within its normal trading and market-making activities mainly through its Swiss broker-dealer operations. In the Swiss market, the Group buys and sells its shares and derivatives on these shares to facilitate customer orders, to provide liquidity as a market maker and to hedge derivative instruments.

The net long or short position held by the Group's Swiss bank subsidiaries in the Group's own shares has been at non-material levels relative to the number of the Group's outstanding shares, due in part to FINMA regulations requiring a 100% capital charge to the relevant legal entity for the entire net position in the Group's shares. In addition to FINMA rules, the Group's trading in its own shares in the Swiss market is subject to regulation under the Swiss Federal Act on Stock Exchanges and Securities Trading, the rules of the SIX and the European Exchange electronic exchange, and the Swiss Bankers Association Code of Conduct for Securities Dealers. Trading is also limited by the Group's risk management limits, internal capital allocation rules, balance sheet requirements, counterparty restrictions and other internal regulations and guidelines. Swiss law further limits the Group's ability to hold or repurchase its own shares.

The Group may from time to time place orders for its own shares to satisfy obligations under various employee and management incentive share plans, and potentially for shares to be used as payment in acquisitions. In addition, the Group may purchase shares with the intent of cancellation. Typically in Switzerland, the purchase of shares for cancellation is done under a separate program from the repurchase of shares to be re-issued under employee and management incentive share plans.

► Refer to "Share repurchases" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information for further information on trading in the Group's shares and shares repurchases.

Closing prices and average daily trading volumes for shares and ADS

Period	Average trading volumes ¹	Shares in CHF (High) ¹	Shares in CHF (Low) ¹	Average trading volumes ²	Shares in USD (High) ²	Shares in USD (Low) ²
2014 (through March 21)	5,023,785	30.1	26.6	918,566	33.2	29.3
March (through March 21)	4,899,005	28.5	26.6	894,293	32.2	30.3
February	5,154,636	28.5	26.8	985,761	31.9	29.3
January	4,988,294	30.1	27.4	875,108	33.2	29.9
2013	5,532,934	30.3	22.9	1,353,861	33.8	24.6
Fourth quarter	5,186,051	30.3	25.9	984,774	33.8	28.4
December	4,433,080	27.5	25.9	614,184	31.0	29.1
November	6,006,588	28.1	26.0	1,162,985	30.9	28.4
October	5,026,146	30.3	27.6	1,168,171	33.8	30.5
Third quarter	4,289,980	29.0	25.0	961,438	31.7	26.6
Second quarter	6,459,594	29.3	23.8	1,537,847	30.3	25.3
First quarter	6,283,303	26.8	22.9	1,969,886	29.5	24.6
2012	6,955,208	27.2	16.0	2,347,395	29.7	16.2
Fourth quarter	5,202,582	23.1	20.6	1,743,249	25.3	21.7
Third quarter	7,977,420	21.9	16.0	2,506,018	23.4	16.2
Second quarter	8,527,010	25.9	16.6	2,787,803	28.7	17.4
First quarter	6,157,287	27.2	21.0	2,342,850	29.7	22.2
2011	7,145,763	45.0	19.7	2,027,558	47.6	21.2
2010	7,140,826	56.4	37.0	1,251,186	54.6	36.5
2009	7,118,183	60.4	22.5	1,448,809	59.8	19.0

¹ Closing prices for one share and average daily trading volume (SIX).

² Closing prices of ADS and average daily trading volume (NYSE).

PROPERTY AND EQUIPMENT

Our principal executive offices, which we own, are located at Paradeplatz 8, Zurich, Switzerland. As of the end of 2013, we maintained 509 offices and branches worldwide, of which approximately 63% were located in Switzerland.

As of the end of 2013, approximately 27% of our worldwide offices and branches were owned directly by us, with the remainder being held under commercial leases, 56% of which expire after 2018. The book value of the ten largest owned properties

was approximately CHF 1.0 billion as of the end of 2013. Some of our principal facilities are subject to mortgages and other security interests granted to secure indebtedness to certain financial institutions. As of the end of 2013, the total amount of indebtedness secured by these facilities was not material to us.

We believe that our current facilities are adequate for existing operations. Management regularly evaluates our operating facilities for suitability, market presence, renovation and maintenance.

FOREIGN CURRENCY TRANSLATION RATES

The following tables set forth, for the periods indicated, certain information concerning the noon buying rate for the Swiss franc expressed as USD per CHF 1.00:

Year	End of	Average in ¹	High	Low
Exchange rate information – 5 years				
2013	1.1231	1.0813	1.1292	1.0190
2012	1.0923	1.0713	1.1174	1.0043
2011	1.0668	1.1398	1.3706	1.0251
2010	1.0673	0.9628	1.0673	0.8610
2009	0.9710	0.9261	1.0016	0.8408

¹ The average of the noon buying rates on the last business day of each month during the relevant period.

Month	High	Low
Exchange rate information – 6 months		
March 2014 (through March 21)	1.1478	1.1271
February 2014	1.1351	1.1050
January 2014	1.1176	1.0970
December 2013	1.1292	1.1018
November 2013	1.1053	1.0846
October 2013	1.1216	1.0913
September 2013	1.1061	1.0597

Appendix

A-2 Selected five-year information

A-4 List of abbreviations

A-6 Glossary

A-10 Investor information

A-12 Financial calendar and contacts

Selected five-year information

Selected information – Group

in / end of	2013	2012	2011	2010	2009
Condensed consolidated statements of operations (CHF million)					
Net revenues	25,856	23,611	25,891	31,084	32,999
Provision for credit losses	167	170	187	(79)	506
Total operating expenses	21,593	21,251	22,233	23,686	24,387
Income from continuing operations before taxes and extraordinary items	4,096	2,190	3,471	7,477	8,106
Income tax expense	1,276	465	656	1,525	1,830
Income from continuing operations before extraordinary items	2,820	1,725	2,815	5,952	6,276
Income/(loss) from discontinued operations, net of tax	145	(40)	(25)	(32)	135
Net income	2,965	1,685	2,790	5,920	6,411
Less net income/(loss) attributable to noncontrolling interests	639	336	837	822	(313)
Net income/(loss) attributable to shareholders	2,326	1,349	1,953	5,098	6,724
of which from continuing operations	2,181	1,389	1,978	5,130	6,589
of which from discontinued operations	145	(40)	(25)	(32)	135
Earnings per share (CHF)					
Basic earnings per share from continuing operations	1.14	0.82	1.34	3.80	5.02
Basic earnings per share	1.22	0.79	1.32	3.78	5.12
Diluted earnings per share from continuing operations	1.14	0.82	1.34	3.79	4.88
Diluted earnings per share	1.22	0.79	1.32	3.77	4.98
Consolidated balance sheet (CHF million)					
Total assets	872,806	924,280	1,049,165	1,032,005	1,031,427
Share capital	64	53	49	47	47
Shareholders' equity	42,164	35,498	33,674	33,282	37,517
Shares outstanding (million)					
Shares outstanding	1,590.9	1,293.8	1,220.3	1,173.9	1,169.2
Dividend per share (CHF)					
Dividend per share	0.70 ¹	0.75	0.75	1.30	2.00
Ratios (%)					
Return on assets ²	0.3	0.1	0.3	0.6	0.6
Return on equity attributable to shareholders	5.7	3.9	6.0	14.4	18.3
Dividend payout ratio	57.4 ¹	94.9	56.8	34.4	39.1
Equity to asset ratio	4.8	3.8	3.2	3.2	3.6

¹ Proposal of the Board of Directors to the Annual General Meeting on May 9, 2014; to be paid out of reserves from capital contributions.

² Based on amounts attributable to shareholders.

Selected information – Group (continued)

in / end of	2013	2012	2011	2010	2009
Average utilized economic capital (CHF million)					
Private Banking & Wealth Management	9,554	9,965	10,054	10,017	9,205
Investment Banking	19,910	20,241	20,525	21,576	21,517
Credit Suisse	31,695	32,626	32,333	32,850	30,833
Pre-tax return on average utilized economic capital (%)					
Private Banking & Wealth Management	34.5	38.5	30.1	42.0	47.7
Investment Banking	9.1	10.6	(2.4)	17.2	32.7
Credit Suisse	13.4	7.3	11.3	23.3	26.9

Selected information – Bank

in / end of	2013	2012	2011	2010	2009
Condensed consolidated statements of operations (CHF million)					
Net revenues	25,330	23,178	24,853	30,231	32,573
Provision for credit losses	93	88	123	(121)	460
Total operating expenses	21,567	21,108	22,219	23,826	24,313
Income from continuing operations before taxes and extraordinary items	3,670	1,982	2,511	6,526	7,800
Income tax expense	1,177	447	444	1,284	1,847
Income from continuing operations before extraordinary items	2,493	1,535	2,067	5,242	5,953
Income/(loss) from discontinued operations, net of tax	145	(40)	(25)	(32)	135
Net income	2,638	1,495	2,042	5,210	6,088
Less net income/(loss) attributable to noncontrolling interests	860	(600)	901	802	(697)
Net income/(loss) attributable to shareholders	1,778	2,095	1,141	4,408	6,785
of which from continuing operations	1,633	2,135	1,166	4,440	6,650
of which from discontinued operations	145	(40)	(25)	(32)	135
Consolidated balance sheet (CHF million)					
Total assets	854,412	908,160	1,034,787	1,019,586	1,020,226
Share capital	4,400	4,400	4,400	4,400	4,400
Shareholder's equity	39,992	34,767	29,403	29,769	33,294
Number of shares outstanding (million)					
Number of shares outstanding	4,399.7	44.0	44.0	44.0	44.0

List of abbreviations

A

ABO	Accumulated benefit obligation
ABS	Asset-backed securities
ADR	American Depositary Receipts
ADS	American Depositary Shares
AES®	Advanced execution services
AGM	Annual general meeting
A-IRB	Advanced internal ratings-based approach
ALM	Asset and liability management
AMA	Advanced measurement approach
AMF	Asset Management Finance LLC
AoA	Articles of Association
AOCI	Accumulated other comprehensive income/(loss)
APP	Adjustable Performance Plan
ASC	Accounting Standards Codification
ASU	Accounting Standards Updates

B

BA	Bachelor of Arts
BBA	Bachelor of Business Administration
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
bp	basis points

C

CARMC	Capital Allocation and Risk Management Committee
CCA	Contingent Capital Awards
CDO	Collateralized debt obligation
CDS	Credit default swap
CET1	Common equity tier 1
CEO	Chief Executive Officer
CFIG	Customized Fund Investment Group
CFO	Chief Financial Officer
CFTC	Commodity Futures Trading Commission
CMBS	Commercial mortgage-backed securities
CoCo	Contingent convertible instrument
CoE	Centers of excellence
COF	Capital Opportunity Facility
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CP	Commercial paper
CPR	Constant prepayment rate
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CVA	Credit valuation adjustment

D

DOJ	United States Department of Justice
DVA	Debit valuation adjustment

E

EBITDA	Earnings before taxes, depreciation and amortization
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
EGM	Extraordinary shareholders' meeting
EMEA	Europe, Middle East and Africa
EMIR	European Market Infrastructure Regulation
ETF	Exchange-traded funds
EU	European Union

F

FASB	Financial Accounting Standards Board
Fed	US Federal Reserve
FHFA	Federal Housing Finance Agency
FINMA	Swiss Financial Market Supervisory Authority FINMA
FINRA	Financial Industry Regulatory Authority
FSA	UK Financial Services Authority
FSB	Financial Stability Board
FSMA	Financial Services and Markets Act 2000

G

G-7	Group of seven leading industrial nations
GAAP	Generally accepted accounting principles
GSE	Government-sponsored enterprise
G-SIB	Global Systemically Important Bank

H

HNWI	High-net-worth individuals
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I

ICS	Internal control systems
IFRS	International Financial Reporting Standards
IHC	US intermediate holding company
IPO	Initial public offering
IRC	Incremental risk charge
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association, Inc.
ISU	Incentive Share Unit
IT	Information technology

J

JD	Juris Doctor
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K

KPI	Key performance indicator
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L

LCR	Liquidity coverage ratio
LGD	Loss given default
LIBOR	London Interbank Offered Rate
LTI	Long-term incentive
LTV	Loan-to-value

M

M&A	Mergers and acquisitions
MA	Master of Arts
MACCS	Mandatory and contingent convertible securities
MBA	Master of Business Administration
MCR	Market & Credit Risks
MiFID	Markets in Financial Instruments Directive
MiFID II	Revised Markets in Financial Instruments Directive
MRTC	Material risk takers and controllers
MSRB	Municipal Securities Rulemaking Board

N

NAV	Net asset value
NCFE	National Century Financial Enterprises, Inc.
NRV	Negative replacement value
NSFR	Net stable funding ratio
NYSE	New York Stock Exchange

O

OCC	Office of the Comptroller of the Currency
OGR	Organizational Guidelines and Regulations
OTC	Over-the-counter

P

PAF	2008 Partner Asset Facility
PAF2	2011 Partner Asset Facility
PBO	Projected benefit obligation
PD	Probability of default
PFIC	Passive foreign investment company
PIP	Performance Incentive Plan
PRA	Prudential Regulation Authority
PRV	Positive replacement value
PSA	Prepayment speed assumption

Q

QIA	Qatar Investment Authority
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R

RCSA	Risk and control self-assessment
RMBS	Residential mortgage-backed securities
RMC	Risk Management Committee
RNIV	Risk not in VaR
ROE	Return on equity
RPSC	Risk Processes & Standards Committee
RRP	Recovery and Resolution Plan
RRSC	Reputational Risk & Sustainability Committee
RTSR	Relative total shareholder return
RWA	Risk-weighted assets

S

SEC	US Securities and Exchange Commission
SEI	Significant economic interest
SESTA	Swiss Federal Act on Stock Exchanges and Securities Trading
SFTQ	Severe flight to quality
SISU	Scaled Incentive Share Unit
SIX	SIX Swiss Exchange
SME	Small and medium size enterprises
SNB	Swiss National Bank
SOX	US Sarbanes-Oxley Act of 2002
SPE	Special purpose entity
SPIA	Single premium immediate annuity
STI	Short-term incentive

T

TRS	Total return swap
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U

UHNWI	Ultra-high-net-worth individuals
UK	United Kingdom
US	United States of America
US GAAP	Accounting principles generally accepted in the US

V

VaR	Value-at-Risk
VARMC	Valuation and Risk Management Committee
VIE	Variable interest entity
VIX	Chicago Board of Options Exchange Market Volatility Index

Glossary

A

Advanced execution services® (AES®) AES® is a suite of algorithmic trading strategies, tools, and analytics operated by Credit Suisse to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES® helps institutions and hedge funds reduce market impact. AES® provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

Advanced internal ratings-based approach (A-IRB) Under the A-IRB approach, risk weights are determined by using internal risk parameters. We have received approval from FINMA to use, and have fully implemented, the A-IRB approach whereby we provide our own estimates for probability of default (PD), loss given default (LGD) and exposure at default (EAD). We use the A-IRB approach to determine our institutional credit risk and most of our retail credit risk.

Advanced measurement approach (AMA) The AMA is used for measuring operational risk. The methodology is based upon the identification of a number of key risk scenarios that describe the major operational risks we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario parameters into an operational risk model that generates a loss distribution from which the level of capital required to cover operational risk is determined. We have received approval from FINMA to use an internal model for the calculation of operational risk capital, which is aligned with the requirements of the AMA under the Basel framework.

Affluent and retail clients We define affluent and retail clients as individuals having assets under management below CHF 1 million.

American Depositary Shares (ADS) An American depositary receipt is a negotiable certificate evidencing an ADS, issued by a depositary bank, that represents all or part of an underlying share of a foreign-based company held in custody.

B

Backtesting Backtesting is a process used to evaluate the performance of VaR models. It consists of a comparison between actual trading revenues and 1-day, 99% VaR. Regulators also use backtesting to evaluate model performance. VaR models that experience less than five exceptions in a rolling 12-month period are deemed to be statistically correct and attract no additional regulatory capital charges.

Basel III In December 2010, the Basel Committee on Banking Supervision (BCBS) issued the Basel III framework, which is a comprehensive set of reform measures to strengthen the regulation, supervision and risk management of the banking sector. These measures aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, improve risk management and governance and strengthen banks' transparency and disclosures. The phase-in period for Basel III is January 1, 2013 through January 1, 2019.

Basel Committee on Banking Supervision (BCBS) The Basel Committee on Banking Supervision (BCBS) provides a forum for regular cooperation on banking supervisory matters. Its objective is to enhance the understanding of key supervisory issues and improve the quality of banking supervision worldwide. It seeks to do so by exchanging information on national supervisory issues, approaches and techniques, with a view to promoting common understanding. At times, the BCBS uses this common understanding to develop guidelines and supervisory standards in areas where they are considered desirable. In this regard, the BCBS is best known for its international standards on capital adequacy, the Core Principles for Effective Banking Supervision and the Concordat on cross-border banking supervision.

Booking center Part of a legal entity of Credit Suisse AG that is registered with a domestic banking license where client assets are administered and booked.

C

Collateralized debt obligation (CDO) A CDO is a type of structured asset-backed security whose value and payments are derived from a portfolio of underlying fixed-income assets.

Commercial mortgage-backed securities (CMBS) CMBS are a type of mortgage-backed security that is secured by loans on commercial property and can provide liquidity to real estate investors and commercial lenders.

Commercial paper (CP) Commercial paper is an unsecured money-market security with a fixed maturity of 1 to 364 days, issued by large banks and corporations to raise funds to meet short term debt obligations.

Constant prepayment rate (CPR) A loan prepayment rate that is equal to the proportion of the principal of a pool of loans that is assumed to be paid off prematurely in each period. The calculation of this estimate is based on a number of factors such as historical prepayment rates for previous loans that are similar to ones in the pool and on future economic outlooks.

Credit default swap (CDS) A CDS is a contractual agreement in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet payment obligations when due.

Credit valuation adjustment (CVA) The CVA represents the market value of counterparty credit risk for uncollateralized OTC derivative instruments.

D

Debit valuation adjustment (DVA) The DVA represents the market value of our own credit risk for uncollateralized OTC derivative instruments.

Derivatives Derivatives are financial instruments or contracts that meet all of the following three characteristics: (1) their value changes in response to changes in an underlying price, such as interest rate, security price, foreign exchange rate, credit rating/price, or index; (2) they require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (3) their terms require or permit net settlement (US GAAP) or they settle at a future date (IFRS).

F

Fair value The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Flow-based Flow-based businesses refer to products that are generally more liquid, less complex and less volatile and which tend to provide a more stable earnings base generated from fees and/or trading activity initiated by or in facilitation of client business. Flow-based businesses include foreign exchange, interest-rate products, cash equities, vanilla derivative products and prime services.

G

G-7 The G-7 represents the finance ministers from seven industrialized nations: the US, UK, France, Germany, Italy, Canada and Japan.

H

Haircut The percentage by which an asset's market value is reduced for the purpose of calculating capital, margin requirements and collateral levels. This is used to provide a cushion when lending against collateral to account for possible adverse movements in the value of the collateral.

High-net-worth individuals (HNWI) We define high-net-worth individuals as individuals having assets under management in excess of CHF 1 million.

I

Incremental risk charge (IRC) The IRC represents an estimate of the issuer default and migration risk of positions in the trading book over a one-year capital horizon at a 99.9% confidence level, taking into account the liquidity horizons of individual positions. This includes sovereign debt, but excludes securitizations and correlation products.

L

Liquidity coverage ratio (LCR) The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows should be at least 100%.

London Interbank Offered Rate (LIBOR) LIBOR is a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market.

Loss given default (LGD) LGD parameters consider seniority, collateral, counterparty industry and, in certain cases, fair value markdowns. LGD estimates are based on an empirical analysis of historical loss rates and are calibrated to reflect time and cost of recovery as well as economic downturn conditions. For much of the Private Banking & Wealth Management loan portfolio, the LGD is primarily dependent upon the type and amount of collateral pledged. For other retail credit risk, predominantly loans secured by financial collateral, pool LGDs differentiate between standard and higher risks, as well as domestic and foreign transactions. The credit approval and collateral monitoring processes are based on loan-to-value limits. For mortgages (residential or commercial), recovery rates are differentiated by type of property.

M

Match funded Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and value so that the liquidity and funding generated or required by the positions are substantially equivalent.

Material risk takers and controllers (MRTC) MRTC are employees who, either individually or as a part of a group, are considered to have a potentially material impact on the Group's risk profile.

N

Negative replacement value (NRV) NRV represents the negative fair value of a derivative financial instrument at a given financial reporting date. A negative replacement value reflects the amount payable to the counterparty if the derivative transaction were to be settled at the reporting date, or alternatively, the cost at a given reporting date to close an open derivative position with a fully offsetting transaction.

Net stable funding ratio (NSFR) The NSFR is intended to ensure banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. It is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The standard is defined as the ratio of available stable funding over the amount of required stable funding. The ratio should always be at least 100%.

Netting agreements Netting agreements are contracts between two parties where under certain circumstances, such as insolvency, bankruptcy or any other credit event, mutual claims from outstanding business transactions can be offset against each other. The inclusion of a legally binding netting agreement reduces the default risk from a gross to a net amount.

O

Over-the-counter (OTC) Over-the-counter securities and derivatives are not traded on an exchange but via private contracts between counterparties.

P

Position risk Component of the economic capital framework, which is used to assess, monitor and report risk exposures throughout the Group. Position risk is the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes).

Positive replacement value (PRV) PRV represents the positive fair value of a derivative financial instrument at a given reporting date. A positive replacement value reflects the amount receivable from the counterparty if the derivative transaction were to be settled at the reporting date, or alternatively, the cost at a given reporting date to enter into the exact same transaction for the residual term, if the existing counterparty should default.

Probability of default (PD) PD parameters capture the risk of a counterparty defaulting over a one-year time horizon. PD estimates are based on time-weighted averages of historical default rates by rating grade, with low-default-portfolio estimation techniques applied for higher quality rating grades. Each PD reflects the internal rating for the relevant obligor.

R

Regulatory VaR Regulatory VaR is a version of VaR that uses an exponential weighting technique that automatically increases VaR where recent short-term market volatility is greater than long-term volatility in the two-year dataset. Regulatory VaR uses an expected shortfall calculation based on average losses, and a ten-day holding period adjusted to one day for presentation purposes. This results in a more responsive VaR model, as the overall increases in market volatility are reflected almost immediately in the regulatory VaR model.

Repurchase agreements Repurchase agreements are securities sold under agreements to repurchase substantially identical securities. These transactions normally do not constitute economic sales and are therefore treated as collateralized financing transactions and are carried in the balance sheet at the amount of cash received (liability) and cash disbursed (asset), respectively.

Residential mortgage-backed securities (RMBS) RMBS are a type of mortgage-backed security composed of a wide array of different non-commercial mortgage debts. They securitize the mortgage payments of non-commercial real estate. Different residential mortgages with varying credit ratings are pooled together and sold in tranches to investors.

Reverse repurchase agreements Reverse repurchase agreements are purchases of securities under agreements to resell substantially identical securities. These transactions normally do not constitute economic sales and are therefore treated as collateralized financing transactions and are carried in the balance sheet at the amount of cash received (liability) and cash disbursed (asset), respectively.

Risk management VaR Risk management VaR is a version of VaR that uses an exponential weighting technique that automatically adjusts VaR where recent short-term market volatility differs from long-term volatility in the two-year dataset. Risk management VaR uses an expected shortfall calculation based on average losses, and a one-day holding period. This results in a more responsive VaR model, as the overall changes in market volatility are reflected almost immediately in the risk management VaR model.

Risk mitigation Risk mitigation refers to measures undertaken by the Group or the Bank to actively manage its risk exposure. For credit risk exposure, such measures would normally include utilizing credit hedges and collateral, such as cash and marketable securities. Credit hedges represent the notional exposure that can be transferred to other market counterparties, generally through the use of credit default swaps.

Risk not in VaR (RNIV) RNIV is a framework intended to ensure that capital is held to meet all risks which are not captured, or not captured adequately, by the Group's VaR and stressed VaR models. These include, but are not limited to incomplete, missing and/or illiquid risk factors such as certain basis, correlation, higher-order and cross risks, and calibration parameters. The RNIV framework is continuously updated to incorporate new RNIVs.

Risk-weighted assets (RWA) The value of the Group's assets weighted according to certain identified risks for compliance with regulatory provisions.

S

Stressed VaR Stressed VaR replicates a VaR calculation on the current portfolio of the Group or the Bank, taking into account a one-year observation period relating to significant financial stress; it helps reduce the pro-cyclicality of the minimum capital requirements for market risk.

Swiss Financial Supervisory Authority FINMA (FINMA) FINMA, as an independent supervisory authority, protects creditors, investors and policy holders, ensuring the smooth functioning of the financial markets and preserving their reputation. In its role as state supervisory authority, FINMA acts as an oversight authority of banks, insurance companies, exchanges, securities dealers, collective investment schemes, distributors and insurance intermediaries. It is responsible for combating money laundering and, where necessary, conducts restructuring and bankruptcy proceedings and issues operating licenses for companies in the supervised sectors. Through its supervisory activities, it ensures that supervised institutions comply with the requisite laws, ordinances, directives and regulations and continues to fulfill the licensing requirements. FINMA also acts as a regulatory body; it participates in legislative procedures, issues its own ordinances and circulars where authorized to do so, and is responsible for the recognition of self-regulatory standards.

T

Too Big to Fail In 2011, the Swiss Parliament passed legislation relating to big banks. The legislation includes capital and liquidity requirements and rules regarding risk diversification and emergency plans designed to maintain systemically relevant functions even in the event of threatened insolvency.

Total return swap (TRS) A TRS is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index, loans, or bonds.

U

Ultra-high-net-worth individuals (UHNWI) Ultra-high-net-worth individuals have assets under management in excess of CHF 50 million or total wealth exceeding CHF 250 million.

V

Value-at-Risk (VaR) VaR is a technique used to measure the potential loss in fair value of financial instruments based on a statistical analysis of historical price trends and volatilities. VaR as a concept is applicable for all financial risk types with valid regular price histories; the use of VaR allows the comparison of risk in different businesses, such as fixed income and equity.

Investor information

Share data

in / end of	2013	2012	2011
Share price (common shares, CHF)			
Average	26.74	21.23	31.43
Minimum	22.90	16.01	19.65
Maximum	30.29	27.20	44.99
End of period	27.27	22.26	22.07
Share price (American Depositary Shares, USD)			
Average	28.85	22.70	35.36
Minimum	24.56	16.20	21.20
Maximum	33.84	29.69	47.63
End of period	30.84	24.56	23.48
Market capitalization			
Market capitalization (CHF million)	43,526	29,402	27,021
Market capitalization (USD million)	49,224	32,440	28,747
Dividend per share (CHF)			
Dividend per share	0.70 ¹	0.75 ^{2,4}	0.75 ^{3,4}

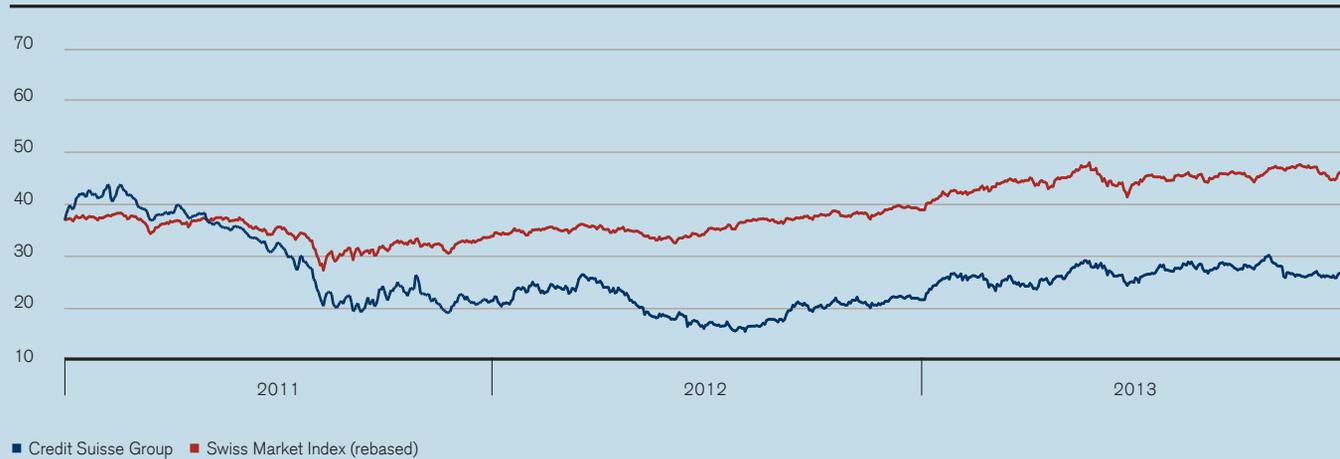
¹ Proposal of the Board of Directors to the Annual General Meeting on May 9, 2014; to be paid out of reserves from capital contributions.

² The distribution was payable in cash of CHF 0.10 per share and in the form of new shares with an approximate value of CHF 0.65 per share.

³ The distribution was payable in cash or, subject to any legal restrictions applicable in shareholders' home jurisdictions, in new shares of Credit Suisse Group at the option of the shareholder.

⁴ Paid out of reserves from capital contributions.

Share performance



Ticker symbols / stock exchange listings

	Common shares	ADS ¹
Ticker symbols		
Bloomberg	CSGN VX	CS US
Reuters	CSGN.VX	CS.N
Telekurs	CSGN,380	CS,065
Stock exchange listings		
Swiss security number	1213853	570660
ISIN number	CH0012138530	US2254011081
CUSIP number	–	225 401 108

¹ One American Depository Share (ADS) represents one common share.

Bond ratings

as of March 21, 2014	Moody's	Standard & Poor's	Fitch Ratings
Credit Suisse Group AG ratings			
Short term	–	–	F1
Long term	A2	A–	A
Outlook	Stable	Stable	Stable
Credit Suisse AG ratings			
Short term	P-1	A-1	F1
Long term	A1	A	A
Outlook	Stable	Stable	Stable

Foreign currency translation rates

	End of			Average in		
	2013	2012	2011	2013	2012	2011
1 USD / 1 CHF	0.89	0.92	0.94	0.93	0.93	0.88
1 EUR / 1 CHF	1.23	1.21	1.22	1.23	1.20	1.23
1 GBP / 1 CHF	1.47	1.48	1.45	1.45	1.48	1.42
100 JPY / 1 CHF	0.85	1.06	1.21	0.95	1.17	1.11

Financial calendar and contacts

Financial calendar

First quarter 2014 results	Wednesday, April 16, 2014
Annual General Meeting	Friday, May 9, 2014
Capital distribution payment	Friday, May 16, 2014
Second quarter 2014 results	Thursday, July 17, 2014

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Additional information

Results and financial information	www.credit-suisse.com/results
Printed copies	Credit Suisse AG Dept. HKG 1 P.O. Box 8070 Zurich Switzerland

US share register and transfer agent

	Deutsche Bank
ADS depository bank	Trust Company Americas
Address	American Stock Transfer & Trust Co. Operations Center 6201 15th Avenue Brooklyn, NY 11219 United States
US and Canada phone	+1 800 937 5449
Phone from outside US and Canada	+1 718 921 8124
E-mail	DB@amstock.com

Swiss share register and transfer agent

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Cautionary statement regarding forward-looking information

This report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;

- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in *I – Information on the company – Risk factors*.

Photography (cover): Laurent Burst

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 6-K/A

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

April 3, 2014

Commission File Number 001-33434

CREDIT SUISSE AG

(Translation of registrant's name into English)

Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Introduction

This report filed on Form 6-K/A contains certain information about Credit Suisse AG to be incorporated by reference in the Registration Statement on Form F-3 (file no. 333-180300). Credit Suisse Group AG's revised financial report for the fourth quarter of 2013 (Credit Suisse Revised Financial Report 4Q13) is attached as an exhibit to this Form 6-K/A and was filed with the US Securities and Exchange Commission (SEC) on April 3, 2014. The Bank is incorporating by reference the Credit Suisse Revised Financial Report 4Q13 (except for the sections entitled "Dear shareholders", "Investor information" and "Financial calendar and contacts"). The Credit Suisse Revised Financial Report 4Q13 contains information for the three months and the year ended December 31, 2013.

This report on Form 6-K/A (including the exhibit hereto) supersedes and replaces the report on Form 6-K of Credit Suisse AG filed on February 6, 2014 (accession number 0001370368-14-000008) in its entirety.

Unless the context otherwise requires, references herein to "Credit Suisse Group", "Credit Suisse", "the Group", "we", "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries and the term "the Bank" means Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

The Bank, a Swiss bank and joint stock corporation established under Swiss law, is a wholly-owned subsidiary of the Group. The Bank's registered head office is in Zurich, and it has additional executive offices and principal branches in London, New York, Hong Kong, Singapore and Tokyo.

References herein to "CHF" are to Swiss francs.

Forward-looking statements

This Form 6-K/A and the information incorporated by reference in this Form 6-K/A include statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future the Group, the Bank and others on their behalf may make statements that constitute forward-looking statements.

When evaluating forward-looking statements, you should carefully consider the cautionary statement regarding forward-looking information, the risk factors and other information set forth in the Group's and the Bank's annual report on Form 20-F for the year ended December 31, 2012 (the Credit Suisse 2012 20-F), and subsequent annual reports on Form 20-F filed by the Group and the Bank with the SEC and the Group's and the Bank's reports on Form 6-K furnished to or filed with the SEC, and other uncertainties and events.

Key information

Selected financial data

Selected operations statement information

in	4Q13	4Q12	% change	2013	2012	% change
Statements of operations (CHF million)						
Net revenues	6,024	5,592	8	25,330	23,178	9
Provision for credit losses	35	37	(5)	93	88	6
Compensation and benefits	2,786	2,640	6	11,187	12,219	(8)
General and administrative expenses	3,227	2,086	55	8,654	7,204	20
Commission expenses	386	427	(10)	1,726	1,685	2
Total other operating expenses	3,613	2,513	44	10,380	8,889	17
Total operating expenses	6,399	5,153	24	21,567	21,108	2
Income/(loss) from continuing operations before taxes	(410)	402	–	3,670	1,982	85
Income tax expense/(benefit)	(85)	85	–	1,177	447	163
Income/(loss) from continuing operations	(325)	317	–	2,493	1,535	62
Income/(loss) from discontinued operations, net of tax	(2)	(31)	(94)	145	(40)	–
Net income/(loss)	(327)	286	–	2,638	1,495	76
Net income/(loss) attributable to noncontrolling interests	18	(205)	–	860	(600)	–
Net income/(loss) attributable to shareholders	(345)	491	–	1,778	2,095	(15)
of which from continuing operations	(343)	522	–	1,633	2,135	(24)
of which from discontinued operations	(2)	(31)	(94)	145	(40)	–

Selected balance sheet information

end of	4Q13	4Q12	% change
Balance sheet statistics (CHF million)			
Total assets	854,412	908,160	(6)
Share capital	4,400	4,400	0

For additional information on the condensed consolidating statements of operations for the three months and the year ended December 31, 2013 and 2012 and the condensed consolidating balance sheets as of December 31, 2013 and December 31, 2012, refer to Note 30 – Subsidiary guarantee information in III – Condensed consolidated financial statements – unaudited in the Credit Suisse Revised Financial Report 4Q13. For a detailed description of factors that affect the results of operations of the Bank, refer to II – Operating and financial review – Operating environment in the Credit Suisse 2012 20-F and I – Credit Suisse results – Operating environment in the Credit Suisse Revised Financial Report 4Q13.

BIS statistics (Basel III)

end of	4Q13	4Q12 ¹	% change
Eligible capital (CHF million)			
Common equity tier 1 (CET1) capital	38,028	36,717	4
Total tier 1 capital	41,105	40,477	2
Total eligible capital	52,066	49,306	6
Capital ratios (%)			
CET1 ratio	14.4	13.0	–
Tier 1 ratio	15.6	14.3	–
Total capital ratio	19.7	17.5	–

¹ Basel III became effective as of January 1, 2013. 4Q12 amounts, which are presented in order to show meaningful comparative information, are calculated as if Basel III had been implemented in Switzerland at such time.

Operating and financial review and prospects

Except where noted, the business of the Bank is substantially the same as the business of the Group, and substantially all of the Bank's operations are conducted through the Private Banking & Wealth Management and Investment Banking segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the two segments. However, since they are legally owned by the Group, they are not included in the Bank's consolidated financial statements. These relate principally to the activities of Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking & Wealth Management. Core Results also includes certain Corporate Center activities of the Group that are not applicable to the Bank.

These operations and activities vary from period to period and give rise to differences between the Bank's consolidated assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group.

Differences between the Group and the Bank businesses

Entity	Principal business activity
Neue Aargauer Bank	Banking (in the Swiss canton of Aargau)
BANK-now	Private credit and car leasing (in Switzerland)
Financing vehicles of the Group	Special purpose vehicles for various funding activities of the Group, including for purposes of raising consolidated capital

Comparison of selected operations statement information

	Bank		Group	
in	4Q13	4Q12	4Q13	4Q12
Statements of operations (CHF million)				
Net revenues	6,024	5,592	6,139	5,706
Total operating expenses	6,399	5,153	6,419	5,188
Income/(loss) from continuing operations before taxes	(410)	402	(333)	448
Income/(loss) from continuing operations	(325)	317	(270)	363
Net income/(loss) attributable to shareholders	(345)	491	(476)	263
of which from continuing operations	(343)	522	(474)	294

Comparison of selected operations statement information

	Bank		Group	
in	2013	2012	2013	2012
Statements of operations (CHF million)				
Net revenues	25,330	23,178	25,856	23,611
Total operating expenses	21,567	21,108	21,593	21,251
Income from continuing operations before taxes	3,670	1,982	4,096	2,190
Income from continuing operations	2,493	1,535	2,820	1,725
Net income attributable to shareholders	1,778	2,095	2,326	1,349
of which from continuing operations	1,633	2,135	2,181	1,389

Comparison of selected balance sheet information

	Bank		Group	
end of	4Q13	4Q12	4Q13	4Q12
Balance sheet statistics (CHF million)				
Total assets	854,412	908,160	872,806	924,280
Total liabilities	810,849	865,999	825,640	881,996

For information on the operating and financial review and prospects of the Bank, refer to I – Credit Suisse results on pages 8 to 48. This section is included in the Credit Suisse Revised Financial Report 4Q13.

Treasury and Risk Management

For information on the Bank's treasury and risk management, refer to II – Treasury, risk, balance sheet and off-balance sheet on pages 50 to 76 of the Credit Suisse Revised Financial Report 4Q13.

Exhibits

No. Description

99.1 Credit Suisse Revised Financial Report 4Q13

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE AG

(Registrant)

Date: April 3, 2014

By:

/s/ Brady W. Dougan
Brady W. Dougan
Chief Executive Officer

By:

/s/ David R. Mathers
David R. Mathers
Chief Financial Officer

Financial Report 4Q13

Revised

Financial highlights

		in / end of		% change		in / end of		% change
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Net income (CHF million)								
Net income/(loss) attributable to shareholders	(476)	454	263	–	–	2,326	1,349	72
of which from continuing operations	(474)	304	294	–	–	2,181	1,389	57
Earnings per share (CHF)								
Basic earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	–	–	1.14	0.82	39
Basic earnings/(loss) per share	(0.37)	0.26	0.09	–	–	1.22	0.79	54
Diluted earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	–	–	1.14	0.82	39
Diluted earnings/(loss) per share	(0.37)	0.26	0.09	–	–	1.22	0.79	54
Return on equity (% , annualized)								
Return on equity attributable to shareholders	(4.5)	4.3	2.9	–	–	5.7	3.9	–
Core Results (CHF million) ¹								
Net revenues	5,920	5,449	5,627	9	5	25,217	23,251	8
Provision for credit losses	53	41	70	29	(24)	167	170	(2)
Total operating expenses	6,396	4,720	5,172	36	24	21,546	21,193	2
Income/(loss) from continuing operations before taxes	(529)	688	385	–	–	3,504	1,888	86
Core Results statement of operations metrics (%) ¹								
Cost/income ratio	108.0	86.6	91.9	–	–	85.4	91.1	–
Pre-tax income margin	(8.9)	12.6	6.8	–	–	13.9	8.1	–
Effective tax rate	11.9	53.5	22.1	–	–	36.4	24.6	–
Net income margin ²	(8.0)	8.3	4.7	–	–	9.2	5.8	–
Assets under management and net new assets (CHF billion)								
Assets under management from continuing operations	1,253.4	1,239.3	1,197.8	1.1	4.6	1,253.4	1,197.8	4.6
Net new assets from continuing operations	4.2	8.8	7.1	(52.3)	(40.8)	36.1	11.4	216.7
Balance sheet statistics (CHF million)								
Total assets	872,806	895,169	924,280	(2)	(6)	872,806	924,280	(6)
Net loans	247,054	245,232	242,223	1	2	247,054	242,223	2
Total shareholders' equity	42,164	42,162	35,498	0	19	42,164	35,498	19
Tangible shareholders' equity ³	33,955	33,838	26,866	–	26	33,955	26,866	26
Book value per share outstanding (CHF)								
Total book value per share	26.50	26.48	27.44	0	(3)	26.50	27.44	(3)
Tangible book value per share ³	21.34	21.25	20.77	0	3	21.34	20.77	3
Shares outstanding (million)								
Common shares issued	1,596.1	1,595.4	1,320.8	0	21	1,596.1	1,320.8	21
Treasury shares	(5.2)	(3.0)	(27.0)	73	(81)	(5.2)	(27.0)	(81)
Shares outstanding	1,590.9	1,592.4	1,293.8	0	23	1,590.9	1,293.8	23
Market capitalization								
Market capitalization (CHF million)	43,526	44,066	29,402	(1)	48	43,526	29,402	48
Market capitalization (USD million)	49,224	48,741	32,440	1	52	49,224	32,440	52
BIS statistics (Basel III)								
Risk-weighted assets (CHF million)	273,846	269,263	292,481	2	(6)	273,846	292,481	(6)
CET 1 ratio (%)	15.7	16.3	14.2	–	–	15.7	14.2	–
Tier 1 ratio (%)	16.8	17.0	15.2	–	–	16.8	15.2	–
Dividend per share (CHF)								
Dividend per share	–	–	–	–	–	0.70 ⁴	0.75 ⁵	–
Number of employees (full-time equivalents)								
Number of employees	46,000	46,400	47,400	(1)	(3)	46,000	47,400	(3)

¹ Refer to "Credit Suisse Reporting structure and Core Results" in I – Credit Suisse results – Credit Suisse for further information on Core Results.

² Based on amounts attributable to shareholders.

³ A non-GAAP financial measure. Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets from total shareholders' equity.

⁴ Proposal of the Board of Directors to the Annual General Meeting on May 9, 2014; to be paid out of reserves from capital contributions.

⁵ Paid out of reserves from capital contributions.



Brady W. Dougan, Chief Executive Officer (left) and Urs Rohner, Chairman of the Board of Directors.

DEAR SHAREHOLDERS

In 2013, our priorities were to further improve profitability, continue to strengthen our capital position and reduce risks and leverage exposure while expanding market share in targeted markets. We made strong progress towards these objectives, while at the same time taking a number of additional strategic measures, both on a Group level and in our two divisions, to continue the transformation of our business.

Credit Suisse also made progress towards resolving legacy issues. In February 2014, Credit Suisse announced that it reached a settlement with the US Securities and Exchange Commission (SEC) and agreed to pay USD 196 million for violations of US securities laws that centered on activities between 2002 and 2008. The investigation by the US Department of Justice (DOJ) in the US tax-related matter remains outstanding. Primarily due to an increase in the litigation provision held against this matter, Credit Suisse announced in April 2014 that it incurred an after-tax charge of CHF 468 million in respect of its preliminary full-year 2013 and fourth-quarter 2013 results. In March 2014, we announced that Credit Suisse reached an agreement with the Federal Housing

Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac. As a result of this settlement, we incurred an after-tax charge in respect of our preliminary fourth quarter and full-year 2013 results of CHF 275 million.

For the full-year of 2013, underlying* Core pre-tax income was CHF 5,745 million, up 15% from 2012, and the return on equity was 10%. Including significant items, such as certain litigation provisions recognized in the fourth quarter, as well as realignment costs and fair value losses on own debt due to the improvement in our own credit spreads, reported Core pre-tax income for the full year was CHF 3,504 million, compared to CHF 1,888 million in 2012, and the reported return on equity was 6%.

In October 2013, we created non-strategic units within our two divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and to shift resources to focus on our strategic businesses and growth initiatives. Under this new reporting structure, our strategic businesses reported Core pre-tax income of CHF 7,132 million for the full-year 2013. The

return on equity of 13% for our strategic businesses in the full year 2013 demonstrates the strength of our core franchises within our two divisions. In addition, we showed continued cost discipline with compensation and benefits expense down 9% from 2012 for the Group and down 10% in Investment Banking.

Our result for the fourth quarter of 2013 reflects strong profitability in Private Banking & Wealth Management and a solid performance in the strategic businesses of Investment Banking, with particular strength in Equities and Underwriting. On an underlying* basis, Core pre-tax income for the quarter was CHF 1,256 million and return on equity was 8%. Reported Core pre-tax loss was CHF 466 million for the fourth quarter and return on equity was a negative 5%.

Strategic achievements in 2013

In 2013, we made significant progress in transforming our business to the changing environment through a number of strategic measures. We accelerated the shift of resources to focus on growth in high-returning businesses – particularly in Private Banking & Wealth Management by creating non-strategic units. This also represented an important step toward achieving a more balanced allocation of capital between our two divisions.

During the year, we made significant further progress in our efforts to address the “Too Big to Fail” topic. We largely completed the capital plan announced in July 2012 and ended the year with a Look-through Basel III CET1 ratio of 10.0%. At the same time, we further reduced leverage exposure and reported a Look-through Swiss Total Capital leverage ratio of 3.7% at year end. Based on our preliminary assessment, the Basel Committee’s revised guidelines on the calculation of the leverage ratio would increase our year-end 2013 ratio to around 4%, which would meet the 2019 Swiss requirement. We completed the exchange of CHF 3.8 billion of hybrid tier 1 notes into high-trigger capital instruments, successfully issued CHF 6 billion of low-trigger capital notes and are now just approximately CHF 3 billion away from meeting the Swiss 2019 progressive capital requirement. Furthermore, as part of our 2013 compensation structure, we introduced a similar instrument which aligns compensation incentives to the capital strength of the Group, as well as providing additional tier 1 benefits. In November 2013, we announced our program to evolve the Group’s legal entity structure, which is designed to both meet future requirements for global recovery and resolution planning and result in a substantially less complex and more efficient operating infrastructure in view of the new regulatory requirements.

In Private Banking & Wealth Management, we improved the profitability of our strategic businesses in 2013, also completing the integration of our former Private Banking and Asset Management divisions. The integrated Private Banking & Wealth Management division allows us to better manage the alignment of the products, advice and services that we deliver to our clients and is expected to further enhance the productivity and efficiency of our businesses. With this integrated value chain, we can support

our highly scalable business model in Private Banking & Wealth Management, which is suited to the new regulatory environment. The pre-tax income in the strategic businesses of Asset Management increased 32% from 2012 to 2013, which underscores the strength of the ongoing business and its importance in profit generation within the Private Banking & Wealth Management franchise.

In 2013, we continued to reallocate resources to growth areas, with a particular focus on emerging markets businesses, our global ultra-high-net-worth individual (UHNWI) client franchise and on leveraging our strong market position in Switzerland. In 2013, net new assets from Wealth Management Clients were CHF 18.9 billion, with emerging markets growing at 8%, and continued strong growth in the UHNWI client segment. We also recorded CHF 15.0 billion in net new assets from Asset Management, reflecting significant inflows from higher-margin products, and we continued to see strong inflows of CHF 8.8 billion from the Corporate & Institutional Clients business.

During 2013, we continued to adapt our onshore client service model for Western Europe, adjusting capacity to meet client needs, efficiently managing costs across our businesses and improving our overall market position. We announced the sale of our domestic private banking business booked in Germany in December, while at the same time remaining highly committed to serving the German wealth management market.

We will remain focused on further improving the profitability of our Private Banking & Wealth Management businesses by delivering growth in emerging markets and continuing to adjust our capacity in mature markets to client needs.

In Investment Banking, we continued to see the benefit of our sustained market share positions across our high-returning businesses, combined with a reduced cost base and lower leverage and capital usage. In October 2013, we announced the restructuring of our Rates business, given the increasing focus of regulators on leverage exposures and in view of the fundamental changes in the Rates market. This step forms part of the evolution of our Investment Banking business model and is expected to provide us with a simplified and more capital-efficient business, with a focus on meeting client liquidity needs. In connection with this measure, we also announced the creation of a cross-asset Global Macro Products group, combining our Rates, Foreign Exchange and Commodities businesses into a single platform. This set-up offers clients a comprehensive approach across the macro asset classes and allows us to focus our resources on those areas and products that matter most to them.

We believe that our Investment Banking division, featuring a top-three Equities franchise, a strong and profitable Underwriting & Advisory business and a Fixed Income franchise focused on high-returning yield businesses, is well positioned to continue to serve our clients’ needs and deliver strong returns and profitability in 2014.

Performance of our businesses in the fourth quarter and the full-year 2013

In Private Banking & Wealth Management, we delivered pre-tax income of CHF 1,048 million for our strategic businesses in the fourth quarter of 2013 and a return on Basel III allocated capital of 34%. Pre-tax income for Private Banking & Wealth Management in the fourth quarter was CHF 424 million, taking into account litigation provisions of CHF 600 million in connection with the US tax matter, including in connection with the settlement with the SEC in February 2014 and an increase in litigation provisions relating to the ongoing DOJ investigation. Net revenues of CHF 3,429 million in the fourth quarter were higher compared to the prior quarter and last year's fourth quarter, driven by stronger transaction- and performance-based revenues with robust performance fees and an increase in management fees in Asset Management. Total operating expenses increased, reflecting the higher litigation provisions.

For the full year, Private Banking & Wealth Management reported increased pre-tax income of CHF 3,627 million for its strategic businesses, mainly driven by the successful restructuring of Asset Management business and growth in emerging markets and in the Wealth Management Clients business. Pre-tax income for the full-year 2013 was CHF 3,240 million.

In Investment Banking, we delivered pre-tax income of CHF 468 million for our strategic businesses in the fourth quarter of 2013 and a return on Basel III allocated capital of 10%. Including an after-tax charge of CHF 275 million relating to the FHFA settlement in March 2014 recognized in the fourth quarter, Investment Banking reported a pre-tax loss of CHF 564 million. Net revenues of CHF 2,668 million increased compared to both the prior quarter and the fourth quarter of 2012. This increase reflected solid performance in the strategic businesses, with particular strength in our Equities, Credit and Underwriting franchises, and reduced revenue losses from the non-strategic unit, partially offset by lower Rates results. Total operating expenses increased compared to both the third quarter of 2013 and the fourth quarter of 2012, primarily driven by the higher litigation provisions.

For the full year, Investment Banking reported increased pre-tax income of CHF 3,853 million for its strategic business. Continued sustained market share positions across our high-returning businesses, combined with a reduced cost base and lower leverage

and capital usage, helped us achieve a return on Basel III allocated capital of 19% for 2013. Reported pre-tax income for 2013 was CHF 1,719 million. Total compensation and benefit expense was 10% lower in 2013 than in 2012. Since the fourth quarter of 2012, we reduced Basel III risk-weighted assets by USD 11 billion to USD 176 billion. Business reductions of USD 27 billion in 2013 were partially offset by increases relating to methodology changes and parameter updates of CHF 10 billion and, in the fourth quarter, an operational risk-related add-on of USD 6 billion.

We are confident that the continued momentum we see in our strategic businesses, combined with the successful execution of the run-off of positions and losses in our non-strategic units, will allow us to achieve our targeted return on equity of 15% over the cycle.

Given the progress that we have made in executing our capital plan and in reducing leverage and risk-weighted asset usage while, at the same time, improving the operational efficiency of the bank, the Board of Directors will propose a cash distribution of CHF 0.70 per share to be paid out of reserves from capital contributions for the financial year 2013 at the annual general meeting of Credit Suisse Group on May 9, 2014. This is intended to provide a basis for future progression in our dividend payments as we continue to execute our strategy and resolve legacy issues.

We would like to thank our shareholders and clients for the trust they have placed in Credit Suisse and, in particular, our employees for their contribution to the success of our business.

Sincerely

Urs Rohner

Brady W. Dougan

April 2014

* Underlying results are non-GAAP financial measures. For a reconciliation of our underlying results to the most directly comparable US GAAP measures, see the following table.

Reconciliation of underlying results

end of	Core pre-tax income					Net income attributable to shareholders				
	4Q13	3Q13	4Q12	2013	2012	4Q13	3Q13	4Q12	2013	2012
Overview of significant items (CHF million)										
Reported results	(529)	688	385	3,504	1,888	(476)	454	263	2,326	1,349
Reported return on equity	-	-	-	-	-	2.5%	4.3%	2.9%	5.7%	3.9%
Reconciling items										
Fair value impact from movement in own credit spreads	202	163	376	315	2,939	169	143	304	261	2,261
Realignment costs	131	38	285	394	680	98	30	190	290	477
IT architecture simplification	69	40	0	128	0	57	31	0	103	0
Certain litigation provisions	1,365	0	227	1,365	363	1,038	0	134	1,038	230
Business disposals	6	(14)	37	9	(388)	19	(144)	27	(96)	(336)
Impairment and other losses	80	18	30	98	68	52	11	18	63	41
Gain on sale of real estate	(68)	0	(151)	(68)	(533)	(61)	0	(120)	(61)	(445)
UK deferred tax asset reduction	0	0	0	0	0	0	173	0	173	160
Underlying results	1,256	933	1,189	5,745	5,017	896	698	816	4,097	3,737
Underlying return on equity	-	-	-	-	-	8.3%	6.6%	8.7%	10.0%	10.4%

As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown herein. Capital and ratio numbers for periods prior to 2013 are based on estimates, which are calculated as if the Basel III framework had been in place in Switzerland during such periods. For Private Banking & Wealth Management's strategic businesses, return on Basel III allocated capital is calculated using income after tax denominated in Swiss francs and assumes (i) a tax rate of 30% in 4Q13 and 29% in 2013; and (ii) that capital is allocated at 10% of average Basel III risk-weighted assets. For Investment Banking's strategic businesses, return on Basel III allocated capital is calculated using income after tax denominated in US dollars and assumes (i) a tax rate of 30% in 4Q13 and 28% in 2013; and (ii) that capital is allocated at 10% of average Basel III risk-weighted assets.

Unless otherwise noted, leverage ratio, leverage exposure and total capital amounts included herein are based on the current FINMA framework. The Swiss Total Capital leverage ratio is calculated as Swiss Total Capital, divided by a three-month average leverage exposure, which consists of balance sheet assets, off-balance sheet exposures, which consist of guarantees and commitments, and regulatory adjustments, which include cash collateral netting reversals and derivative add-ons.

All references to pre-tax income for Core results refer to income from continuing operations before taxes.

Financial Report 4Q13 – revised

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Explanation of revision

As announced on March 21, 2014, we entered into an agreement with the Federal Housing Finance Agency (FHFA) to end all claims in two pending securities lawsuits filed by the FHFA against Credit Suisse. As a result of this settlement, we increased our existing FHFA-related litigation provisions by CHF 467 million, resulting in an after tax charge of CHF 275 million in respect of our previously reported unaudited financial results for 4Q13 and 2013.

As announced on April 3, 2014, we updated our previously reported unaudited financial results for 4Q13 and 2013 to reflect additional after tax charges of CHF 468 million. These charges primarily reflect an increase in the litigation provision relating to the ongoing US Department of Justice investigation into the US tax-related matter, as well as other less significant adjustments for certain unrelated matters.

This revised 4Q13 Financial Report updates those financial results and related information to reflect these events and does not update or modify any other information contained in the report originally published on February 6, 2014 that does not relate to these events.

▶ Refer to “Note 29 – Litigation” in III – Condensed consolidated financial statements – unaudited for further information.

For purposes of this report, unless the context otherwise requires, the terms “Credit Suisse,” “the Group,” “we,” “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term “the Bank” when we are only referring to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

Abbreviations are explained in the List of abbreviations in the back of this report.

Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report.

In various tables, use of “–” indicates not meaningful or not applicable.

Credit Suisse at a glance

Credit Suisse

As one of the world's leading financial services providers, we are committed to delivering our combined financial experience and expertise to corporate, institutional and government clients and to high-net-worth individuals worldwide, as well as to private clients in Switzerland. Founded in 1856, today we have a global reach with operations in over 50 countries and 46,000 employees from approximately 150 different nations. Our broad footprint helps us to generate a geographically balanced stream of revenues and net new assets and allows us to capture diverse growth opportunities around the world. We serve our diverse clients through our two divisions, which cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

Private Banking & Wealth Management

Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients we serve ultra-high-net-worth and high-net-worth individuals around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across diverse asset classes and investment styles, serving governments, institutions, corporations and individuals worldwide.

Investment Banking

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising services, corporate advisory and comprehensive investment research, with a focus on businesses that are client-driven, flow-based and capital-efficient. Clients include corporations, governments, institutional investors, including hedge funds, and private individuals around the world. Credit Suisse delivers its investment banking capabilities via regional and local teams based in major global financial centers. Strongly anchored in Credit Suisse's integrated model, Investment Banking works closely with Private Banking & Wealth Management to provide clients with customized financial solutions.



Credit Suisse results

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Operating environment

Global economic activity remained robust in 4Q13. Equity markets ended the quarter stronger and volatility remained at low levels. Government bond yields remained stable. The performance of the US dollar against most major currencies was mixed in 4Q13.

ECONOMIC ENVIRONMENT

The global economic environment was robust in 4Q13. The negative effects of a government shutdown in the US during October on US economic growth were limited. Leading indicators in the US remained at relatively high levels and improved further. Indicators for the labor and housing market in the US continued to show further strength. The mild recovery in the Eurozone continued, though there was a growing divergence between the accelerated growth in Germany and the weaker data in France towards the end of the year. In the emerging markets, China displayed further signs of growth stabilizing at robust levels, while business confidence in the manufacturing sectors of Russia and Brazil was more muted.

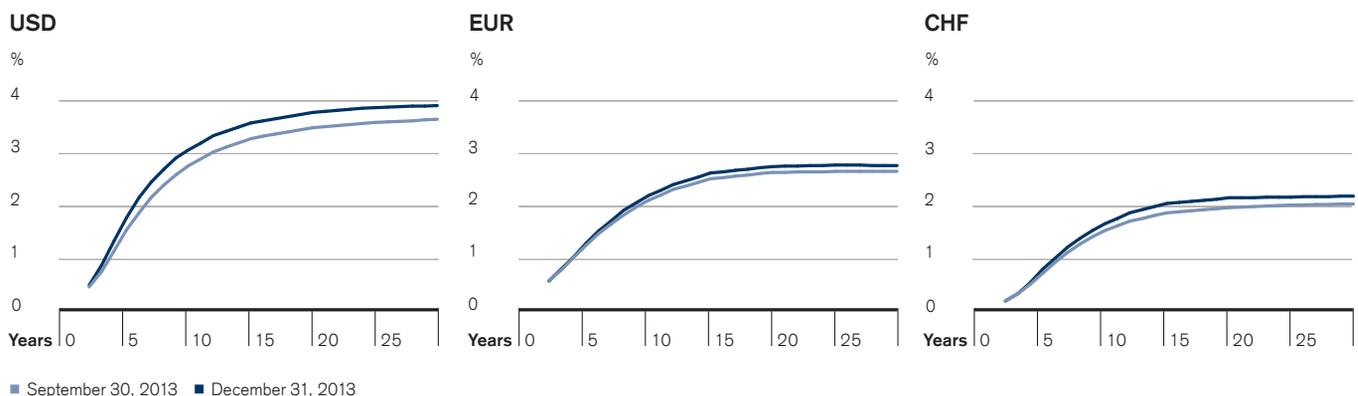
At its meeting in mid-December 2013, the US Federal Reserve (Fed) decided to reduce the pace of its monthly asset purchases from USD 85 billion to USD 75 billion effective as of January 2014. It also continued to signal its intent to keep the federal funds rate low for the foreseeable future. The European Central Bank

(ECB) cut its main refinancing rate in early November in reaction to very low inflation rates in the Eurozone. In Latin America, central banks pursued diverging courses, with Mexico and Chile lowering rates and Brazil increasing them for the sixth time in 2013. In Asia, Indonesia and India raised rates further, while central banks in Eastern Europe left rates largely unchanged.

Global equity markets had positive returns in 4Q13. Developed markets, led by Japan, the US and Germany, continued to outperform emerging markets despite good performance from China and India (refer to the charts "Equity markets"). All global sectors had gains during the quarter. In general, the more cyclical sectors such as IT, industrials and consumer discretionary continued to outperform the global market reflecting the improved global growth outlook. Equity market volatility, as measured by the Chicago Board Options Exchange Market Volatility Index (VIX), continued at low levels for most of the quarter. Risk appetite increased and the Credit Suisse Hedge Fund Index increased 4.2% in 4Q13.

Yield curves

Bond yields for most currencies increased slightly during the quarter.



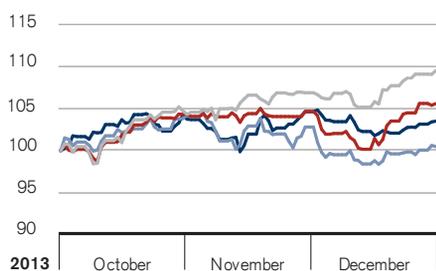
Source: Datastream, Credit Suisse

Equity markets

Equity performance was strong in 4Q13. Volatility remained low after a peak at the beginning of the quarter.

Performance region

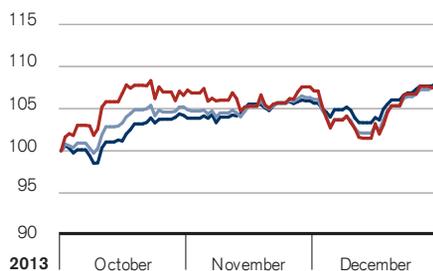
Index (September 30, 2013 = 100)



■ Emerging markets Asia ■ Europe
■ Emerging markets Latin America ■ North America

Performance world banks

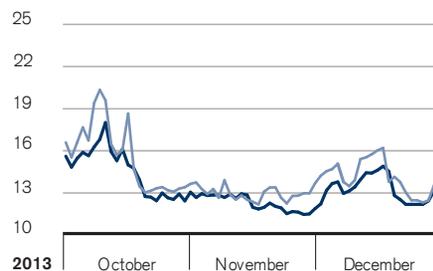
Index (September 30, 2013 = 100)



■ MSCI World banks ■ MSCI European banks
■ MSCI World

Volatility

%



■ VDAX
■ VIX Index

Source: Bloomberg, MSCI Barra, Credit Suisse

Source: Datastream, MSCI Barra, Credit Suisse

Source: Datastream, Credit Suisse

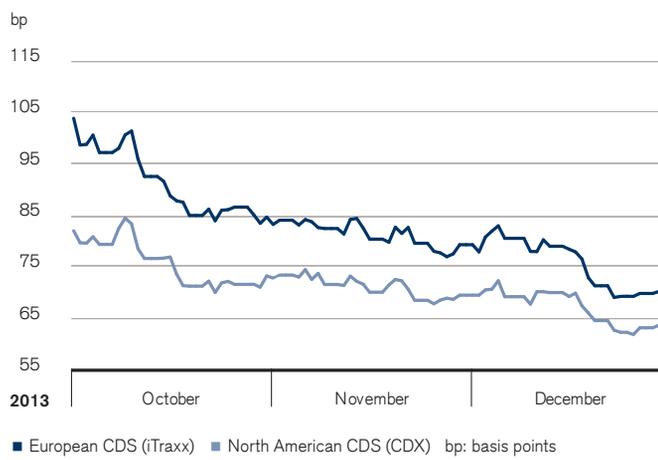
Benchmark bond yields moved slightly higher in 4Q13 (refer to the charts "Yield curves"). The US debt ceiling debate in October temporarily increased market uncertainties and kept bond yields lower; however, once an agreement on the debt ceiling was reached, improving economic data helped to push global benchmark bond yields higher again. With the global improvement of macroeconomic indicators and a supportive liquidity market, credit markets posted a good performance in 4Q13 (refer to the chart "Credit spreads"). Emerging market sovereign bonds were more volatile, especially in local currency, mainly as a result of exchange rate volatility.

US dollar performance in 4Q13 against most major currencies was mixed. The euro, Swiss franc and British pound appreciated against the US dollar, helped by signs of economic recovery in Europe. However, commodity currencies such as the Australian and Canadian dollars weakened, as growth in both countries remained weak. The Japanese yen continued to weaken against the US dollar as higher US interest rates provided the US dollar with support. Currencies of certain emerging market economies, such as the Brazilian real, the South African rand and the Turkish lira weakened. The Chinese yuan continued its strengthening trend against the US dollar.

Commodity markets were mixed in 4Q13. In the first half of the quarter, commodity prices declined, partly driven by seasonality and higher bond yields. In the second half, the overall commodity index recovered, driven by oil and gas markets as well as industrial metals which benefited from recovering economic growth and strengthening demand. In contrast, gold prices declined during November and December as concerns about the Fed's tapering of future asset purchases resulted in further investment outflows.

Credit spreads

With the global improvement of macroeconomic data, credit spreads tightened in 4Q13.



■ European CDS (iTraxx) ■ North American CDS (CDX) bp: basis points

Source: Bloomberg, Credit Suisse

Market volumes (growth in %)

end of 4Q13	Global		Europe	
	QoQ	YoY	QoQ	YoY
Equity trading volume ¹	11	11	13	17
Announced mergers and acquisitions ²	(9)	(13)	(9)	(24)
Completed mergers and acquisitions ²	16	(10)	(9)	2
Equity underwriting ²	62	60	244	91
Debt underwriting ²	(4)	(17)	16	5
Syndicated lending – investment grade ^{2,3}	6	14	–	–

¹ London Stock Exchange, Borsa Italiana, Deutsche Börse, BME and Euronext. Global also includes New York Stock Exchange and NASDAQ.

² Dealogic.

³ 2013 vs 2012.

SECTOR ENVIRONMENT

After outperforming the broader market in the beginning of the quarter, European bank stocks increased 8% in 4Q13, in line with global equity markets as measured by the MSCI World index, while North American bank stocks increased 9% (refer to the charts “Equity Markets”).

In private banking, clients maintained a cautious investment stance, with cash deposits remaining high despite the low interest rates. The low interest rate environment continued to adversely impact earnings. Although the Swiss National Bank (SNB) reiterated concerns about the build-up of imbalances in mortgage and real estate markets in Switzerland, Swiss mortgage rates remained at low levels. Overall the wealth management sector continued to adapt to further industry-specific regulatory changes.

For investment banking, global equity trading volumes increased compared to 3Q13, driven by higher volumes across

European and US cash equities and equity derivatives. Compared to 4Q12, volumes were higher across European cash equities, but weaker across US cash equities and equity derivatives. Global announced mergers and acquisitions (M&A) volumes decreased compared to 3Q13 and 4Q12 as the pace of new announcements decreased in December. Global completed M&A volumes increased compared to 3Q13 and remained stable versus 4Q12. Global equity underwriting volumes increased significantly versus both 3Q13 and 4Q12, driven by increased initial public offering (IPO) issuance activity levels. Global debt underwriting volumes decreased compared to both 3Q13 and 4Q12. US fixed income volumes decreased compared to 3Q13 with lower corporate and mortgage-backed volumes partially offset by higher volumes of federal agency and stable treasuries. Compared to 4Q12, weaker federal agency and mortgage-backed volumes were partially offset by higher volumes of treasuries and corporates.

Credit Suisse

In 4Q13, we recorded a net loss attributable to shareholders of CHF 476 million. Diluted loss per share was CHF (0.37) and return on equity attributable to shareholders was (4.5)%. For 2013, we had net income attributable to shareholders of CHF 2,326 million and return on equity attributable to shareholders was 5.7%, up from 3.9% in 2012.

As of the end of 4Q13, our CET1 ratio under Basel III was 15.7% and 10.0% on a look-through basis. Our risk-weighted assets increased slightly compared to 3Q13 to CHF 273.8 billion.

Results

	4Q13	3Q13	in / end of 4Q12	% change		in / end of	% change	
				QoQ	YoY	2013	2012	YoY
Statements of operations (CHF million)								
Net revenues	6,139	5,676	5,706	8	8	25,856	23,611	10
Provision for credit losses	53	41	70	29	(24)	167	170	(2)
Compensation and benefits	2,807	2,532	2,649	11	6	11,256	12,303	(9)
General and administrative expenses	3,223	1,771	2,106	82	53	8,599	7,246	19
Commission expenses	389	422	433	(8)	(10)	1,738	1,702	2
Total other operating expenses	3,612	2,193	2,539	65	42	10,337	8,948	16
Total operating expenses	6,419	4,725	5,188	36	24	21,593	21,251	2
Income/(loss) from continuing operations before taxes	(333)	910	448	–	–	4,096	2,190	87
Income tax expense/(benefit)	(63)	368	85	–	–	1,276	465	174
Income/(loss) from continuing operations	(270)	542	363	–	–	2,820	1,725	63
Income/(loss) from discontinued operations	(2)	150	(31)	–	(94)	145	(40)	–
Net income/(loss)	(272)	692	332	–	–	2,965	1,685	76
Net income attributable to noncontrolling interests	204	238	69	(14)	196	639	336	90
Net income/(loss) attributable to shareholders	(476)	454	263	–	–	2,326	1,349	72
of which from continuing operations	(474)	304	294	–	–	2,181	1,389	57
of which from discontinued operations	(2)	150	(31)	–	(94)	145	(40)	–
Earnings per share (CHF)								
Basic earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	–	–	1.14	0.82	39
Basic earnings/(loss) per share	(0.37)	0.26	0.09	–	–	1.22	0.79	54
Diluted earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	–	–	1.14	0.82	39
Diluted earnings/(loss) per share	(0.37)	0.26	0.09	–	–	1.22	0.79	54
Return on equity (% , annualized)								
Return on equity attributable to shareholders	(4.5)	4.3	2.9	–	–	5.7	3.9	–
Return on tangible equity attributable to shareholders ¹	(5.6)	5.4	3.9	–	–	7.2	5.2	–
Number of employees (full-time equivalents)								
Number of employees	46,000	46,400	47,400	(1)	(3)	46,000	47,400	(3)

¹ Based on tangible shareholders' equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Credit Suisse and Core Results

in	Core Results			Noncontrolling interests without SEI			Credit Suisse		
	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Statements of operations (CHF million)									
Net revenues	5,920	5,449	5,627	219	227	79	6,139	5,676	5,706
Provision for credit losses	53	41	70	0	0	0	53	41	70
Compensation and benefits	2,788	2,529	2,634	19	3	15	2,807	2,532	2,649
General and administrative expenses	3,219	1,769	2,105	4	2	1	3,223	1,771	2,106
Commission expenses	389	422	433	0	0	0	389	422	433
Total other operating expenses	3,608	2,191	2,538	4	2	1	3,612	2,193	2,539
Total operating expenses	6,396	4,720	5,172	23	5	16	6,419	4,725	5,188
Income/(loss) from continuing operations before taxes	(529)	688	385	196	222	63	(333)	910	448
Income tax expense/(benefit)	(63)	368	85	0	0	0	(63)	368	85
Income/(loss) from continuing operations	(466)	320	300	196	222	63	(270)	542	363
Income/(loss) from discontinued operations	(2)	150	(31)	0	0	0	(2)	150	(31)
Net income/(loss)	(468)	470	269	196	222	63	(272)	692	332
Net income attributable to noncontrolling interests	8	16	6	196	222	63	204	238	69
Net income/(loss) attributable to shareholders	(476)	454	263	–	–	–	(476)	454	263
of which from continuing operations	(474)	304	294	–	–	–	(474)	304	294
of which from discontinued operations	(2)	150	(31)	–	–	–	(2)	150	(31)
Statement of operations metrics (%)									
Cost/income ratio	108.0	86.6	91.9	–	–	–	104.6	83.2	90.9
Pre-tax income margin	(8.9)	12.6	6.8	–	–	–	(5.4)	16.0	7.9
Effective tax rate	11.9	53.5	22.1	–	–	–	18.9	40.4	19.0
Net income margin ¹	(8.0)	8.3	4.7	–	–	–	(7.8)	8.0	4.6

¹ Based on amounts attributable to shareholders.

INFORMATION AND DEVELOPMENTS

Format of presentation and changes in reporting

In managing the business, revenues are evaluated in the aggregate, including an assessment of trading gains and losses and the related interest income and expense from financing and hedging positions. For this reason, individual revenue categories may not be indicative of performance.

As of January 1, 2013, the Basel Committee on Banking Supervision (BCBS) Basel III framework was implemented in Switzerland along with the Swiss “Too Big to Fail” legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Our calculations of 4Q12 capital and ratio amounts, which are presented in order to show meaningful comparative information, use estimates as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

References to Swiss leverage exposure refer to the aggregate of balance sheet assets, off-balance sheet exposures, consisting of guarantees and commitments, and regulatory adjustments, including cash collateral netting reversals and derivative add-ons.

▶ Refer to “Swiss leverage ratio” in II – Treasury, risk, balance sheet and off-balance sheet – Capital management – Capital metrics under Swiss requirements for further information.

Beginning in 1Q13, assets within the Private Banking & Wealth Management and Investment Banking segments exclude intra-Group balances between the segments. Prior periods have been reclassified to conform to the current presentation.

Strategic development of our businesses

In 4Q13, we created non-strategic units within our Investment Banking and Private Banking & Wealth Management divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on our strategic businesses and growth initiatives. The results are disclosed separately within the divisional results and we have implemented a governance structure to accelerate position and expense reductions. We believe this new reporting structure, which clearly delineates between strategic and non-strategic results, enhances the transparency of our financial disclosures while providing increased focus on our strategic businesses within the business divisions and on the Group level. Prior periods have been restated to conform to the current presentation.

We decided to retain these non-strategic units within the divisions, rather than establishing a single non-strategic unit, so as to benefit from senior management’s expertise and focus. The non-strategic units have separate management within each division and a clear governance structure through the establishment of a Non-Strategic Oversight Board. As a result, we expect that the establishment of

these non-strategic units will drive further reductions in Swiss leverage exposure and risk-weighted assets. It is also expected to free up capital for future growth in Private Banking & Wealth Management,

accelerating a move towards a more balanced capital allocation between Investment Banking and Private Banking & Wealth Management, and to allow us to return capital to our shareholders.

Credit Suisse reporting structure

Credit Suisse					
Core Results				Non-controlling interest without significant economic interest	
Private Banking & Wealth Management			Investment Banking		Corporate Center
Strategic results	Wealth Management Clients	Corporate & Institutional Clients	Asset Management		
	Non-strategic unit Private Banking & Wealth Management			Non-strategic unit Investment Banking	Non-strategic items
Non-strategic results					

Non-strategic activities and positions are defined as:

- activities with significant capital absorption under new regulations and returns below expectations;
- activities with significant leverage exposures identified for de-risking;
- activities no longer feasible or economically attractive under emerging regulatory frameworks;
- assets and liabilities of business activities we are winding down;
- infrastructure associated with activities deemed non-strategic or redundant; and
- other items reported in the Corporate Center, which we do not consider representative of our core performance.

In Private Banking & Wealth Management, we established a non-strategic unit which includes positions relating to the restructuring of the former Asset Management division, run-off operations relating to our small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the US tax matter, the impact of restructuring our German onshore operations, other smaller non-strategic positions formerly in our Corporate & Institutional Clients business and the run-off and active reduction of selected products.

In Investment Banking, we transferred into the divisional non-strategic unit our fixed income wind-down portfolio, legacy rates business, primarily capital instruments that are not compliant with the Basel III capital framework and capital-intensive structured positions, legacy funding costs associated with non-Basel

III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions.

In the Corporate Center, we separately present non-strategic items, which we do not consider representative of our core performance. Such items include the valuation impacts from movements in credit spreads on our own liabilities carried at fair value, certain business realignment costs and IT architecture simplification expenses, certain litigation provisions, business wind-down costs and impairments not included in the divisional non-strategic units and legacy funding costs associated with non-Basel III compliant debt instruments not included in the results of the Investment Banking non-strategic unit. Corporate Center items previously disclosed as adjustments from our reported to underlying results are now presented as non-strategic items, with the exception of business divisions' non-strategic realignment costs, which beginning 4Q13 are reported directly in the relevant divisional non-strategic unit. Strategic business division realignment costs will continue to be reported in the Corporate Center.

Discontinued operations

The Private Banking & Wealth Management division completed the sale of our Customized Fund Investment Group (CFIG) business in January 2014, and in 4Q13 announced the sale of our domestic private banking business booked in Germany to ABN AMRO, which is expected to close in the course of 2014. These transactions qualify for discontinued operations treatment in 4Q13 under US generally accepted principles (US GAAP), and revenues and expenses of these businesses and the relevant gains on disposal are classified as discontinued operations in the Group's

consolidated statements of operations. In the Private Banking & Wealth Management segment, the gains and expenses related to the business disposals are included in the segment's non-strategic results. The reclassification of the revenues and expenses from the segment results to discontinued operations for reporting at the Group level is effected through the Corporate Center. Prior periods for the Group's results have been restated to conform to the current presentation.

Significant litigation matters in 2013

On March 21, 2014, we entered into an agreement with the Federal Housing Finance Agency (FHFA) to settle litigation claims related to the sale of approximately USD 16.6 billion of residential mortgage-backed securities between 2005 and 2007. Under the terms of the agreement, we will pay USD 885 million to resolve all claims in two pending securities lawsuits filed by the FHFA against us.

For 2013, we recorded litigation provisions of CHF 600 million in our Private Banking & Wealth Management division in connection with the US tax matter, where we continue to work towards a resolution, including CHF 175 million in connection with the settlement with the SEC in February 2014.

► Refer to "Note 29 – Litigation" in III – Condensed consolidated financial statements – unaudited for further information on litigation.

Board of Directors and Management changes

As of December 31, 2013, Tobias Guldemann stepped down from the Executive Board and his position as Chief Risk Officer. Effective January 1, 2014, Joachim Oechslin assumed the role of Chief Risk Officer and joined the Executive Board.

Capital distribution proposal

At the Annual General Meeting on May 9, 2014, the Board of Directors will propose a cash distribution of CHF 0.70 per share to be paid out of reserves from capital contributions for the financial year 2013. The distribution out of reserves from capital contributions will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment.

Evolution of legal entity structure

Since 2012, we have been developing a program to evolve the Group's legal entity structure to meet developing and future regulatory requirements. This has been prepared in discussion with our primary regulator Swiss Financial Market Supervisory Authority FINMA (FINMA) and will address regulations in Switzerland, the US and the UK with respect to future requirements for global recovery and resolution planning by systemically important banks such as Credit Suisse that will facilitate resolution of an institution in the event of a failure. We expect these changes will result in a substantially less complex and more efficient operating infrastructure for the Group. Furthermore, Swiss banking law provides for the possibility of a limited reduction in capital requirements in the event of an improvement in resolvability which this program intends to deliver.

The key components of the program are:

- in Switzerland we plan to create a subsidiary for our Swiss-booked business (primarily wealth management, retail and corporate and institutional clients as well as the product and sales hub in Switzerland);
- our UK operations will remain the hub of our European investment banking business and we are planning that our two principal UK operating subsidiaries will be consolidated into a single subsidiary. The program will look to align non-European business to the appropriate entities in the Americas and in Asia Pacific;
- in the US, our existing broker-dealer subsidiary is planned to remain a subsidiary of our existing US holding company. The holding company will hold its US-based operating businesses and be subject to the Fed final rules for supervision of foreign banking operations in the US. Additionally, subject to US regulatory approvals, our US derivatives business, currently booked in one of the above noted UK operating subsidiaries, is anticipated to be transferred to the existing US broker-dealer;
- we intend to create a separately capitalized global infrastructure legal entity in Switzerland and a US subsidiary of the above noted US holding company. In principle, these will include all Shared Services functions; and
- once the legal framework is finalized, we plan to issue bail-in eligible debt out of the existing Group holding company to enable a single point of entry bail-in resolution strategy.

The program has been approved by the Board of Directors of the Group, but is subject to final approval by FINMA. Implementation of the program is underway, with a number of key components expected to be implemented from mid-2015.

Allocations and funding

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements, which aim to reflect the pricing structure of unrelated third-party transactions, govern the compensation received by one segment for generating revenue or providing services on behalf of another. Corporate services and business support are provided by the Shared Services area and these costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

We centrally manage our funding activities, with new securities for funding and capital purposes issued primarily by the Bank which lends funds to our operating subsidiaries and affiliates. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital. Transfer pricing, using market rates, is used to record net revenues and expenses relating to this funding in each of the segments, and our businesses are also credited to the extent they provide long-term stable funding.

► Refer to "Allocations and funding" in II – Operating and financial review – Core Results in the Credit Suisse Annual Report 2012 for further information.

Fair valuations

Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs.

► Refer to “Note 1 – Summary of significant accounting policies” and “Note 27 – Financial instruments” in III – Condensed consolidated financial statements – unaudited for further information.

Models were used to value financial instruments for which no prices are available and which have little or no observable inputs (level 3). Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products. Consideration of these indices is more significant in periods of lower market activity.

As of the end of 4Q13, 47% and 33% of our total assets and total liabilities, respectively, were measured at fair value.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Private Banking & Wealth Management’s Asset Management business, specifically certain private equity investments. Total assets at fair value recorded as level 3 decreased by CHF 0.1 billion during 4Q13, primarily due to a decrease in other investments and loans held-for-sale, partially offset by an increase in loans. The decrease in other investments primarily reflected net sales partially offset by realized and unrealized gains. The decrease in loans held-for-sale primarily reflected net sales and net settlements. The increase in loans primarily reflected net issuances.

Our level 3 assets, excluding assets attributable to noncontrolling interests and assets of consolidated variable interest entities (VIEs) that are not risk-weighted assets under the Basel framework, were CHF 29.8 billion, compared to CHF 29.2 billion as of the end of 3Q13. As of the end of 4Q13, these assets comprised 4% of total assets and 8% of total assets measured at fair value, both adjusted on the same basis, compared to 3% and 7%, respectively, as of the end of 3Q13.

We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition, however, it may be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

Regulatory developments and proposals

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk.

In October 2013, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency and the

Federal Deposit Insurance Corporation issued a proposed rule to introduce the Basel III liquidity coverage ratio (LCR) in the US, applicable to certain large US banking organizations. The US LCR proposal is generally consistent with the LCR published by the BCBS in January 2013, but it is stricter in certain respects and would be phased in between January 1, 2015 and January 1, 2017. If Credit Suisse is required to form an intermediate holding company under the Fed’s proposed rules for foreign banking organizations, it might be required to comply with the US LCR proposal.

On November 14, 2013, staff of the US Commodity Futures Trading Commission (CFTC) published an advisory stating that CFTC “transaction-level” requirements, such as mandatory clearing, mandatory exchange trading, real-time public reporting and external business conduct, apply to a swap between a non-US swap dealer, such as Credit Suisse International (CSI) or Credit Suisse Securities Europe Limited (CSSEL), and another non-US person if the swap is arranged, negotiated or executed by US personnel or agents of the non-US swap dealer. This advisory is currently scheduled to go into effect on September 15, 2014, and the CFTC has requested public comments on it. If this advisory is not rescinded or modified, it could result in some market disruption and impose significant compliance costs on CSI and CSSEL. In light of this advisory, on December 4, 2013, several US financial trade associations filed a lawsuit in the US District Court for the District of Columbia challenging the advisory and the CFTC’s July 2013 guidance regarding the cross-border application of its swaps rules. The lawsuit asks the court to vacate the July 2013 guidance and enjoin the CFTC from enforcing its rules outside the US. Depending on the outcome of this lawsuit, the extent to which CSI and CSSEL are subject to CFTC rules may differ significantly from the framework currently applicable under the CFTC’s guidance. We are monitoring the progress of the lawsuit and assessing our contingency plans for the different scenarios that could result from it.

On November 20, 2013, the Swiss Federal Council approved the final Ordinance Against Excessive Compensation (Compensation Ordinance). The Compensation Ordinance came into effect on January 1, 2014 and implements key elements of the so-called “Minder Initiative”. It imposes restrictions and requirements on board and executive compensation for Swiss public companies, implements criminal sanctions in certain cases of intentional non-compliance and is generally intended to strengthen shareholder rights. Specifically, the board members, board chairperson and the compensation committee members must now be directly elected by shareholders annually, for the first time at the annual general meeting in 2014.

On December 10, 2013, US regulators released the final version of the so-called “Volcker Rule”, which limits the ability of banking entities to sponsor or invest in certain private equity or hedge funds and to engage in certain types of proprietary trading. The final rule extended the end of the conformance period for the Volcker Rule until July 21, 2015 (with the possibility of extensions under certain circumstances), by which time financial institutions subject to the rule must bring their activities and investments into compliance. We are analyzing the final rule, assessing how it

affects our businesses, and re-initiating an implementation program to come into compliance.

On December 11, 2013, the European Parliament reached a political agreement with the European Council Presidency on a legislative proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms, known as the Bank Recovery and Resolution Directive. The framework will give national regulators wide-ranging powers (notably new bail-in powers) to intervene where an entity is likely to fail in order to avoid adverse effects on wider financial stability. It is anticipated that the Bank Recovery and Resolution Directive will enter into force on January 1, 2015 and the bail-in powers will become effective on January 1, 2016 at the latest. Our EU subsidiaries will be affected to varying degrees.

On December 13, 2013, the Swiss Federal Council launched a consultation process for a new act to be named Financial Market Infrastructure Act (FMIA). The core purpose of the FMIA is to adjust Swiss regulation of financial market infrastructure and derivatives trading to market developments and international requirements, in particular the regulation on over-the-counter (OTC) Derivatives, Central Counterparties and Trade Repositories (also known as the European Market Infrastructure Regulation, or EMIR) of the EU. In addition, it proposes to amend the Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended (Bank Law), seeking to subject parent companies of financial groups or conglomerates and certain unregulated companies of the group domiciled in Switzerland to the Swiss resolution regime that applies to banks. If enacted, Credit Suisse Group would, and certain of its unregulated subsidiaries could, become subject to the Swiss bank resolution regime and the resolution authority of FINMA. The consultation process on FMIA is scheduled to run until March 31, 2014.

On December 18, 2013, the UK Financial Services Act 2013 (Banking Reform Act) was enacted. The Banking Reform Act provides for the creation of a “retail ring-fence” that will prohibit large retail deposit banks from engaging in a broad range of investment and other banking activities in the same entity. However, it is expected that our Private Banking & Wealth Management business in the UK may benefit from the de minimis exemption from the retail ring-fence requirements which is anticipated to exclude certain banks holding core deposits of below £25 billion. The Banking Reform Act also introduces certain other reforms, including requirements for primary loss absorbing capacity in order to facilitate the use of the new bail-in tool, which is itself introduced by the Banking Reform Act. The Banking Reform Act will also establish a more stringent regulatory regime for certain senior personnel of the bank, as well as create a new criminal offense for reckless mismanagement in the banking industry. Secondary legislation to fully implement the Banking Reform Act is expected to be completed by May 2015. The governance rules and the bail-in tool will impact our UK entities, such as CSI and CSSEL.

On December 18, 2013, the Swiss Federal Council adopted the mandate for negotiations regarding a revision of the taxation of savings agreement between the EU and Switzerland. The envisaged revision should bring the agreement in line with the planned revision of the EU

Savings Directive and close current perceived gaps. Switzerland and the EU have officially started negotiations on January 17, 2014.

On December 20, 2013, the CFTC made comparability determinations for some swap dealer entity-level and transaction-level requirements for certain jurisdictions, including the EU. As a result of these determinations, CSI and CSSEL may comply with local EU rules in lieu of certain CFTC requirements regarding risk management, internal controls, chief compliance officer duties and reports, recordkeeping, swap confirmations, portfolio reconciliation and compression, and swap valuation. In addition, the CFTC issued two no-action letters deferring certain CFTC requirements, most notably with respect to trade reporting for swaps with non-US persons, thereby allowing the CFTC more time to consider the comparability of similar rules in other jurisdictions. If the CFTC does not ultimately grant substituted compliance for reporting of swaps with non-US persons, CSI and CSSEL could incur significant operational costs and may lose swap business from non-US clients who do not wish for their trades to be reported to US regulators.

On January 14, 2014, the European Commission, Parliament and Council reached a political agreement on a revised EU Markets in Financial Instruments Directive (MiFID II) and related regulation (MiFIR), which are likely to be enacted in 1Q14. It is expected that the provisions thereof will have to be implemented in the member states and come into effect during the second half of 2016. Although the final text has not yet been published, the European Commission announced that an agreement has been reached to introduce an EU harmonized regime for the cross-border provision of investment services to professional and eligible counterparties in the EU. This new regime for granting access to EU markets for financial services providers based in third countries, including Switzerland, would be based on the positive equivalence determination of the relevant third country jurisdiction by the European Commission and allow for an EU wide passport when providing professional services. Third country financial services providers would be able to continue to provide services and activities to such clients in member states in accordance with national regimes over a transitional period of three years and then pending European Commission’s equivalence decisions.

On January 16, 22 and 27, 2014, specified types of interest rate swaps and index credit default swaps (CDS) were deemed “made available to trade” by CFTC-registered swap execution facilities (SEFs). As a result, effective 30 days after those determinations, those types of swaps must be executed on a SEF or designated contract market, unless an exception or exemption applies. It is possible that certain classes of market participants, including some clients of Credit Suisse, will not be prepared to satisfy this requirement, which could result in market disruption and a loss of swap trading revenue for Credit Suisse.

▶ Refer to “Regulation and supervision” in I – Information on the company in the Credit Suisse Annual Report 2012 for further information.

▶ Refer to “Regulatory developments and proposals” in II – Treasury, risk, balance sheet and off-balance sheet – Capital management – Regulatory capital framework and “Liquidity and funding management” in II – Treasury, risk, balance sheet and off-balance sheet for further information.

Core Results

In 4Q13, we recorded a net loss attributable to shareholders of CHF 476 million. Net revenues were CHF 5,920 million and total operating expenses were CHF 6,396 million.

In our strategic businesses, we reported income from continuing operations before taxes of CHF 1,448 million and in our non-strategic businesses we reported a loss from continuing operations before taxes of CHF 1,977 million in 4Q13.

Core Results

	in / end of			% change		in / end of			% change
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY	
Statements of operations (CHF million)									
Net interest income	1,742	1,919	1,930	(9)	(10)	8,100	7,126	14	
Commissions and fees	3,430	3,021	3,461	14	(1)	13,249	12,751	4	
Trading revenues	287	273	(155)	5	–	2,750	1,162	137	
Other revenues	461	236	391	95	18	1,118	2,212	(49)	
Net revenues	5,920	5,449	5,627	9	5	25,217	23,251	8	
of which strategic results	6,038	5,692	6,083	6	(1)	25,543	25,493	0	
of which non-strategic results	(118)	(243)	(456)	(51)	(74)	(326)	(2,242)	(85)	
Provision for credit losses	53	41	70	29	(24)	167	170	(2)	
Compensation and benefits	2,788	2,529	2,634	10	6	11,221	12,267	(9)	
General and administrative expenses	3,219	1,769	2,105	82	53	8,587	7,224	19	
Commission expenses	389	422	433	(8)	(10)	1,738	1,702	2	
Total other operating expenses	3,608	2,191	2,538	65	42	10,325	8,926	16	
Total operating expenses	6,396	4,720	5,172	36	24	21,546	21,193	2	
of which strategic results	4,554	4,282	4,342	6	5	18,316	19,099	(4)	
of which non-strategic results	1,842	438	830	321	122	3,230	2,094	54	
Income/(loss) from continuing operations before taxes	(529)	688	385	–	–	3,504	1,888	86	
of which strategic results	1,448	1,390	1,691	4	(14)	7,132	6,267	14	
of which non-strategic results	(1,977)	(702)	(1,306)	182	51	(3,628)	(4,379)	(17)	
Income tax expense/(benefit)	(63)	368	85	–	–	1,276	465	174	
Income/(loss) from continuing operations	(466)	320	300	–	–	2,228	1,423	57	
Income/(loss) from discontinued operations	(2)	150	(31)	–	(94)	145	(40)	–	
Net income/(loss)	(468)	470	269	–	–	2,373	1,383	72	
Net income attributable to noncontrolling interests	8	16	6	(50)	33	47	34	38	
Net income/(loss) attributable to shareholders	(476)	454	263	–	–	2,326	1,349	72	
of which strategic results	1,062	969	1,279	10	(17)	5,065	4,796	6	
of which non-strategic results	(1,538)	(515)	(1,016)	199	51	(2,739)	(3,447)	(21)	
Statement of operations metrics (%)									
Return on Basel III capital ¹	–	7.1	3.9	–	–	9.2	4.6	–	
Cost/income ratio	108.0	86.6	91.9	–	–	85.4	91.1	–	
Pre-tax income margin	(8.9)	12.6	6.8	–	–	13.9	8.1	–	
Effective tax rate	11.9	53.5	22.1	–	–	36.4	24.6	–	
Net income margin ²	(8.0)	8.3	4.7	–	–	9.2	5.8	–	
Number of employees (full-time equivalents)									
Number of employees	46,000	46,400	47,400	(1)	(3)	46,000	47,400	(3)	

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 4Q13 and 3Q13, 27% in 2013, 25% in 4Q12 and 2012 and capital allocated at 10% of average risk-weighted assets.

² Based on amounts attributable to shareholders.

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Core Results		
	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Statements of operations (CHF million)									
Net revenues	6,038	5,692	6,083	(118)	(243)	(456)	5,920	5,449	5,627
Provision for credit losses	36	20	50	17	21	20	53	41	70
Compensation and benefits	2,599	2,376	2,328	189	153	306	2,788	2,529	2,634
Total other operating expenses	1,955	1,906	2,014	1,653	285	524	3,608	2,191	2,538
Total operating expenses	4,554	4,282	4,342	1,842	438	830	6,396	4,720	5,172
Income/(loss) from continuing operations before taxes	1,448	1,390	1,691	(1,977)	(702)	(1,306)	(529)	688	385
Income tax expense/(benefit)	378	405	406	(441)	(37)	(321)	(63)	368	85
Income/(loss) from continuing operations	1,070	985	1,285	(1,536)	(665)	(985)	(466)	320	300
Income/(loss) from discontinued operations	0	0	0	(2)	150	(31)	(2)	150	(31)
Net income/(loss)	1,070	985	1,285	(1,538)	(515)	(1,016)	(468)	470	269
Net income attributable to noncontrolling interests	8	16	6	0	0	0	8	16	6
Net income/(loss) attributable to shareholders	1,062	969	1,279	(1,538)	(515)	(1,016)	(476)	454	263
Balance sheet statistics (CHF million)									
Risk-weighted assets – Basel III ¹	242,475	236,895	255,130	23,628	24,161	28,980	266,103	261,056	284,110
Total assets	821,207	838,098	862,101	47,975	52,971	58,073	869,182	891,069	920,174
Swiss leverage exposure	1,031,316	1,076,039	–	99,289	107,509	–	1,130,605	1,183,548	–

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

RESULTS OVERVIEW

Core Results net revenues of CHF 5,920 million increased 5% compared to 4Q12.

In our strategic businesses, net revenues were stable at CHF 6,038 million compared to 4Q12 with stable net revenues in Private Banking & Wealth Management, reflecting higher transaction- and performance based revenues and higher recurring commissions and fees, offset by lower other revenues and lower net interest income. A decrease in Investment Banking was driven by lower client trading activity in the fixed income business and lower advisory results, partially offset by increased revenues from our equity sales and trading and equity underwriting businesses.

In our non-strategic businesses, net revenue losses of CHF 118 million in 4Q13 improved from net revenue losses of CHF 456 million in 4Q12. Improved results in Investment Banking were driven by portfolio valuation gains, particularly in our legacy fixed income wind-down portfolio, reflecting various portfolio management measures, while improved results in Corporate Center were primarily due to lower fair value losses from movements in own credit spreads in 4Q13. An increase in Private Banking & Wealth Management reflected higher investment-related gains partially offset by lower revenues resulting from the sale of businesses.

► Refer to "Private Banking & Wealth Management", "Investment Banking" and "Corporate Center" for further information.

Provision for credit losses of CHF 53 million in 4Q13 primarily reflected net provisions of CHF 44 million in Private Banking & Wealth Management and CHF 8 million in Investment Banking.

Total operating expenses of CHF 6,396 million were up 24% compared to 4Q12, primarily reflecting 53% higher general and administrative expenses and 6% higher compensation and benefits. In strategic businesses, total operating expenses of CHF 4,554 million increased 5% from 4Q12, mainly reflecting higher compensation and benefits, driven by higher discretionary performance-related compensation expense due to variable compensation accruals, reflecting 2013 full-year results, and higher fee-based revenues. In non-strategic businesses total operating expenses of CHF 1,842 million increased 122% from 4Q12, primarily reflecting higher general and administrative expenses, partially offset by a decrease in compensation and benefits. The increase in general and administrative expenses was primarily due to significantly higher litigation provisions in 4Q13. We recorded provisions of CHF 806 million in connection with mortgage-related matters, including in connection with the agreement with the Federal Housing Finance Agency (FHFA) on March 21, 2014 to settle certain litigation relating to mortgage-backed securities, and CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014.

► Refer to "Note 29 – Litigation" in III – Condensed consolidated financial statements – unaudited for further information on litigation.

Core Results reporting by region

	in			% change		in			% change
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY	
Net revenues (CHF million)									
Switzerland	1,735	1,839	1,783	(6)	(3)	7,224	7,400	(2)	
EMEA	1,225	1,303	1,340	(6)	(9)	6,180	6,737	(8)	
Americas	2,457	2,129	2,349	15	5	9,567	9,507	1	
Asia Pacific	680	597	506	14	34	3,036	2,388	27	
Corporate Center	(177)	(419)	(351)	(58)	(50)	(790)	(2,781)	(72)	
Net revenues	5,920	5,449	5,627	9	5	25,217	23,251	8	
Income/(loss) from continuing operations before taxes (CHF million)									
Switzerland	534	673	572	(21)	(7)	2,463	2,544	(3)	
EMEA	(174)	38	(9)	-	-	641	872	(26)	
Americas	(625)	468	725	-	-	1,085	2,512	(57)	
Asia Pacific	125	68	(79)	84	-	770	(151)	-	
Corporate Center	(389)	(559)	(824)	(30)	(53)	(1,455)	(3,889)	(63)	
Income/(loss) from continuing operations before taxes	(529)	688	385	-	-	3,504	1,888	86	

A significant portion of our business requires inter-regional coordination in order to facilitate the needs of our clients. The methodology for allocating our results by region is dependent on management judgment. For Wealth Management Clients and Corporate & Institutional Clients, results are allocated based on the management reporting structure of our relationship managers and the region where the transaction is recorded. For Asset Management, results are allocated based on the location of the investment advisors and sales teams. For Investment Banking, trading results are allocated based on where the risk is primarily managed and fee-based results are allocated where the client is domiciled.

Income tax benefit of CHF 63 million recorded in 4Q13 included the impact of the geographical mix of results, an income tax benefit of CHF 367 million relating to tax deductions arising from participation valuations and the re-measurement of existing deferred tax assets on net operating losses due to changes in forecasted earnings, partially offset by a tax charge of CHF 278 million relating to a valuation allowance recognized on existing deferred tax assets in respect of one of the Group's entities in the UK. Overall, net deferred tax assets decreased CHF 148 million to CHF 5,791 million as of the end of 4Q13 compared to 3Q13. Deferred tax assets on net operating losses decreased by CHF 227 million to CHF 1,380 million during 4Q13. The Core Results effective tax rate was 11.9% in 4Q13, compared to 53.5% in 3Q13.

► Refer to "Note 21 – Tax" in III – Condensed consolidated financial statements – unaudited for further information.

For the full year 2013, net income attributable to shareholders was CHF 2,326 million, up 72% compared to 2012. Net revenues were CHF 25,217 million, up 8% compared to 2012.

Strategic net revenues were stable at CHF 25,543 million compared to 2012 with stable net revenues for Private Banking & Wealth Management, reflecting higher transaction- and performance-based revenues and higher recurring commissions and fees offset by lower net interest income and other revenues. Strategic net revenues for Investment Banking were slightly lower,

reflecting decreased revenues in fixed income sales and trading and advisory revenues, partially offset by increased revenues in equity sales and trading and debt and equity underwriting.

In our non-strategic businesses, net revenue losses of CHF 326 million in 2013 improved from net revenue losses of CHF 2,242 million in 2012. An improvement in Corporate Center mainly reflected fair value losses of CHF 315 million from movements in own credit spreads in 2013 compared to fair value losses from movements in own credit spreads of CHF 2,939 million in 2012. Improved results in Investment Banking were driven by portfolio valuation gains and lower funding costs, while a decrease in Private Banking & Wealth Management was due to lower recurring commissions and fees and lower transaction- and performance-based revenues, reflecting the impact of sales of non-strategic businesses during the course of the year.

Provision for credit losses decreased 2%, reflecting decreases in Private Banking & Wealth Management that were partly offset by increases in Investment Banking.

Compensation and benefits decreased 9%, due to lower discretionary performance-related compensation expense and lower salary expense, reflecting lower headcount. General and administrative expenses increased 19%, reflecting substantially higher litigation provisions in Investment Banking and Private Banking & Wealth Management.

Overview of Core Results

in / end of period	Private Banking & Wealth Management			Investment Banking		
	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Statements of operations (CHF million)						
Net revenues	3,429	3,316	3,314	2,668	2,552	2,664
Provision for credit losses	44	34	68	8	7	2
Compensation and benefits	1,314	1,285	1,293	1,355	1,129	1,172
General and administrative expenses	1,443	787	849	1,667	961	941
Commission expenses	204	192	193	202	226	251
Total other operating expenses	1,647	979	1,042	1,869	1,187	1,192
Total operating expenses	2,961	2,264	2,335	3,224	2,316	2,364
Income/(loss) from continuing operations before taxes	424	1,018	911	(564)	229	298
Income tax expense/(benefit)	–	–	–	–	–	–
Income/(loss) from continuing operations	–	–	–	–	–	–
Income/(loss) from discontinued operations	–	–	–	–	–	–
Net income/(loss)	–	–	–	–	–	–
Net income attributable to noncontrolling interests	–	–	–	–	–	–
Net income/(loss) attributable to shareholders	–	–	–	–	–	–
Statement of operations metrics (%)						
Return on Basel III capital	12.7	30.0	28.0	–	4.0	5.1
Cost/income ratio	86.4	68.3	70.5	120.8	90.8	88.7
Pre-tax income margin	12.4	30.7	27.5	(21.1)	9.0	11.2
Effective tax rate	–	–	–	–	–	–
Net income margin	–	–	–	–	–	–
Balance sheet statistics (CHF million)						
Risk-weighted assets – Basel III ³	94,395	92,434	96,009	156,402	152,638	171,511
Total assets	279,139	275,421	275,683	502,799	528,762	563,758
Swiss leverage exposure	324,483	323,092	–	722,500	781,225	–
Net loans	215,713	214,095	207,702	31,319	31,115	34,501
Goodwill	2,164	2,201	2,409	5,835	5,913	5,980

¹ Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontrolling interests without SEI.

² Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 4Q13 and 3Q13, 25% in 4Q12 and capital allocated at 10% of average risk-weighted assets.

³ Represents risk-weighted assets on a fully phased-in "look-through" basis.

Cost savings and strategy implementation

We continued to adapt our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure. We target cost savings of CHF 3.8 billion by the end of 2014 and more than CHF 4.5 billion by the end of 2015. These targets are measured against our annualized 6M11 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

The majority of the expected future savings is expected to be realized from shared infrastructure and support services across the Group, mainly through the consolidation of fragmented and duplicate functions globally and the continued consolidation of IT applications and functions.

We have also targeted further savings within our two operating divisions. Within Private Banking & Wealth Management, we expect to deliver cost benefits from the creation of the integrated Private Banking & Wealth Management division, exiting a number

of small non-strategic markets, repositioning select non-profitable onshore operations, rationalization of front office and support functions, including simplification of our operating platform, streamlining of the offshore affluent and Swiss client coverage model and from announced divestitures. Within Investment Banking, we expect to deliver cost benefits from the restructuring of our rates business, the initiatives already completed in 2012, from continuing to review and realize efficiencies across business lines and geographic regions and from continuing to refine our business mix and align resources with highest returning opportunities. We expect to incur approximately CHF 1.4 billion of business realignment costs associated with these measures during the course of 2014 to 2015.

We incurred CHF 131 million of business realignment costs associated with these measures in 4Q13.

► Refer to "Cost savings and strategy implementation" in II – Operating and financial review – Core Results – Information and developments in the Credit Suisse Annual Report 2012 for further information.

4Q13	Corporate Center		Core Results ¹			of which strategic results			of which non-strategic results		
	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
(177)	(419)	(351)	5,920	5,449	5,627	6,038	5,692	6,083	(118)	(243)	(456)
1	0	0	53	41	70	36	20	50	17	21	20
119	115	169	2,788	2,529	2,634	2,599	2,376	2,328	189	153	306
109	21	315	3,219	1,769	2,105	1,583	1,494	1,614	1,636	275	491
(17)	4	(11)	389	422	433	372	412	400	17	10	33
92	25	304	3,608	2,191	2,538	1,955	1,906	2,014	1,653	285	524
211	140	473	6,396	4,720	5,172	4,554	4,282	4,342	1,842	438	830
(389)	(559)	(824)	(529)	688	385	1,448	1,390	1,691	(1,977)	(702)	(1,306)
-	-	-	(63)	368	85	378	405	406	(441)	(37)	(321)
-	-	-	(466)	320	300	1,070	985	1,285	(1,536)	(665)	(985)
-	-	-	(2)	150	(31)	0	0	0	(2)	150	(31)
-	-	-	(468)	470	269	1,070	985	1,285	(1,538)	(515)	(1,016)
-	-	-	8	16	6	8	16	6	0	0	0
-	-	-	(476)	454	263	1,062	969	1,279	(1,538)	(515)	(1,016)
-	-	-	- ²	7.1 ²	3.9 ²	16.9 ²	15.8 ²	19.2 ²	-	-	-
-	-	-	108.0	86.6	91.9	75.4	75.2	71.4	-	-	-
-	-	-	(8.9)	12.6	6.8	24.0	24.4	27.8	-	-	-
-	-	-	11.9	53.5	22.1	26.1	29.1	24.0	-	-	-
-	-	-	(8.0)	8.3	4.7	17.6	17.0	21.0	-	-	-
15,306	15,984	16,590	266,103	261,056	284,110	242,475	236,895	255,130	23,628	24,161	28,980
87,244	86,886	80,733	869,182	891,069	920,174	821,207	838,098	862,101	47,975	52,971	58,073
83,622	79,231	-	1,130,605	1,183,548	-	1,031,316	1,076,039	-	99,289	107,509	-
22	22	20	247,054	245,232	242,223	-	-	-	-	-	-
-	-	-	7,999	8,114	8,389	-	-	-	-	-	-

Compensation and benefits

Compensation and benefits for a given year reflect the strength and breadth of the business results and staffing levels and include fixed components, such as salaries, benefits and the amortization of share-based and other deferred compensation from prior-year awards, and a discretionary variable component.

The variable component reflects the performance-based variable compensation for the current year. The portion of the performance-based compensation for the current year deferred through share-based and other awards is expensed in future periods and is subject to vesting and other conditions.

► Refer to "Compensation and benefits" in II – Operating and financial review – Core Results – Information and developments in the Credit Suisse Annual Report 2012 for further information.

Variable compensation for 2013

Part of deferred compensation for 2013 was awarded in the form of Contingent Capital Awards (CCA). The CCA plan is a new deferred compensation plan for Executive Board members, managing directors and directors. These awards convey similar rights and risks to those of certain of the contingent capital instruments that have been issued by us in the market. As CCA qualify as additional tier 1 capital of the Group, their vesting and the form of distribution to employees upon settlement is subject to approval by FINMA. Prior to settlement, CCA are subject to being cancelled in full upon specified triggering events, including the Group's Basel III common equity tier 1 (CET1) ratio falling below specified levels, or a determination by FINMA that cancellation of the CCA and other similar capital instruments is necessary, or that we require public sector capital support, to prevent us from becoming insolvent.

Personnel

Headcount at the end of 4Q13 was 46,000, down 400 from 3Q13 and down 1,400 from 4Q12. The decrease in 4Q13 reflected headcount reductions in Investment Banking and Private Banking & Wealth Management resulting from our cost efficiency initiatives.

Number of employees by division

end of	4Q13	3Q13	4Q12
Number of employees by division (full-time equivalents)			
Private Banking & Wealth Management	26,000	26,100	27,300
Investment Banking	19,700	20,000	19,800
Corporate Center	300	300	300
Number of employees	46,000	46,400	47,400

Key performance indicators

Our key performance indicators (KPIs) for the Group and for our Private Banking & Wealth Management and Investment Banking divisions reflect our strategic plan, the regulatory environment and the market cycle. With the revised presentation of strategic and non-strategic results for the Group, our stated KPIs are measured on the basis of reported results rather than on the basis of underlying results as was the case in prior periods beginning in 1Q13.

We believe the execution of our strategic initiatives including the run-off of non-strategic operations, will enable us achieve our targets over a three to five year period across market cycles.

► Refer to "Key performance indicators" in Private Banking & Wealth Management and Investment Banking results for further information on divisional KPIs.

Collaboration revenues

Beginning 2Q13, collaboration revenues are calculated as the percentage of the Group's net revenues represented by the aggregate collaboration revenues arising when more than one of the Group's divisions participate in a transaction.

Additionally, within the Private Banking & Wealth Management division, collaboration revenues include revenues arising from cross-selling and client referral activities between the Wealth Management Clients and Corporate & Institutional Clients businesses on the one hand and the Asset Management and the securities trading and sales businesses on the other hand. Prior period measures of collaboration revenues were not materially impacted by this change and have not been restated. Collaboration revenues are measured by a dedicated governance structure and implemented through an internal revenue sharing structure. Only the net revenues generated by a transaction are considered. Position risk related to trading revenues, private equity and other investment-related gains, valuation adjustments and centrally managed treasury revenues are not included in collaboration revenues.

Key performance indicators

Our KPIs are targets to be achieved over a three to five year period across market cycles. As such, year to date results may be more meaningful than individual quarterly results. Our KPIs are assessed annually as part of our normal planning process and may be revised to reflect our strategic plan, the regulatory environment and market and industry trends.

in / end of	Target	4Q13	2013	2012
Growth (%)				
Collaboration revenues	18 – 20% of net revenues	18.6	17.7	18.6
Efficiency and performance (%)				
Total shareholder return (Credit Suisse) ¹	Superior return vs. peer group	(1.3)	26.0	4.8
Total shareholder return of peer group ^{1,2}	–	6.5	26.7	49.2
Return on equity attributable to shareholders (annualized)	Above 15%	(4.5)	5.7	3.9
Core Results cost/income ratio	Below 70%	108.0	85.4	91.1
Capital (%)				
Look-through Swiss Core Capital ratio	Above 10%	10.6	10.6	9.0

¹ Source: Bloomberg. Total shareholder return is calculated as equal to the appreciation or depreciation of a particular share, plus any dividends, over a given period, expressed as a percentage of the share's value at the beginning of the period.

² The peer group for this comparison comprises Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Société Générale and UBS. The total shareholder return of this peer group is calculated as a simple, unweighted average of the return reported by Bloomberg for each of the members of the peer group.

Private Banking & Wealth Management

In 4Q13, we reported income before taxes of CHF 424 million and net revenues of CHF 3,429 million.

In our strategic businesses, we reported income before taxes of CHF 1,048 million and net revenues of CHF 3,260 million. Compared to 4Q12, income before taxes increased 2%, with higher transaction- and performance-based revenues, higher recurring commissions and fees, lower net interest income and slightly higher operating expenses.

In our non-strategic businesses, we reported a loss before taxes of CHF 624 million reflecting higher litigation

provisions in 4Q13 in connection with the US tax matter. In 3Q13, we reported income before taxes of CHF 210 million, which included gains from the sale of former Asset Management businesses.

For 2013, we reported income before taxes of CHF 3,240 million and net revenues of CHF 13,442 million. In our strategic businesses, we reported income before taxes of CHF 3,627 million and net revenues of CHF 12,434 million. In our non-strategic businesses, we reported a loss before taxes of CHF 387 million and net revenues of CHF 1,008 million.

Divisional results

	4Q13	3Q13	in / end of 4Q12	% change		in / end of 2013	2012	% change YoY
Statements of operations (CHF million)								
Net revenues	3,429	3,316	3,314	3	3	13,442	13,474	0
of which strategic results	3,260	2,934	3,217	11	1	12,434	12,343	1
of which non-strategic results	169	382	97	(56)	74	1,008	1,131	(11)
Provision for credit losses	44	34	68	29	(35)	152	182	(16)
Compensation and benefits	1,314	1,285	1,293	2	2	5,331	5,561	(4)
General and administrative expenses	1,443	787	849	83	70	3,914	3,209	22
Commission expenses	204	192	193	6	6	805	747	8
Total other operating expenses	1,647	979	1,042	68	58	4,719	3,956	19
Total operating expenses	2,961	2,264	2,335	31	27	10,050	9,517	6
of which strategic results	2,185	2,113	2,141	3	2	8,725	8,830	(1)
of which non-strategic results	776	151	194	414	300	1,325	687	93
Income/(loss) before taxes	424	1,018	911	(58)	(53)	3,240	3,775	(14)
of which strategic results	1,048	808	1,029	30	2	3,627	3,374	7
of which non-strategic results	(624)	210	(118)	-	429	(387)	401	-
Statement of operations metrics (%)								
Return on Basel III capital ¹	12.7	30.0	28.0	-	-	24.2	29.0	-
Cost/income ratio	86.4	68.3	70.5	-	-	74.8	70.6	-
Pre-tax income margin	12.4	30.7	27.5	-	-	24.1	28.0	-
Utilized economic capital and return								
Average utilized economic capital (CHF million)	9,334	9,569	9,809	(2)	(5)	9,554	9,965	(4)
Pre-tax return on average utilized economic capital (%) ²	18.7	43.1	37.7	-	-	34.5	38.5	-
Assets under management (CHF billion)								
Assets under management	1,282.4	1,268.2	1,250.8	1.1	2.5	1,282.4	1,250.8	2.5
Net new assets	4.4	8.1	6.8	(45.7)	(35.3)	32.1	10.8	197.2
Number of employees and relationship managers								
Number of employees (full-time equivalents)	26,000	26,100	27,300	0	(5)	26,000	27,300	(5)
Number of relationship managers	4,330	4,340	4,550	0	(5)	4,330	4,550	(5)

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 4Q13 and 3Q13, 29% in 2013, 25% in 4Q12 and 2012 and capital allocated at 10% of average risk-weighted assets.

² Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

			in / end of		% change		in / end of		% change
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012		YoY
Net revenue detail (CHF million)									
Net interest income	1,058	1,070	1,128	(1)	(6)	4,252	4,551		(7)
Recurring commissions and fees	1,232	1,235	1,183	0	4	4,956	4,797		3
Transaction- and performance-based revenues	1,186	798	1,054	49	13	3,967	3,678		8
Other revenues ¹	(47)	213	(51)	-	(8)	267	448		(40)
Net revenues	3,429	3,316	3,314	3	3	13,442	13,474		0
Provision for credit losses (CHF million)									
New provisions	76	65	107	17	(29)	281	316		(11)
Releases of provisions	(32)	(31)	(39)	3	(18)	(129)	(134)		(4)
Provision for credit losses	44	34	68	29	(35)	152	182		(16)
Balance sheet statistics (CHF million)									
Net loans	215,713	214,095	207,702	1	4	215,713	207,702		4
of which Wealth Management Clients	149,728	149,667	144,856	0	3	149,728	144,856		3
of which Corporate & Institutional Clients	62,446	60,780	58,877	3	6	62,446	58,877		6
Deposits	288,770	290,042	276,571	0	4	288,770	276,571		4
of which Wealth Management Clients	208,210	212,003	203,376	(2)	2	208,210	203,376		2
of which Corporate & Institutional Clients	74,459	71,631	65,849	4	13	74,459	65,849		13

¹ Includes investment-related gains/(losses), equity participations and other gains/(losses) and fair value gains/(losses) on the Clock Finance transaction.

KEY PERFORMANCE INDICATORS

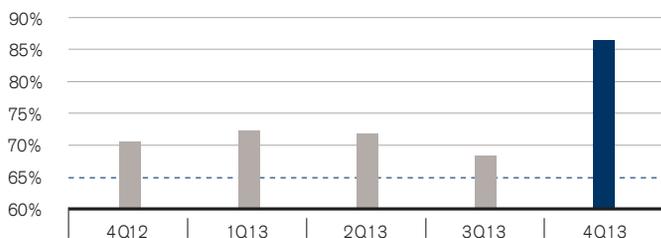
We target a divisional cost/income ratio of 65% for the Private Banking & Wealth Management division. In 4Q13, the cost/income ratio was 86.4%, up 16 percentage points compared to 4Q12 and up 18 percentage points compared to 3Q13. The cost/income ratio for our strategic results was 67.0% in 4Q13, stable compared to 4Q12 and down five percentage points compared to 3Q13.

We also target net new asset growth of 6% for both the Wealth Management Clients and Asset Management businesses. In 4Q13, the annualized quarterly growth rates in Wealth Management Clients and Asset Management were 0.9% and (0.6)%, respectively.

▶ Refer to "Key performance indicators" in Core Results for further information.

Cost/income ratio (KPI)

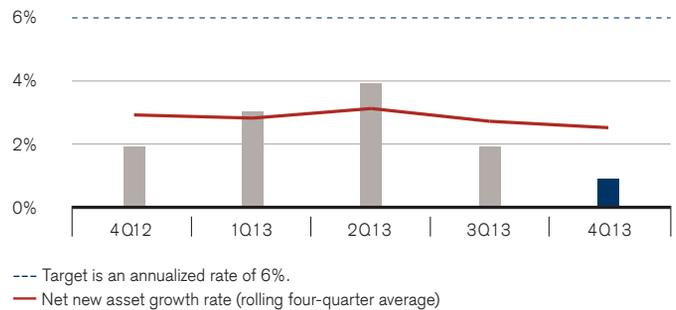
Private Banking & Wealth Management



--- Target is a cost/income ratio of 65%.

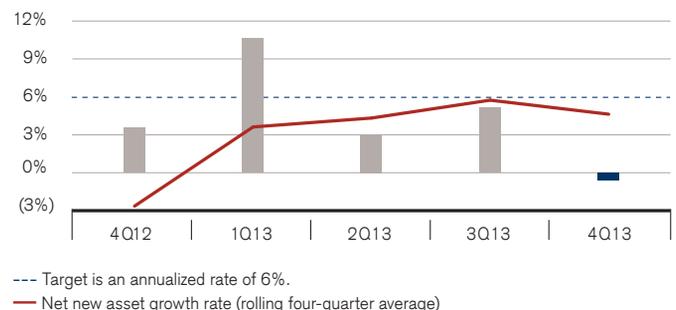
Net new asset growth rate (KPI)

Wealth Management Clients



Net new asset growth rate (KPI)

Asset Management



--- Target is an annualized rate of 6%.

— Net new asset growth rate (rolling four-quarter average)

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Private Banking & Wealth Management		
	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Statements of operations (CHF million)									
Net revenues	3,260	2,934	3,217	169	382	97	3,429	3,316	3,314
Provision for credit losses	27	13	47	17	21	21	44	34	68
Compensation and benefits	1,242	1,205	1,202	72	80	91	1,314	1,285	1,293
Total other operating expenses	943	908	939	704	71	103	1,647	979	1,042
Total operating expenses	2,185	2,113	2,141	776	151	194	2,961	2,264	2,335
Income/(loss) before taxes	1,048	808	1,029	(624)	210	(118)	424	1,018	911
Balance sheet statistics (CHF million)									
Risk-weighted assets – Basel III	88,316	85,965	88,281	6,079	6,469	7,728	94,395	92,434	96,009
Total assets	258,447	253,224	251,716	20,692	22,197	23,967	279,139	275,421	275,683
Swiss leverage exposure	302,894	299,996	–	21,589	23,096	–	324,483	323,092	–

Strategic results

OVERVIEW

Our strategic results comprise businesses from Wealth Management Clients, Corporate & Institutional Clients and Asset Management.

4Q13 results

In 4Q13, our strategic businesses reported income before taxes of CHF 1,048 million and net revenues of CHF 3,260 million.

Net revenues were 11% higher compared to 3Q13 largely driven by significant seasonal performance fees. Compared to 4Q12, net revenues were stable due to higher transaction- and performance-based revenues and higher recurring commissions and fees, offset by lower other revenues and lower net interest income. Provision for credit losses was CHF 27 million on a net loan portfolio of CHF 212 billion. Total operating expenses were slightly higher compared to 3Q13 and 4Q12.

Full-year 2013 results

In 2013, our strategic businesses reported income before taxes of CHF 3,627 million and net revenues of CHF 12,434 million.

Net revenues were stable compared to 2012, with higher transaction- and performance-based revenues and higher recurring commissions and fees offset by lower net interest income and lower other revenues. Provision for credit losses was CHF 82 million in 2013 on a net loan portfolio of CHF 212 billion. Total operating expenses were stable compared to 2012 reflecting slightly lower compensation and benefits offset by higher commission expenses.

Strategic results

	in / end of		% change		in / end of		% change	
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Statements of operations (CHF million)								
Net interest income	1,038	1,044	1,103	(1)	(6)	4,155	4,438	(6)
Recurring commissions and fees	1,149	1,149	1,064	0	8	4,554	4,329	5
Transaction- and performance-based revenues	1,137	774	990	47	15	3,818	3,482	10
Other revenues	(64)	(33)	60	94	–	(93)	94	–
Net revenues	3,260	2,934	3,217	11	1	12,434	12,343	1
New provisions	58	44	85	32	(32)	210	274	(23)
Releases of provisions	(31)	(31)	(38)	0	(18)	(128)	(135)	(5)
Provision for credit losses	27	13	47	108	(43)	82	139	(41)
Compensation and benefits	1,242	1,205	1,202	3	3	5,027	5,186	(3)
General and administrative expenses	750	726	781	3	(4)	2,938	2,963	(1)
Commission expenses	193	182	158	6	22	760	681	12
Total other operating expenses	943	908	939	4	0	3,698	3,644	1
Total operating expenses	2,185	2,113	2,141	3	2	8,725	8,830	(1)
Income before taxes	1,048	808	1,029	30	2	3,627	3,374	7
of which Wealth Management Clients	466	509	483	(8)	(4)	2,050	1,971	4
of which Corporate & Institutional Clients	213	251	249	(15)	(14)	965	941	3
of which Asset Management	369	48	297	–	24	612	462	32
Statement of operations metrics (%)								
Return on Basel III capital ¹	33.7	25.7	34.5	–	–	29.1	28.2	–
Cost/income ratio	67.0	72.0	66.6	–	–	70.2	71.5	–
Pre-tax income margin	32.1	27.5	32.0	–	–	29.2	27.3	–
Balance sheet statistics (CHF million)								
Risk-weighted assets – Basel III	88,316 ²	85,965	88,281	3	0	88,316 ²	88,281	0
Total assets	258,447	253,224	251,716	2	3	258,447	251,716	3
Swiss leverage exposure	302,894	299,996	–	1	–	302,894	–	–

¹ Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 4Q13 and 3Q13, 29% in 2013, 25% in 4Q12 and 2012 and capital allocated at 10% of average risk-weighted assets.

² Includes the impact of an operational risk add-on of CHF 1.6 billion in 4Q13.

RESULTS DETAIL

The following provides a comparison of our 4Q13 strategic results versus 4Q12 (YoY) and versus 3Q13 (QoQ).

Net revenues

Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Recurring commissions and fees includes investment product management, discretionary mandate and other asset management-related fees and fees for general banking products and services. Transaction- and performance-based revenues arise primarily from brokerage and product issuing fees, foreign exchange fees from client transactions, performance-based fees related to assets under management and custody assets, trading and sales income, placement fees, equity participations income and other transaction-based income. Other revenues include investment-related gains and losses and equity participations and other gains and losses.

YoY: Stable at CHF 3,260 million

Net revenues were stable as higher transaction- and performance-based revenues and higher recurring commissions and fees were offset by lower other revenues and lower net interest income. Transaction- and performance-based revenues were higher, mainly driven by higher performance fees and carried interest, higher placement fees, and higher sales and trading income, partially offset by lower revenues from integrated solutions. Higher recurring commissions and fees reflected higher asset management fees, higher investment account and services fees, higher banking services fees, and higher discretionary mandate management fees, partially offset by lower investment product management fees. Lower other revenues mainly reflected an impairment related to Asset Management Finance LLC (AMF) of CHF 68 million in 4Q13, compared to 4Q12 gains of CHF 45 million relating to the sale of Wincasa and gains of CHF 25 million related to a recovery case in Corporate & Institutional Clients, partially offset by a 4Q12 impairment of CHF 16 million related to AMF. In a low

interest rate environment, net interest income decreased due to significantly lower deposit margins and slightly lower loan margins on higher average deposit and loan volumes.

QoQ: Up 11% from CHF 2,934 million to CHF 3,260 million

Higher net revenues primarily reflected significantly higher transaction- and performance-based revenues, partially offset by lower other revenues. Significantly higher transaction- and performance-based revenues reflected seasonally higher performance fees and carried interest and higher placement and transaction fees. Lower other revenues reflected the impairment of CHF 68 million related to AMF in 4Q13 compared to an impairment of CHF 18 million in 3Q13. Stable recurring commissions and fees mainly reflected lower investment product management fees offset by higher asset management fees. Stable net interest income reflected slightly lower deposit and loan margins on stable average deposit and loan volumes.

Provision for credit losses

The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities. Our Corporate & Institutional Clients loan portfolio has relatively low concentrations and is mainly secured by mortgages, securities and other financial collateral.

YoY: Down 43% from CHF 47 million to CHF 27 million

Provision for credit losses decreased. Wealth Management Clients recorded net provisions of CHF 18 million and Corporate & Institutional Clients recorded net provisions of CHF 9 million in 4Q13.

WEALTH MANAGEMENT CLIENTS

Net revenues

Net interest income

YoY: Down 5% from CHF 804 million to CHF 760 million

Lower net interest income reflected significantly lower deposit margins on slightly higher average deposit volumes and lower loan margins on higher average loan volumes.

QoQ: Stable at CHF 760 million

Stable net interest income reflected stable deposit margins and slightly lower loan margins on stable average deposit and loan volumes.

Recurring commissions and fees

YoY: Up 8% from CHF 685 million to CHF 742 million

Higher recurring commissions and fees reflected higher investment account and services fees, higher banking services fees and higher discretionary mandate management fees, partially offset by slightly lower investment product management fees.

QoQ: Stable at CHF 742 million

Recurring commissions and fees were stable, reflecting lower investment product management fees partially offset by slightly higher investment account and services fees.

QoQ: Up 108% from CHF 13 million to CHF 27 million

Provision for credit losses was lower in Wealth Management Clients and higher in Corporate & Institutional Clients. In 3Q13, Wealth Management Clients recorded net provisions of CHF 21 million while Corporate & Institutional Clients recorded a release of provisions of CHF 8 million relating to a small number of large cases.

Operating expenses

Compensation and benefits

YoY: Up 3% from CHF 1,202 million to CHF 1,242 million

Slightly higher compensation and benefits reflected higher discretionary performance-related compensation driven by higher fee-based revenues.

QoQ: Up 3% from CHF 1,205 million to CHF 1,242 million

Slightly higher compensation and benefits reflected higher discretionary performance-related compensation driven by higher fee-based revenues.

General and administrative expenses

YoY: Down 4% from CHF 781 million to CHF 750 million

Lower general and administrative expenses reflected lower travel and entertainment and lower advertising and marketing costs.

QoQ: Up 3% from CHF 726 million to CHF 750 million

Slightly higher general and administrative expenses reflected higher professional services fees, higher advertising and marketing and higher travel and entertainment costs.

Transaction- and performance-based revenues

YoY: Down 5% from CHF 584 million to CHF 554 million

Lower transaction- and performance-based revenues reflected lower revenues from integrated solutions.

QoQ: Stable at CHF 554 million

Stable transaction- and performance-based revenues reflected semi-annual performance fees from Hedging-Griffo and higher brokerage and product issuing fees, offset by lower foreign exchange client business.

Results – Wealth Management Clients

	in / end of			% change		in / end of		
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Statements of operations (CHF million)								
Net revenues	2,056	2,062	2,073	0	(1)	8,444	8,475	0
Provision for credit losses	18	21	36	(14)	(50)	78	110	(29)
Total operating expenses	1,572	1,532	1,554	3	1	6,316	6,394	(1)
Income before taxes	466	509	483	(8)	(4)	2,050	1,971	4
Statement of operations metrics (%)								
Cost/income ratio	76.5	74.3	75.0	–	–	74.8	75.4	–
Pre-tax income margin	22.7	24.7	23.3	–	–	24.3	23.3	–
Net revenue detail (CHF million)								
Net interest income	760	766	804	(1)	(5)	3,050	3,268	(7)
Recurring commissions and fees	742	747	685	(1)	8	2,956	2,811	5
Transaction- and performance-based revenues	554	549	584	1	(5)	2,438	2,355	4
Other revenues ¹	0	0	0	–	–	0	41	(100)
Net revenues	2,056	2,062	2,073	0	(1)	8,444	8,475	0
Gross margin (annualized) (bp)²								
Net interest income	38	39	42	–	–	38	44	–
Recurring commissions and fees	38	38	36	–	–	38	38	–
Transaction- and performance-based revenues	28	28	31	–	–	31	32	–
Other revenues	0	0	0	–	–	0	0	–
Gross margin	104	105	109	–	–	107	114	–

Beginning in 2Q13, fees collected in an agent role in connection with certain customized fund services we provide to clients where those fees are passed on directly to a third-party investment manager are now presented on a net basis per the applicable accounting standards. These fees were previously recorded on a gross basis as fee income and commission expense. Prior periods have been restated to conform to the current presentation.

¹ Reflects gains of CHF 41 million in 2Q12 related to the sale of a non-core business from the integration of Clariden Leu.

² Net revenues divided by average assets under management.

Gross margin

Our gross margin was 104 basis points in 4Q13, five basis points lower compared to 4Q12, mainly reflecting a continued adverse interest rate environment and 5% higher average assets under management. Compared to 3Q13, the gross margin was one basis point lower.

Relationship managers by region

end of	4Q13	3Q13	4Q12
Number of relationship managers			
Switzerland	1,590	1,580	1,630
EMEA	1,180	1,180	1,300
Americas	560	590	620
Asia Pacific	440	430	440
Number of relationship managers	3,770	3,780	3,990

Assets under management – Wealth Management Clients

	4Q13	3Q13	in / end of 4Q12	% change		2013	in / end of 2012	% change
				QoQ	YoY			YoY
Assets under management by region (CHF billion)								
Switzerland	270.9	268.6	243.5	0.9	11.3	270.9	243.5	11.3
EMEA	231.3	231.0	243.2	0.1	(4.9)	231.3	243.2	(4.9)
Americas	172.9	171.0	164.5	1.1	5.1	172.9	164.5	5.1
Asia Pacific	115.6	112.3	106.8	2.9	8.2	115.6	106.8	8.2
Assets under management	790.7	782.9	758.0	1.0	4.3	790.7	758.0	4.3
Average assets under management (CHF billion)								
Average assets under management	793.3	782.5	759.0	1.4	4.5	788.2	741.2	6.3
Assets under management by currency (CHF billion)								
USD	306.1	301.6	286.4	1.5	6.9	306.1	286.4	6.9
EUR	152.6	151.3	149.0	0.9	2.4	152.6	149.0	2.4
CHF	187.1	187.1	184.6	0.0	1.4	187.1	184.6	1.4
Other	144.9	142.9	138.0	1.4	5.0	144.9	138.0	5.0
Assets under management	790.7	782.9	758.0	1.0	4.3	790.7	758.0	4.3
Net new assets by region (CHF billion)								
Switzerland	(1.4)	(0.7)	0.3	100.0	–	0.9	2.3	(60.9)
EMEA	(0.7)	(0.8)	(2.0)	(12.5)	(65.0)	1.8	(2.0)	–
Americas	1.1	2.0	3.6	(45.0)	(69.4)	4.7	10.2	(53.9)
Asia Pacific	2.7	3.3	1.7	(18.2)	58.8	11.5	10.1	13.9
Net new assets	1.7	3.8	3.6	(55.3)	(52.8)	18.9	20.6	(8.3)
Growth in assets under management (CHF billion)								
Net new assets	1.7	3.8	3.6	–	–	18.9	20.6	–
Other effects	6.1	(3.2)	(7.2)	–	–	13.8	27.9	–
of which market movements	15.5	19.3	11.0	–	–	40.2	47.4	–
of which currency	(8.9)	(18.4)	(11.6)	–	–	(17.6)	(12.4)	–
of which other	(0.5)	(4.1)	(6.6)	–	–	(8.8)	(7.1)	–
Growth in assets under management	7.8	0.6	(3.6)	–	–	32.7	48.5	–
Growth in assets under management (annualized) (%)								
Net new assets	0.9	1.9	1.9	–	–	2.5	2.9	–
Other effects	3.1	(1.6)	(3.8)	–	–	1.8	3.9	–
Growth in assets under management (annualized)	4.0	0.3	(1.9)	–	–	4.3	6.8	–
Growth in assets under management (rolling four-quarter average) (%)								
Net new assets	2.5	2.7	2.9	–	–	–	–	–
Other effects	1.8	0.1	3.9	–	–	–	–	–
Growth in assets under management (rolling four-quarter average)	4.3	2.8	6.8	–	–	–	–	–

CORPORATE & INSTITUTIONAL CLIENTS

Net revenues

Net interest income

YoY: Down 7% from CHF 299 million to CHF 278 million

The decrease reflected significantly lower deposit margins on higher average deposit volumes, partially offset by higher loan margins on higher average loan volumes.

QoQ: Stable at CHF 278 million

Stable net interest income reflected lower deposit margins on higher average deposit volumes and slightly lower loan margins on stable average loan volumes.

Recurring commissions and fees

YoY: Down 5% from CHF 114 million to CHF 108 million

The decrease in recurring commissions and fees primarily reflected lower investment product management fees, partially offset by higher investment account and services fees.

QoQ: Down 8% from CHF 117 million to CHF 108 million

Recurring commissions and fees included lower banking services and lower investment product management fees partially offset by higher investment account and services fees.

Transaction- and performance-based revenues

YoY: Stable at CHF 102 million

Stable transaction- and performance-based revenues reflected higher trading and sales income and higher foreign exchange client business, offset by lower revenues from integrated solutions.

QoQ: Down 3% from CHF 105 million to CHF 102 million

Lower transaction- and performance-based revenues reflected lower brokerage and product issuing fees.

Results – Corporate & Institutional Clients

	4Q13	3Q13	4Q12	QoQ	% change YoY	2013	2012	% change YoY
		in / end of				in / end of		
Statements of operations (CHF million)								
Net revenues	485	499	534	(3)	(9)	1,996	2,064	(3)
Provision for credit losses	9	(8)	11	–	(18)	4	29	(86)
Total operating expenses	263	256	274	3	(4)	1,027	1,094	(6)
Income before taxes	213	251	249	(15)	(14)	965	941	3
Statement of operations metrics (%)								
Cost/income ratio	54.2	51.3	51.3	–	–	51.5	53.0	–
Pre-tax income margin	43.9	50.3	46.6	–	–	48.3	45.6	–
Net revenue detail (CHF million)								
Net interest income	278	278	299	0	(7)	1,105	1,170	(6)
Recurring commissions and fees	108	117	114	(8)	(5)	451	448	1
Transaction- and performance-based revenues	102	105	102	(3)	0	455	457	0
Other revenues ¹	(3)	(1)	19	200	–	(15)	(11)	36
Net revenues	485	499	534	(3)	(9)	1,996	2,064	(3)
Number of relationship managers								
Number of relationship managers (Switzerland)	560	560	560	0	0	560	560	0

¹ Includes fair value losses of CHF 6 million on the Clock Finance transaction and gains of CHF 25 million related to a recovery case in 4Q12. Other periods presented relate to fair value gains/(losses) on the Clock Finance transaction.

ASSET MANAGEMENT

Net revenues

Fee-based revenues

YoY: Up 38% from CHF 559 million to CHF 769 million

The increase reflected higher performance fees, asset management fees and private equity placement fees. Higher performance fees were recognized primarily from single manager hedge funds and Hedging-Griffo. The higher asset management fees reflected higher average assets under management in alternative products.

QoQ: Up 95% from CHF 394 million to CHF 769 million

The increase primarily reflected higher performance fees, carried interest on realized private equity gains and private equity placement fees. The increase in performance fees primarily reflected annual performance fees from single manager hedge funds and semi-annual fees from Hedging-Griffo.

Investment-related gains/(losses)

YoY: Up 27% from CHF 15 million to CHF 19 million

In 4Q13, gains of CHF 19 million reflected gains in hedge fund investments. In 4Q12, gains of CHF 15 million reflected gains in hedge fund investments and the real estate sector.

QoQ: Up from CHF (2) million to CHF 19 million

In 4Q13, gains of CHF 19 million reflected gains in hedge fund investments.

Equity participations and other gains/(losses)

YoY: Down from CHF 35 million to CHF (68) million

In 4Q13, we recognized an impairment of CHF 68 million related to AMF. In 4Q12, we recognized a gain of CHF 45 million from the sale of Wincasa which was partially offset by an impairment of CHF 16 million related to AMF.

QoQ: Down from CHF (18) million to CHF (68) million

In 4Q13, we recognized the impairment related to AMF. In 3Q13, we recognized an impairment of CHF 18 million related to AMF.

Results – Asset Management

	4Q13	3Q13	in / end of 4Q12	% change		2013	in / end of 2012	% change
				QoQ	YoY			YoY
Statements of operations (CHF million)								
Net revenues	719	373	610	93	18	1,994	1,804	11
Provision for credit losses	0	0	0	–	–	0	0	–
Total operating expenses	350	325	313	8	12	1,382	1,342	3
Income before taxes	369	48	297	–	24	612	462	32
Statement of operations metrics (%)								
Cost/income ratio	48.7	87.1	51.3	–	–	69.3	74.4	–
Pre-tax income margin	51.3	12.9	48.7	–	–	30.7	25.6	–
Net revenue detail (CHF million)								
Recurring commissions and fees	299	285	265	5	13	1,147	1,070	7
Transaction- and performance-based revenues	481	120	304	301	58	925	670	38
Other revenues	(61)	(32)	41	91	–	(78)	64	–
Net revenues	719	373	610	93	18	1,994	1,804	11
Net revenue detail by type (CHF million)								
Asset management fees	299	285	265	5	13	1,147	1,070	7
Placement, transaction and other fees	116	61	83	90	40	284	223	27
Performance fees and carried interest	342	36	203	–	68	542	346	57
Equity participations income	12	12	8	0	50	44	36	22
Fee-based revenues	769	394	559	95	38	2,017	1,675	20
Investment-related gains/(losses)	19	(2)	15	–	27	52	139	(63)
Equity participations and other gains/(losses)	(68)	(18)	35	278	–	(86)	(7)	–
Other revenues ¹	(1)	(1)	1	0	–	11	(3)	–
Net revenues	719	373	610	93	18	1,994	1,804	11
Fee-based margin on assets under management (annualized) (bp)								
Fee-based margin ²	87	45	69	–	–	58	52	–

¹ Includes allocated funding costs.

² Fee-based revenues divided by average assets under management.

Assets under management – Asset Management

		in / end of		% change		in / end of		% change
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Assets under management (CHF billion)								
Hedge funds	29.8	28.8	24.8	3.5	20.2	29.8	24.8	20.2
Private equity	0.6	0.4	0.4	50.0	50.0	0.6	0.4	50.0
Real estate & commodities	50.5	49.9	48.6	1.2	3.9	50.5	48.6	3.9
Credit	30.0	28.9	23.8	3.8	26.1	30.0	23.8	26.1
Index strategies	75.1	70.9	64.0	5.9	17.3	75.1	64.0	17.3
Multi-asset class solutions	104.0	106.9	103.1	(2.7)	0.9	104.0	103.1	0.9
Fixed income & equities	54.4	55.5	55.2	(2.0)	(1.4)	54.4	55.2	(1.4)
Other	7.9	7.7	5.4	2.6	46.3	7.9	5.4	46.3
Assets under management	352.3	349.0	325.3	0.9	8.3	352.3	325.3	8.3
Average assets under management (CHF billion)								
Average assets under management	352.5	346.9	324.7	1.6	8.6	346.3	320.1	8.2
Assets under management by currency (CHF billion)								
USD	74.9	73.0	63.0	2.6	18.9	74.9	63.0	18.9
EUR	50.5	50.5	42.2	0.0	19.7	50.5	42.2	19.7
CHF	196.4	195.3	192.9	0.6	1.8	196.4	192.9	1.8
Other	30.5	30.2	27.2	1.0	12.1	30.5	27.2	12.1
Assets under management	352.3	349.0	325.3	0.9	8.3	352.3	325.3	8.3
Growth in assets under management (CHF billion)								
Net new assets ¹	(0.5)	4.4	2.8	-	-	15.0	(8.3)	-
Other effects	3.8	(1.5)	0.8	-	-	12.0	14.6	-
of which market movements	6.5	3.9	3.5	-	-	17.7	24.2	-
of which currency	(2.8)	(4.7)	(2.7)	-	-	(5.5)	(4.6)	-
of which other	0.1	(0.7)	0.0	-	-	(0.2)	(5.0)	-
Growth in assets under management	3.3	2.9	3.6	-	-	27.0	6.3	-
Growth in assets under management (annualized) (%)								
Net new assets	(0.6)	5.1	3.5	-	-	4.6	(2.6)	-
Other effects	4.4	(1.7)	1.0	-	-	3.7	4.6	-
Growth in assets under management (annualized)	3.8	3.4	4.5	-	-	8.3	2.0	-
Growth in assets under management (rolling four-quarter average) (%)								
Net new assets	4.6	5.7	(2.6)	-	-	-	-	-
Other effects	3.7	2.8	4.6	-	-	-	-	-
Growth in assets under management (rolling four-quarter average)	8.3	8.5	2.0	-	-	-	-	-
Principal investments (CHF billion)								
Principal investments	0.9	0.9	1.1	0.0	(18.2)	0.9	1.1	(18.2)

¹ Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

Non-strategic results

OVERVIEW

Our non-strategic businesses for Private Banking & Wealth Management include positions relating to the restructuring of the former Asset Management division, run-off operations relating to our small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the US tax matter, the impact of restructuring our German onshore operations, other smaller non-strategic positions formerly in our Corporate & Institutional Clients business and the run-off and active reduction of selected products.

4Q13 results

In 4Q13, our non-strategic businesses reported a loss before taxes of CHF 624 million reflecting substantially higher litigation provisions of CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014. In 3Q13, we reported income before taxes of CHF 210 million, which included gains from the sale of former Asset Management businesses.

Full-year 2013 results

For 2013, our non-strategic businesses reported a loss before taxes of CHF 387 million compared to CHF 401 million in 2012. Net revenues of CHF 1,008 million were significantly lower compared to 2012 due to lower recurring commissions and fees and lower transaction- and performance-based revenues, reflecting the impact of sales of non-strategic businesses during the course of the year. The results in 2013 also reflected the CHF 237 million gain on the sale of our exchange-traded funds (ETF) and secondary private equity businesses and investment-related gains of CHF 128 million, compared to the gain of CHF 384 million in 2012 on the sale of our ownership interest in Aberdeen.

Provision for credit losses was CHF 70 million in 2013 on a net loan portfolio of CHF 4 billion.

Total operating expenses were higher compared to 2012, mainly reflecting substantially higher litigation provisions of CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014, and higher professional services fees related to the sale of businesses, partially offset by lower compensation and benefits.

Non-strategic results

	in / end of		% change		in / end of		% change	
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Statements of operations (CHF million)								
Net revenues	169	382	97	(56)	74	1,008	1,131	(11)
Provision for credit losses	17	21	21	(19)	(19)	70	43	63
Compensation and benefits	72	80	91	(10)	(21)	304	375	(19)
Total other operating expenses	704	71	103	–	–	1,021	312	227
Total operating expenses	776	151	194	414	300	1,325	687	93
Income/(loss) before taxes	(624)	210	(118)	–	429	(387)	401	–
Revenue details (CHF million)								
Restructuring of select onshore businesses	28	25	39	12	(28)	164	149	10
Legacy cross-border business and small markets	52	49	52	6	0	203	209	(3)
Restructuring of former Asset Management division	54	288	(32)	(81)	–	534	660	(19)
Other	35	20	38	75	(8)	107	113	(5)
Net revenues	169	382	97	(56)	74	1,008	1,131	(11)
Balance sheet statistics (CHF million)								
Risk-weighted assets – Basel III	6,079	6,469	7,728	(6)	(21)	6,079	7,728	(21)
Total assets	20,692	22,197	23,967	(7)	(14)	20,692	23,967	(14)
Swiss leverage exposure	21,589	23,096	–	(7)	–	21,589	–	–

RESULTS DETAIL

The following provides a comparison of our 4Q13 non-strategic results versus 4Q12 (YoY) and versus 3Q13 (QoQ).

Net revenues

YoY: Up 74% from CHF 97 million to CHF 169 million

The increase in net revenues reflected higher investment-related gains partially offset by lower revenues resulting from the sale of businesses. Investment-related gains were CHF 26 million in 4Q13 compared to losses of CHF 90 million primarily related to the planned sale of certain private equity investments in 4Q12. These gains were partially offset by lower asset management and placement fees, primarily reflecting the sales in 3Q13 of our ETF and secondary private equity businesses.

QoQ: Down 56% from CHF 382 million to CHF 169 million

The decrease mainly reflected equity participation gains of CHF 237 million from the sales of our ETF and secondary private equity businesses in 3Q13.

Operating expenses

YoY: Up 300% from CHF 194 million to CHF 776 million

Higher operating expenses reflected substantially higher litigation provisions of CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement

with the SEC in February 2014, and higher professional services fees resulting from the sale of former Asset Management businesses, partially offset by lower commission and compensation expenses relating to the sales. We also recognized a goodwill impairment of CHF 12 million resulting from the creation of the non-strategic reporting unit in 4Q13.

QoQ: Up 414% from CHF 151 million to CHF 776 million

The higher litigation provisions, the goodwill impairment charge and higher professional services fees relating to the sales of businesses were partially offset by lower compensation expense.

Business developments

In December 2013, we completed the sales of a limited partnership interest and a private equity business resulting in a reduction in our consolidated assets of approximately CHF 450 million and Basel III risk-weighted assets of approximately CHF 340 million.

In January 2014, we completed the sale of CFG, our private equity fund of funds and co-investment business, to Grosvenor Capital Management. We expect to recognize a gain of approximately CHF 90 million in 1Q14.

In December 2013, we announced the sale of our domestic private banking business booked in Germany to ABN AMRO. This transaction is expected to close in the course of 2014.

Assets under management

In **4Q13**, assets under management of CHF 1,282.4 billion increased 1.1% compared to the end of 3Q13, as positive market movements and net new assets were partially offset by adverse foreign exchange-related movements and structural effects mostly arising from disposals of businesses in the division.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 1.7 billion in 4Q13 with continued strong inflows from emerging markets, partially offset by Western European cross-border outflows. Corporate & Institutional Clients in Switzerland reported net new assets of CHF 4.0 billion in 4Q13. Asset Management reported net asset outflows of CHF 0.5 billion in 4Q13, mainly from multi-asset class solutions and fixed income products partially offset by inflows in index strategies and credit products.

Assets under management of CHF 44.4 billion in our non-strategic portfolio relate to businesses we are exiting, including CFGI and our domestic private banking business booked in Germany.

In **2013**, assets under management of CHF 1,282.4 billion increased 2.5% compared to 2012, reflecting net new assets of CHF 32.1 billion and positive market movements, partially offset by adverse foreign exchange-related movements and structural effects.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 18.9 billion, particularly from inflows from emerging markets and our ultra-high-net-worth individual (UHNWI) client segment, partially offset by Western European cross-border outflows. Corporate & Institutional Clients in Switzerland reported strong net new assets of CHF 8.8 billion. Asset Management reported significant net new assets of CHF 15.0 billion, mainly from credit, index strategies and hedge fund products, partially offset by outflows from fixed income.

In our non-strategic portfolio, assets under management declined 47.6% to CHF 44.4 billion mainly reflecting the sale of our ETF and secondary private equity businesses.

Assets under management – Private Banking & Wealth Management

	in / end of		% change		in / end of		% change	
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Assets under management by business (CHF billion)								
Wealth Management Clients	790.7	782.9	758.0	1.0	4.3	790.7	758.0	4.3
Corporate & Institutional Clients	250.0	241.1	223.8	3.7	11.7	250.0	223.8	11.7
Asset Management	352.3	349.0	325.3	0.9	8.3	352.3	325.3	8.3
Non-strategic	44.4	48.7	84.7	(8.8)	(47.6)	44.4	84.7	(47.6)
Assets managed across businesses ¹	(155.0)	(153.5)	(141.0)	1.0	9.9	(155.0)	(141.0)	9.9
Assets under management	1,282.4	1,268.2	1,250.8	1.1	2.5	1,282.4	1,250.8	2.5
Average assets under management (CHF billion)								
Average assets under management	1,284.6	1,275.8	1,250.0	0.7	2.8	1,291.2	1,224.7	5.4
Net new assets by business (CHF billion)								
Wealth Management Clients	1.7	3.8	3.6	(55.3)	(52.8)	18.9	20.6	(8.3)
Corporate & Institutional Clients	4.0	0.5	1.1	–	263.6	8.8	1.5	486.7
Asset Management	(0.5)	4.4	2.8	–	–	15.0	(8.3)	–
Non-strategic	(1.0)	(1.2)	(0.9)	(16.7)	11.1	(5.9)	(2.1)	181.0
Assets managed across businesses ¹	0.2	0.6	0.2	(66.7)	0.0	(4.7)	(0.9)	422.2
Net new assets	4.4	8.1	6.8	(45.7)	(35.3)	32.1	10.8	197.2

¹ Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and non-strategic businesses.

Investment Banking

In 4Q13, Investment Banking reported a loss before taxes of CHF 564 million. Results reflect solid performance in our strategic businesses and an increased loss before taxes in our non-strategic businesses, driven by significantly increased litigation provisions in connection with mortgage-related matters. In our strategic businesses, net revenues declined 5% compared to 4Q12, as lower client trading activity in our fixed income business and lower advisory results offset improved performance from our equities franchise. Compared to 3Q13, our strategic businesses delivered resilient revenues reflecting solid results in our equities and underwriting franchises. Our non-strategic businesses reported a loss before taxes of CHF 1,032 million, including litigation provisions in connection with the agreement with the Federal Housing Finance Agency (FHFA) on March 21, 2014 to settle certain litigation relating to mortgage-backed securities.

For full year 2013, total Investment Banking income before taxes was CHF 1,719 million, with net revenues of CHF 12,565 million. Our income before taxes decreased by 14% while revenues remained stable. We also reported

lower leverage levels and capital usage from 2012. Our strategic businesses reported income before taxes of CHF 3,853 million and net revenues of CHF 13,164 million. Our non-strategic businesses reported a loss before taxes of CHF 2,134 million, including the litigation provisions in connection with the agreement with the FHFA and net revenue losses of CHF 599 million.

As of the end of 4Q13, we reported total assets of USD 565 billion, exceeding our Investment Banking balance sheet target of less than USD 600 billion of assets by year-end 2013. Additionally, we reported Swiss leverage exposure of USD 812 billion, exceeding our target of less than USD 840 billion by year-end 2013.

In 2013, we reduced risk-weighted assets under Basel III by USD 11 billion to USD 176 billion as of the end of 4Q13, compared to our year-end target of USD 175 billion. Business reductions of USD 27 billion were partially offset by increases of USD 10 billion from methodology changes and parameter updates and an operational risk add-on in 4Q13 of USD 6 billion.

Divisional results

	4Q13	3Q13	in / end of 4Q12	QoQ	% change YoY	2013	in / end of 2012	% change YoY
Statements of operations (CHF million)								
Net revenues	2,668	2,552	2,664	5	0	12,565	12,558	0
of which strategic results	2,795	2,748	2,950	2	(5)	13,164	13,385	(2)
of which non-strategic results	(127)	(196)	(286)	(35)	(56)	(599)	(827)	(28)
Provision for credit losses	8	7	2	14	300	13	(12)	-
Compensation and benefits	1,355	1,129	1,172	20	16	5,435	6,070	(10)
General and administrative expenses	1,667	961	941	73	77	4,477	3,551	26
Commission expenses	202	226	251	(11)	(20)	921	947	(3)
Total other operating expenses	1,869	1,187	1,192	57	57	5,398	4,498	20
Total operating expenses	3,224	2,316	2,364	39	36	10,833	10,568	3
of which strategic results	2,319	2,070	2,197	12	6	9,300	9,970	(7)
of which non-strategic results	905	246	167	268	442	1,533	598	156
Income/(loss) before taxes	(564)	229	298	-	-	1,719	2,002	(14)
of which strategic results	468	671	750	(30)	(38)	3,853	3,427	12
of which non-strategic results	(1,032)	(442)	(452)	133	128	(2,134)	(1,425)	50
Statement of operations metrics (%)								
Return on Basel III capital ¹	-	4.0	5.1	-	-	7.5	7.8	-
Cost/income ratio	120.8	90.8	88.7	-	-	86.2	84.2	-
Pre-tax income margin	(21.1)	9.0	11.2	-	-	13.7	15.9	-
Utilized economic capital and return								
Average utilized economic capital (CHF million)	19,905	19,666	19,228	1	4	19,910	20,241	(2)
Pre-tax return on average utilized economic capital (%) ²	(10.8)	5.2	6.9	-	-	9.1	10.6	-
Number of employees (full-time equivalents)								
Number of employees	19,700	20,000	19,800	(2)	(1)	19,700	19,800	(1)

¹ Calculated using income after tax denominated in USD; assumes tax rate of 30% in 4Q13 and 3Q13, 27% in 2013, 25% in 4Q12 and 2012 and capital allocated at 10% of average risk-weighted assets.

² Calculated using a return excluding interest costs for allocated goodwill.

Divisional results (continued)

	in / end of		% change		in / end of		% change	
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Net revenue detail (CHF million)								
Debt underwriting	482	424	508	14	(5)	1,902	1,617	18
Equity underwriting	273	129	167	112	63	766	552	39
Total underwriting	755	553	675	37	12	2,668	2,169	23
Advisory and other fees	194	152	307	28	(37)	658	1,042	(37)
Total underwriting and advisory	949	705	982	35	(3)	3,326	3,211	4
Fixed income sales and trading	746	833	887	(10)	(16)	4,823	5,349	(10)
Equity sales and trading	1,050	1,065	910	(1)	15	4,750	4,330	10
Total sales and trading	1,796	1,898	1,797	(5)	0	9,573	9,679	(1)
Other	(77)	(51)	(115)	51	(33)	(334)	(332)	1
Net revenues	2,668	2,552	2,664	5	0	12,565	12,558	0
Average one-day, 98% risk management Value-at-Risk (CHF million)								
Interest rate & credit spread	35	38	44	(8)	(20)	40	53	(25)
Foreign exchange	9	9	9	0	0	9	15	(40)
Commodity	2	2	2	0	0	2	3	(33)
Equity	17	15	19	13	(11)	16	23	(30)
Diversification benefit	(23)	(23)	(31)	0	(26)	(26)	(39)	(33)
Average one-day, 98% risk management Value-at-Risk	40	41	43	(2)	(7)	41	55	(25)

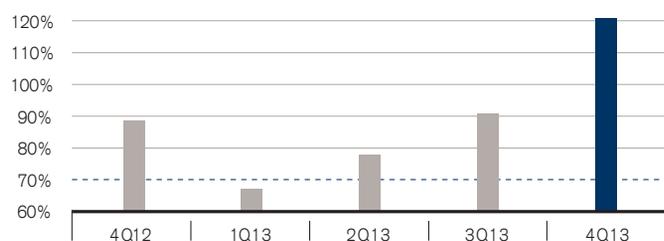
KEY PERFORMANCE INDICATORS

We target a divisional cost/income ratio of 70% for the Investment Banking division. The cost/income ratio was 120.8% in 4Q13, compared to 90.8% in 3Q13 and 88.7% in 4Q12. The cost/income ratio for our strategic results was 83.0% in 4Q13, compared to 74.5% in 4Q12 and 75.3% in 3Q13.

► Refer to "Key performance indicators" in Core Results for further information.

Cost/income ratio (KPI)

Investment Banking



--- Target is a cost/income ratio of 70%.

Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Investment Banking		
	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Statements of operations (CHF million)									
Net revenues	2,795	2,748	2,950	(127)	(196)	(286)	2,668	2,552	2,664
Provision for credit losses	8	7	3	0	0	(1)	8	7	2
Compensation and benefits	1,335	1,094	1,139	20	35	33	1,355	1,129	1,172
Total other operating expenses	984	976	1,058	885	211	134	1,869	1,187	1,192
Total operating expenses	2,319	2,070	2,197	905	246	167	3,224	2,316	2,364
Income/(loss) before taxes	468	671	750	(1,032)	(442)	(452)	(564)	229	298
Balance sheet statistics (CHF million, except where indicated)									
Risk-weighted assets – Basel III	138,853	134,946	150,259	17,549	17,692	21,252	156,402	152,638	171,511
Risk-weighted assets – Basel III (USD)	156,041	149,236	164,199	19,721	19,565	23,224	175,762	168,801	187,423
Total assets	475,516	497,988	529,652	27,283	30,774	34,106	502,799	528,762	563,758
Swiss leverage exposure	644,800	696,812	–	77,700	84,413	–	722,500	781,225	–

Strategic results

OVERVIEW

4Q13 results

In 4Q13, our strategic businesses reported income before taxes of CHF 468 million and net revenues of CHF 2,795 million.

Fixed income sales and trading revenues declined from 4Q12, reflecting continued low client trading activity, particularly in global macro products, which includes our rates, foreign exchange and commodities businesses. Revenues also declined compared to 3Q13 due to lower client trading activity in leveraged finance, emerging markets and rates businesses.

Equity sales and trading revenues increased from 4Q12 reflecting continued market leadership, higher equity values and increased client activity. Compared to 3Q13, equity sales and trading revenues were stable.

Underwriting and advisory results were lower compared to 4Q12 as robust equity underwriting performance was offset by lower debt underwriting and advisory revenues. Compared to 3Q13, revenues increased substantially driven by strong equity underwriting issuance activity as well as higher debt underwriting and advisory results.

Compensation and benefits increased compared to both 4Q12 and 3Q13 driven by higher discretionary performance-related compensation expense. Total other operating expenses declined 7% compared to 4Q12 and were stable compared to 3Q13.

Results in 4Q13 were impacted by the weakening of the average rate of the US dollar against the Swiss franc, compared to 4Q12 and 3Q13, which adversely impacted revenues and favorably impacted expenses. Compared to 4Q12, revenues declined 5% and total operating expenses increased 6% in Swiss francs while revenues declined 2% and total operating expenses increased 9% in US dollars. Compared to 3Q13, revenues were up 2% and total

operating expenses increased 12% in Swiss francs while revenues increased 5% and expenses increased 14% in US dollars.

As of the end of 4Q13, we reported risk-weighted assets under Basel III of USD 156 billion reflecting further progress in reducing our risk-weighted assets. We reduced risk-weighted assets under Basel III by USD 8 billion from 4Q12, as USD 22 billion of business reductions offset increases of USD 8 billion due to methodology changes and parameter updates and an operational risk add-on of USD 6 billion in 4Q13. Additionally, we reported Swiss leverage exposure in our strategic businesses of USD 725 billion, a reduction of USD 46 billion, or 6% from 3Q13.

Full-year 2013 results

The transformed Investment Banking division delivered strong profitability in 2013 on slightly lower revenues, a reduced cost base and lower leverage and capital usage.

Revenues in our strategic businesses were slightly lower as strong performance in our equities, credit and underwriting franchises were offset by lower rates and advisory results. Fixed income sales and trading revenues declined 15% compared to 2012, reflecting difficult trading conditions. Specifically, global macro products revenues declined substantially, primarily in rates, driven by reduced client activity and low trading volumes throughout the year. Emerging markets revenues also declined driven by lower financing and origination activity due to less favorable market conditions. Securitized products revenues decreased as higher asset finance origination was more than offset by lower agency security trading activities. These declines were partially offset by strong global credit products revenues driven by significantly higher revenues in our leveraged finance franchise.

Strategic results

	in / end of		% change		in / end of		% change	
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Statements of operations (CHF million)								
Debt underwriting	483	424	508	14	(5)	1,902	1,617	18
Equity underwriting	274	129	167	112	64	766	552	39
Total underwriting	757	553	675	37	12	2,668	2,169	23
Advisory and other fees	194	152	307	28	(37)	658	1,042	(37)
Total underwriting and advisory	951	705	982	35	(3)	3,326	3,211	4
Fixed income sales and trading	808	1,030	1,180	(22)	(32)	5,300	6,221	(15)
Equity sales and trading	1,070	1,095	900	(2)	19	4,849	4,285	13
Total sales and trading	1,878	2,125	2,080	(12)	(10)	10,149	10,506	(3)
Other	(34)	(82)	(112)	(59)	(70)	(311)	(332)	(6)
Net revenues	2,795	2,748	2,950	2	(5)	13,164	13,385	(2)
Provision for credit losses	8	7	3	14	167	11	(12)	-
Compensation and benefits	1,335	1,094	1,139	22	17	5,326	5,881	(9)
General and administrative expenses	790	754	810	5	(2)	3,078	3,149	(2)
Commission expenses	194	222	248	(13)	(22)	896	940	(5)
Total other operating expenses	984	976	1,058	1	(7)	3,974	4,089	(3)
Total operating expenses	2,319	2,070	2,197	12	6	9,300	9,970	(7)
Income before taxes	468	671	750	(30)	(38)	3,853	3,427	12
Statement of operations metrics (%)								
Return on Basel III capital ¹	9.5	13.4	14.6	-	-	19.0	15.6	-
Cost/income ratio	83.0	75.3	74.5	-	-	70.6	74.5	-
Pre-tax income margin	16.7	24.4	25.4	-	-	29.3	25.6	-
Balance sheet statistics (CHF million, except where indicated)								
Risk-weighted assets – Basel III	138,853	134,946	150,259	3	(8)	138,853	150,259	(8)
Risk-weighted assets – Basel III (USD)	156,041	149,236	164,199	5	(5)	156,041	164,199	(5)
Total assets	475,516	497,988	529,652	(5)	(10)	475,516	529,652	(10)
Swiss leverage exposure	644,800	696,812	-	(7)	-	644,800	-	-

¹ Calculated using income after tax denominated in USD; assumes tax rate of 30% in 4Q13 and 3Q13, 28% in 2013, 25% in 4Q12 and 2012 and capital allocated at 10% of average risk-weighted assets.

Equity sales and trading revenues increased 13%, reflecting continued market leadership and increased client activity notwithstanding reduced balance sheet usage. The gains included higher revenues in derivatives, systematic market making and cash equities, partially offset by lower prime services and fund-linked products results. Underwriting and advisory results increased reflecting significantly higher debt underwriting results. In addition equity underwriting results were significantly higher, driven by substantially higher revenues from IPOs and follow-on offerings. These increases were partially offset by significantly lower advisory revenues, reflecting a decline in the total industry M&A fee pool.

Total operating expenses were CHF 9,300 million, down 7% from 2012. Compensation and benefits of CHF 5,326 million decreased by CHF 555 million, or 9%, from 2012, primarily reflecting lower deferred compensation expense from prior-year awards as 2012 included 2011 Partner Asset Facility (PAF2) expenses of CHF 411 million. Total other operating expenses of CHF 3,974 million were down 3% compared to 2012.

The following provides a comparison of our strategic 4Q13 results versus 4Q12 (YoY) and versus 3Q13 (QoQ).

Net revenues**Debt underwriting**

YoY: Down 5% from CHF 508 million to CHF 483 million

The decrease was primarily due to lower results in leveraged finance as market share gains were more than offset by lower global high yield industry-wide issuance volumes. The decrease was partially offset by higher investment grade results, as market share gains more than offset lower global industry-wide issuance volumes. We also had higher structured credit revenues.

QoQ: Up 14% from CHF 424 million to CHF 483 million

The increase was due to higher revenues from leveraged finance, despite slightly lower high yield industry volumes. Results included lower investment grade revenues as an increase in global industry-wide issuance volumes was more than offset by lower market share. We also had lower emerging markets revenues driven by weaker structured lending results.

Equity underwriting

YoY: Up 64% from CHF 167 million to CHF 274 million

The improvement was driven by strong performance across most major equity markets. We had substantially higher revenues from IPOs, as higher global industry-wide issuance activity more than offset lower market share. We also had significantly higher revenues from follow-on offerings driven by higher global industry-wide issuance activity.

QoQ: Up 112% from CHF 129 million to CHF 274 million

The increase was due to substantially higher revenues from IPOs and improved convertibles results reflecting significantly higher global industry-wide issuance activity partly offset by lower market share in both products. We also had higher revenues from follow-on offerings reflecting stronger global industry-wide issuance activity.

Advisory and other fees

YoY: Down 37% from CHF 307 million to CHF 194 million

The decrease was primarily due to significantly lower M&A fees reflecting a decline in the total industry fee pool. We also had lower global completed M&A market share.

QoQ: Up 28% from CHF 152 million to CHF 194 million

The increase was driven by higher M&A fees as an improvement in global industry-wide completed M&A volumes more than offset lower global completed M&A market share.

Fixed income sales and trading

YoY: Down 32% from CHF 1,180 million to CHF 808 million

Fixed income revenues declined significantly reflecting lower client trading volumes particularly in global macro products, primarily due to substantially weaker global rates revenues, as well as lower foreign exchange and commodities results. Lower revenues in securitized products were driven by lower client trading activity in non-agency and agency securities, partially offset by stronger asset finance performance due to higher origination volumes. Corporate lending revenues also declined. Emerging markets revenues decreased, as an improved financing environment was offset by lower trading and origination activity in Brazil and Europe, Middle East and Africa (EMEA). Global credit products revenues were slightly lower reflecting higher trading activity offset by lower origination results. At the end of the quarter, fixed income risk-weighted assets under Basel III totaled USD 91 billion, a reduction of USD 10 billion, or 10%, from a year ago.

QoQ: Down 22% from CHF 1,030 million to CHF 808 million

Fixed income sales and trading revenues declined, reflecting reduced client trading activity. The decrease primarily reflected lower global credit products revenues due to significantly lower leveraged finance revenues. Emerging markets revenues were

also lower reflecting volatile trading conditions in Brazil and EMEA. Global macro products revenues declined, primarily driven by lower rates revenues, though commodities and foreign exchange performance improved from subdued 3Q13 levels. The declines were partially offset by strong securitized products results driven by significantly higher agency performance. Fixed income risk-weighted assets under Basel III increased USD 3 billion, or 3%, from 3Q13.

Equity sales and trading

YoY: Up 19% from CHF 900 million to CHF 1,070 million

Increased results reflected continued market leadership, higher equity values and increased client activity. The increase was primarily driven by substantially higher derivatives revenues due to robust client activity and strong performance in Asia. We also had higher results from systematic market making driven by improved global coverage and significant market events including quantitative easing in Japan and strong US equity markets that resulted in higher global equity volumes. Cash equities revenues increased driven by market share gains and more favorable trading conditions. Prime services revenues were resilient, albeit lower, reflecting sustained market leadership and increased client balances.

QoQ: Down 2% from CHF 1,095 to CHF 1,070 million

Results reflected higher derivatives revenues driven by higher industry trading volumes and higher cash equities results due to both higher industry volumes and market share gains in the US. These increases were offset by lower prime services revenues reflecting lower financing revenues.

Operating expenses

Compensation and benefits

YoY: Up 17% from CHF 1,139 million to CHF 1,335 million

The increase was driven by higher discretionary performance-related compensation expense due to variable compensation accruals reflecting 2013 full-year results. This increase was partially offset by lower salaries, reflecting lower headcount.

QoQ: Up 22% from CHF 1,094 million to CHF 1,335 million

The increase was primarily due to higher discretionary performance-related compensation expense due to variable compensation accrual based on full-year results.

General and administrative expenses

YoY: Down 2% from CHF 810 million to CHF 790 million

The decrease was primarily driven by lower technology costs and lower litigation provisions.

QoQ: Up 5% from CHF 754 million to CHF 790 million

The increase was primarily driven by higher legal and other professional fees. These increases were partially offset by lower litigation provisions.

Non-strategic results

OVERVIEW

Non-strategic results for Investment Banking include the fixed income wind-down portfolio, legacy rates business, primarily capital instruments that are not compliant with the Basel III capital framework and capital-intensive structured positions, legacy funding costs associated with non-Basel III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions.

4Q13 results

In 4Q13, we reported a loss before taxes of CHF 1,032 million and net revenue losses of CHF 127 million. Total operating expenses increased compared to 4Q12 and 3Q13, reflecting significantly higher litigation provisions, primarily in connection with mortgage-related matters of CHF 806 million. Net revenue losses were lower compared to 4Q12 and 3Q13, driven by portfolio valuation gains, particularly in our legacy fixed income wind-down portfolio, reflecting various portfolio management measures.

As of the end of 4Q13, we reported risk-weighted assets under Basel III of USD 20 billion, down USD 3 billion from the end of 4Q12. This compares to our target of USD 6 billion by year-end 2015. Additionally, we reported Swiss leverage exposure of USD 87 billion, a reduction of USD 6 billion, or 6% from 3Q13. This compares to our target of USD 24 billion in Swiss leverage exposure by year-end 2015.

Full-year 2013 results

Results reflected net revenue losses of CHF 599 million in 2013 compared to net revenue losses of CHF 827 million in 2012, driven by portfolio valuation gains and lower funding costs. Total operating expenses increased, primarily driven by significantly higher litigation provisions. In 2013, we reduced risk-weighted assets under Basel III by USD 3 billion to USD 20 billion from the end of 2012.

Non-strategic results

	4Q13	3Q13	4Q12	in / end of		2013		2012	
				QoQ	YoY			YoY	
Statements of operations (CHF million)									
Net revenues	(127)	(196)	(286)	(35)	(56)	(599)	(827)	(28)	
Provision for credit losses	0	0	(1)	–	100	2	0	–	
Compensation and benefits	20	35	33	(43)	(39)	109	189	(42)	
Total other operating expenses	885	211	134	319	–	1,424	409	248	
of which litigation	842	150	78	461	–	1,220	192	–	
Total operating expenses	905	246	167	268	442	1,533	598	156	
Income/(loss) before taxes	(1,032)	(442)	(452)	133	128	(2,134)	(1,425)	50	
Revenue details (CHF million)									
Fixed income wind-down	60	(66)	(132)	–	–	(32)	(597)	(95)	
Legacy rates business	(1)	(8)	(59)	(88)	(98)	12	40	(70)	
Legacy funding costs	(93)	(95)	(103)	(2)	(10)	(382)	(417)	(8)	
Other	(93)	(27)	8	244	–	(197)	147	–	
Net revenues	(127)	(196)	(286)	(35)	(56)	(599)	(827)	(28)	
Balance sheet statistics (CHF million, except where indicated)									
Risk-weighted assets – Basel III	17,549	17,692	21,252	(1)	(17)	17,549	21,252	(17)	
Risk-weighted assets – Basel III (USD)	19,721	19,565	23,224	1	(15)	19,721	23,224	(15)	
Total assets	27,283	30,774	34,106	(11)	(20)	27,283	34,106	(20)	
Swiss leverage exposure	77,700	84,413	–	(8)	–	77,700	–	–	

The following provides a comparison of our non-strategic 4Q13 results versus 4Q12 (YoY) and versus 3Q13 (QoQ).

Net revenues

YoY: Up 56% from CHF (286) million to CHF (127) million

We had reduced net revenue losses driven by significant valuation gains, particularly in our fixed income wind-down portfolio and our legacy rates business, driven by various portfolio management measures. At the end of the quarter, risk-weighted assets under Basel III totaled USD 20 billion, a reduction of USD 3 billion.

QoQ: Up 35% from CHF (196) million to CHF (127) million

Results reflected reduced net revenue losses driven by significant valuation gains, particularly in our fixed income wind-down portfolio and legacy rates business, driven by various portfolio management measures. At the end of the quarter, risk-weighted assets under Basel III of USD 20 billion were flat compared to 3Q13.

Total operating expenses

YoY: Up 442% from CHF 167 million to CHF 905 million

The increase was driven by significantly higher litigation provisions, primarily CHF 806 million in connection with mortgage-related matters in 4Q13, including in connection with the March 2014 FHFA settlement.

QoQ: Up 268% from CHF 246 million to CHF 905 million

The increase was driven by higher other operating expenses in 4Q13, reflecting the higher litigation provisions.

Corporate Center

In 4Q13, we recorded a loss before taxes of CHF 389 million, primarily reflecting fair value losses from movements in own credit spreads and business realignment costs. These negative impacts were partially offset by gains from the sale of real estate.

For 2013, we reported a loss before taxes of CHF 1,455 million, primarily reflecting business realignment costs, fair value losses from movements in own credit spreads, reclassifications to discontinued operations and gains from the sale of real estate.

Corporate Center Results

	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
			in / end of		% change		in / end of	% change
Statements of operations (CHF million)								
Net revenues	(177)	(419)	(351)	(58)	(50)	(790)	(2,781)	(72)
Provision for credit losses	1	0	0	–	–	2	0	–
Compensation and benefits	119	115	169	3	(30)	455	636	(28)
General and administrative expenses	109	21	315	419	(65)	196	464	(58)
Commission expenses	(17)	4	(11)	–	55	12	8	50
Total other operating expenses	92	25	304	268	(70)	208	472	(56)
Total operating expenses	211	140	473	51	(55)	663	1,108	(40)
Loss before taxes	(389)	(559)	(824)	(30)	(53)	(1,455)	(3,889)	(63)
Balance sheet statistics (CHF million)								
Risk-weighted assets – Basel III ¹	15,306	15,984	16,590	(4)	(8)	15,306	16,590	(8)
Total assets	87,244	86,886	80,733	0	8	87,244	80,733	8
Swiss leverage exposure	83,622	79,231	–	6	–	83,622	–	–

¹ Represents risk-weighted assets on a fully phased-in "look-through" basis.

Strategic and Non-strategic results

in	Strategic results			Non-strategic results			Corporate Center		
	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Statements of operations (CHF million)									
Net revenues	(17)	10	(84)	(160)	(429)	(267)	(177)	(419)	(351)
Provision for credit losses	1	0	0	0	0	0	1	0	0
Compensation and benefits	22	77	(13)	97	38	182	119	115	169
Total other operating expenses	28	22	17	64	3	287	92	25	304
Total operating expenses	50	99	4	161	41	469	211	140	473
Income/(loss) before taxes	(68)	(89)	(88)	(321)	(470)	(736)	(389)	(559)	(824)

RESULTS OVERVIEW

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. It also includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Corporate Center separately presents non-strategic items, which management does not consider representative of our core performance.

► Refer to "Strategic development of our businesses" in Credit Suisse – Information and developments – Format of presentation and changes in reporting for further information on non-strategic items.

In 4Q13, losses before taxes of CHF 389 million improved from losses before taxes of CHF 824 in 4Q12, mainly reflecting litigation provisions of CHF 227 million in 4Q12, as well as lower fair value losses on own credit spreads in 4Q13 of CHF 202 million compared to CHF 376 million in 4Q12. The fair value losses on own long-term vanilla debt reflected the narrowing of credit spreads on senior and subordinated debt across most currencies. 4Q13 results also included lower business realignment costs of CHF 131 million, compared to CHF 285 million in 4Q12. The business realignment costs primarily consisting of severance and other compensation expenses relating to Group-wide cost efficiency

initiatives. The improvement in 4Q13 results was partly offset by lower gains on sale of real estate of CHF 68 million in 4Q13, compared to CHF 151 million in 4Q12 and IT architecture simplification costs of CHF 69 million in 4Q13.

For full year 2013, losses before taxes of CHF 1,455 million improved from losses before taxes of CHF 3,889 million in 2012, mainly reflecting lower fair value losses on own credit spreads of CHF 315 million, compared to CHF 2,939 million in 2012. 2013 results also included lower business realignment costs of CHF 394 million, compared to CHF 680 million in 2012. Business realignment costs in 2013 primarily consisted of severance and other compensation expenses relating to Group-wide cost efficiency initiatives. 2012 results included litigation provisions related to National Century Financial Enterprises, with no litigation provisions in Corporate Center in 2013. The improvement in 2013 results was partly offset by lower gains on sale of real estate of CHF 68 million in 2013, compared to CHF 533 million in 2012 and IT architecture simplification costs of CHF 128 million in 2013. Additionally, Corporate Center's 2013 results included losses of CHF 220 million comprising reclassifications to discontinued operations of revenues and expenses relating to the sales of our ETF and secondary private equity businesses and of our CFG business, which was completed in January 2014, and the announced sale of our domestic private banking business booked in Germany.

Non-strategic results

	in / end of		% change		in / end of		% change	
	4Q13	3Q13	4Q12	QoQ	YoY	2013	2012	YoY
Statements of operations (CHF million)								
Net revenues	(160)	(429)	(267)	(63)	(40)	(735)	(2,546)	(71)
Provision for credit losses	0	0	0	–	–	0	0	–
Total operating expenses	161	41	469	293	(66)	372	809	(54)
Income/(loss) before taxes	(321)	(470)	(736)	(32)	(56)	(1,107)	(3,355)	(67)
of which fair value impact from movements in own credit spreads	(202)	(163)	(376)	24	(46)	(315)	(2,939)	(89)
of which realignment costs ¹	(131)	(38)	(285)	245	(54)	(394)	(680)	(42)
of which IT architecture simplification expenses	(69)	(40)	–	73	–	(128)	–	–
of which real estate sales	68	–	151	–	(55)	68	533	(87)
of which litigation provisions ²	–	–	(227)	–	100	–	(227)	100
of which legacy funding costs ³	6	(20)	(21)	–	–	(57)	(85)	(33)
of which reclassifications to discontinued operations ⁴	5	(213)	15	–	(67)	(220)	9	–
of which other non-strategic items	2	4	7	(50)	(71)	(61)	34	–

¹ Business realignment costs relating to divisional realignment costs are prospectively presented in the relevant divisional non-strategic results beginning in 4Q13.

² Represents litigation provisions related to National Century Financial Enterprises.

³ Represents legacy funding costs associated with non-Basel III compliant debt instruments.

⁴ Includes reclassifications to discontinued operations of revenues and expenses arising from the sale of ETF, secondary private equity and CFG businesses and the announced sale of domestic private banking business booked in Germany.

Impact from movements in own credit spreads

Our Core Results revenues are impacted by changes in credit spreads on fair-valued Credit Suisse long-term vanilla debt and debit valuation adjustments (DVA) relating to certain structured notes liabilities carried at fair value. Our Core Results are also impacted by fair value gains/(losses) on stand-alone derivatives relating to certain of our funding liabilities and reflect the volatility of cross-currency swaps and yield curve volatility and, over the life of the derivatives, will result in no net gains/(losses). These fair value gains/(losses) are recorded in the Corporate Center.

in	4Q13	3Q13	4Q12	2013	2012
Fair value gains/(losses) from movements in own credit spreads	(202)	(163)	(376)	(315)	(2,939)
of which fair value gains/(losses) on own long-term vanilla debt	(180)	(68)	(197)	(268)	(1,663)
of which fair value gains/(losses) from DVA on structured notes	(69)	(99)	(120)	(130)	(958)
of which fair value gains/(losses) on stand-alone derivatives	47	4	(59)	83	(318)

Assets under management

We had net asset inflows from continuing operations of CHF 4.2 billion during 4Q13 and assets under management from continuing operations of CHF 1,253.4 billion as of the end of 4Q13.

Assets under management

Assets under management comprise assets that are placed with us for investment purposes and include discretionary and advisory counterparty assets.

Discretionary assets are assets for which the client fully transfers the discretionary power to a Credit Suisse entity with a management mandate. Discretionary assets are reported in the business in which the advice is provided as well as in the business in which the investment decisions take place. Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic business are reported in each applicable business and eliminated at the divisional level.

Advisory assets include assets placed with us where the client is provided access to investment advice but retains discretion over investment decisions.

Assets under management and net new assets include assets managed by consolidated entities, joint ventures and strategic participations. Assets from joint ventures and participations are counted in proportion to our share in the respective entity.

Assets under management from continuing operations of CHF 1,253.4 billion increased 1.1% compared to the end of 3Q13, as positive market movements and net new assets were partially offset by adverse foreign exchange-related movement. Compared to the end of 4Q12, assets under management from continuing operations were CHF 55.6 billion higher, reflecting net new assets of CHF 36.1 billion and positive market movements, partially offset by adverse foreign exchange-related movements and structural effects.

► Refer to "Private Banking & Wealth Management" in I – Credit Suisse results and "Note 36 – Assets under management" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information.

Assets under management and client assets

	4Q13	3Q13	end of 4Q12	QoQ	% change YoY
Assets under management (CHF billion)					
Wealth Management Clients	790.7	782.9	758.0	1.0	4.3
Corporate & Institutional Clients	250.0	241.1	223.8	3.7	11.7
Asset Management ¹	352.3	349.0	325.3	0.9	8.3
Non-strategic	44.4	48.7	84.7	(8.8)	(47.6)
Assets managed across businesses ²	(155.0)	(153.5)	(141.0)	1.0	9.9
Assets under management	1,282.4	1,268.2	1,250.8	1.1	2.5
of which continuing operations	1,253.4	1,239.3	1,197.8	1.1	4.6
of which discontinued operations	29.0	28.9	53.0	0.3	(45.3)
Assets under management from continuing operations	1,253.4	1,239.3	1,197.8	1.1	4.6
of which discretionary assets	397.6	393.3	365.5	1.1	8.8
of which advisory assets	855.8	846.0	832.3	1.2	2.8
Client assets (CHF billion)					
Wealth Management Clients	904.5	895.7	870.1	1.0	4.0
Corporate & Institutional Clients	353.3	342.3	323.0	3.2	9.4
Asset Management ¹	352.3	349.0	325.3	0.9	8.3
Non-strategic	51.8	55.9	88.0	(7.3)	(41.1)
Assets managed across businesses ²	(155.0)	(153.5)	(141.0)	1.0	9.9
Client Assets	1,506.9	1,489.4	1,465.4	1.2	2.8
of which continuing operations	1,477.5	1,460.0	1,411.8	1.2	4.7
of which discontinued operations	29.4	29.4	53.6	0.0	(45.1)

¹ Excludes our portion of assets under management from our former investment in Aberdeen.

² Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.

Client assets

Client assets is a broader measure than assets under management as it includes transactional and custody accounts (assets held solely for transaction-related or safekeeping/custody purposes) and assets of corporate clients and public institutions used primarily for cash management or transaction-related purposes.

Net new assets

Net new assets include individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not included as they do not reflect success in acquiring assets under management. Furthermore, changes due to foreign exchange-related and market movements as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

We recorded net new assets from continuing operations of CHF 4.2 billion in 4Q13.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 1.7 billion in 4Q13 with continued strong inflows from emerging markets partially offset by Western

European cross-border outflows. Corporate & Institutional Clients in Switzerland reported net new assets of CHF 4.0 billion in 4Q13. Asset Management reported net asset outflows of CHF 0.5 billion in 4Q13, mainly from multi-asset class solutions and fixed income products partially offset by inflows in index strategies and credit products. In our non-strategic portfolio, net asset outflows of CHF 1.0 billion reflected the exit of certain businesses, of which CHF 0.2 billion were classified as discontinued operations.

In 2013, we recorded net new assets of CHF 36.1 billion from continuing operations.

In our strategic portfolio, Wealth Management Clients contributed net new assets of CHF 18.9 billion, particularly with inflows from emerging markets and our UHNWI client segment, partially offset by Western European cross-border outflows. Corporate & Institutional Clients in Switzerland reported strong net new assets of CHF 8.8 billion. Asset Management reported significant net new assets of CHF 15.0 billion, mainly from credit and index strategies and hedge funds products, partially offset by outflows from fixed income. In our non-strategic portfolio, net asset outflows of CHF 5.9 billion reflected the exit of certain businesses, of which CHF 4.0 billion were classified as discontinued operations.

Growth in assets under management

in	4Q13	3Q13	4Q12	2013	2012
Growth in assets under management (CHF billion)					
Net new assets from continuing operations	4.2	8.8	7.1	36.1	11.4
Net new assets from discontinued operations	0.2	(0.7)	(0.3)	(4.0)	(0.6)
Net new assets	4.4	8.1	6.8	32.1	10.8
of which Wealth Management Clients	1.7	3.8	3.6	18.9	20.6
of which Corporate & Institutional Clients	4.0	0.5	1.1	8.8	1.5
of which Asset Management ¹	(0.5)	4.4	2.8	15.0	(8.3)
of which non-strategic	(1.0)	(1.2)	(0.9)	(5.9)	(2.1)
of which assets managed across businesses ²	0.2	0.6	0.2	(4.7)	(0.9)
Other effects from continuing operations	9.9	(14.9)	(6.3)	19.5	52.9
Other effects from discontinued operations	(0.1)	(21.6)	(0.4)	(20.0)	1.9
Other effects	9.8	(36.5)	(6.7)	(0.5)	54.8
of which Wealth Management Clients	6.1	(3.2)	(7.2)	13.8	27.8
of which Corporate & Institutional Clients	4.9	2.3	2.4	17.4	19.3
of which Asset Management	3.8	(1.5)	0.8	12.0	14.6
of which non-strategic	(3.3)	(33.9)	(1.1)	(34.4)	2.2
of which assets managed across businesses ²	(1.7)	(0.2)	(1.6)	(9.3)	(9.1)
Growth in assets under management from continuing operations	14.1	(6.1)	0.8	55.6	64.3
Growth in assets under management from discontinued operations	0.1	(22.3)	(0.7)	(24.0)	1.3
Growth in assets under management	14.2	(28.4)	0.1	31.6	65.6
of which Wealth Management Clients	7.8	0.6	(3.6)	32.7	48.4
of which Corporate & Institutional Clients	8.9	2.8	3.5	26.2	20.8
of which Asset Management ¹	3.3	2.9	3.6	27.0	6.3
of which non-strategic	(4.3)	(35.1)	(2.0)	(40.3)	0.1
of which assets managed across businesses ²	(1.5)	0.4	(1.4)	(14.0)	(10.0)

Growth in assets under management (continued)

in	4Q13	3Q13	4Q12	2013	2012
Growth in assets under management (annualized) (%)					
Net new assets from continuing operations	1.4	2.8	2.4	3.0	1.0
Net new assets from discontinued operations	2.8	(5.5)	(2.2)	(7.5)	(1.2)
Net new assets	1.4	2.5	2.2	2.5	0.9
of which Wealth Management Clients	0.9	1.9	1.9	2.5	2.9
of which Corporate & Institutional Clients	6.6	0.8	2.0	3.9	0.7
of which Asset Management ¹	(0.6)	5.1	3.5	4.6	(2.6)
of which non-strategic	(8.2)	(5.7)	(4.2)	(7.0)	(2.5)
of which assets managed across businesses ²	(0.5)	(1.6)	(0.6)	3.3	0.7
Other effects from continuing operations	3.2	(4.8)	(2.1)	1.6	4.7
Other effects from discontinued operations	(1.4)	(168.7)	(3.0)	(37.8)	3.6
Other effects	3.1	(11.3)	(2.2)	0.0	4.6
of which Wealth Management Clients	3.1	(1.6)	(3.8)	1.8	3.9
of which Corporate & Institutional Clients	8.2	3.9	4.4	7.8	9.5
of which Asset Management	4.4	(1.7)	1.0	3.7	4.6
of which non-strategic	(27.1)	(161.8)	(5.0)	(40.6)	2.6
of which assets managed across businesses ²	4.4	0.6	4.6	6.6	6.9
Growth in assets under management continuing operations	4.6	(2.0)	0.3	4.6	5.7
Growth in assets under management from discontinued operations	1.4	(174.2)	(5.2)	(45.3)	2.4
Growth in assets under management	4.5	(8.8)	0.0	2.5	5.5
of which Wealth Management Clients	4.0	0.3	(1.9)	4.3	6.8
of which Corporate & Institutional Clients	14.8	4.7	6.4	11.7	10.2
of which Asset Management ¹	3.8	3.4	4.5	8.3	2.0
of which non-strategic	(35.3)	(167.5)	(9.2)	(47.6)	0.1
of which assets managed across businesses ²	3.9	(1.0)	4.0	9.9	7.6
Growth in net new assets (rolling four-quarter average) (%)					
Net new assets from continuing operations	3.0	3.3	1.0	–	–
Net new assets from discontinued operations	(7.5)	(8.4)	(1.2)	–	–
Net new assets	2.5	2.8	0.9	–	–
of which Wealth Management Clients	2.5	2.7	2.9	–	–
of which Corporate & Institutional Clients	3.9	2.7	0.7	–	–
of which Asset Management ¹	4.6	5.7	(2.6)	–	–
of which non-strategic	3.3	3.4	0.7	–	–
of which Assets managed across businesses ²	0.0	0.0	0.0	–	–

¹ Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned.

² Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.

Net new assets

in	4Q13	3Q13	4Q12	2013	2012
Net new assets (CHF billion)					
Wealth Management Clients	1.7	3.8	3.6	18.9	20.6
Corporate & Institutional Clients	4.0	0.5	1.1	8.8	1.5
Asset Management	(0.5)	4.4	2.8	15.0	(8.3)
Non-strategic	(1.0)	(1.2)	(0.9)	(5.9)	(2.1)
Assets managed across businesses ¹	0.2	0.6	0.2	(4.7)	(0.9)
Net new assets	4.4	8.1	6.8	32.1	10.8
of which continuing operations	4.2	8.8	7.1	36.1	11.4
of which discontinued operations	0.2	(0.7)	(0.3)	(4.0)	(0.6)

¹ Assets managed by Asset Management for Wealth Management Clients, Corporate & Institutional Clients and the non-strategic businesses.



Treasury, risk, balance sheet and off-balance sheet

50 Liquidity and funding management

53 Capital management

64 Risk management

75 Balance sheet and off-balance sheet

Liquidity and funding management

During 4Q13, we maintained a strong liquidity and funding position. The majority of our unsecured funding was generated from core customer deposits and long-term debt.

Overview

Securities for funding and capital purposes are issued primarily by the Bank, our principal operating subsidiary and a US registrant. The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed; the latter typically to meet capital requirements, or as desired by management to support business initiatives.

Our internal liquidity risk management framework is subject to review and monitoring by the FINMA, other regulators and rating agencies.

► Refer to "Treasury management" in III – Treasury, Risk, Balance sheet and Off-balance sheet in the Credit Suisse Annual Report 2012 for further information on liquidity and funding management.

Liquidity risk management framework

Our liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this through a conservative asset/liability management strategy aimed at maintaining long-term funding, including stable deposits, well in excess of illiquid assets. To address short-term liquidity stress, we maintain a liquidity pool, described below, that covers unexpected outflows in the event of severe market and idiosyncratic stress. The assets included in the liquidity pool consist of cash, high grade bonds, major market equity securities and other liquid securities. A portion of the liquidity pool is generated through reverse repurchase agreements with top rated counterparties. Our liquidity risk parameters reflect various liquidity stress assumptions that we believe are conservative. We manage our liquidity profile at a sufficient level such that, in the event we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time in excess of our minimum target.

In December 2010, the BCBS issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The Basel III framework includes a LCR and a net stable funding ratio (NSFR).

In January 2014, the BCBS issued final LCR rules and disclosure requirements that are to be implemented as part of banks' regular disclosures after January 1, 2015. The BCBS also issued proposed revisions to the NSFR, which are expected to become the minimum standard by the previously announced date of January 1, 2018.

The LCR, which will be phased in beginning January 1, 2015 through January 1, 2019, addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet short-term liquidity needs under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. Under the BCBS requirements, the ratio of liquid assets over net cash outflows is subject to an initial minimum requirement of 60%, which will increase by 10% for four years, reaching 100% by January 1, 2019.

The NSFR, which is expected to be introduced on January 1, 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is a complementary measure to the LCR and is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The NSFR is defined as the ratio of available stable funding over the amount of required stable funding and should always be at least 100%.

Although the NSFR is not expected to be introduced until 2018 and is still subject to adjustment by the BCBS and FINMA, we began using the NSFR in 2012 as the primary tool to monitor our structural liquidity position, plan funding and as the basis for our funds transfer pricing policy. We estimate that our NSFR under the current FINMA framework was in excess of 100% as of the end of 4Q13. Where requirements are unclear or left to be determined by the BCBS and FINMA, we have made our own interpretation and assumptions.

In November 2012, the Swiss Federal Council adopted a liquidity ordinance that implements Basel III liquidity requirements into Swiss law subject, in part, to further rule-making in Switzerland. Both quantitative and qualitative requirements are consistent with existing FINMA liquidity requirements. In January 2014, the Swiss Federal Council and FINMA proposed revisions to the liquidity ordinance to include final Basel III LCR rules. Under the proposed revisions, systemically relevant banks like us will be subject to an initial minimum LCR requirement of 100% beginning in 2015.

Funding sources and uses

We fund our balance sheet primarily through core customer deposits, long-term debt and shareholders' equity. We monitor the funding sources, including their concentrations, according to their currency, tenor, geography and maturity and whether they are secured or unsecured. A substantial portion of our balance sheet is match funded and requires no unsecured funding. Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and values so that the liquidity and funding generated or required by the positions are substantially equivalent.

Cash and due from banks and reverse repurchase agreements are highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, is comprised of securities inventories and collateralized receivables that fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities.

These assets include our liquidity pool, which as of the end of 4Q13 based on our internal model was CHF 140 billion, net of a stress test level haircut. The liquidity pool consisted of CHF 55 billion of cash held at major central banks, primarily the Fed, SNB and the ECB, CHF 52 billion of securities issued by governments and government agencies, primarily of the US, Britain, France, Germany and Switzerland and CHF 33 billion of other highly liquid assets including equity securities that form part of major indices. As of December 31, 2013, our internal model included the application of a stress test level haircut equal to approximately 60% of the market value of non-cash positions in the liquidity pool. The haircut reflects our assessment of overall market risk at the time of measurement, potential monetization capacity taking into account increased haircuts, market volatility and the quality of the relevant securities.

Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess coverage of 22% as of the end of 4Q13 compared to 24% as of the end of 3Q13, reflecting a slight increase in loans and a slight decrease in deposits. We fund other illiquid assets, including real estate, private equity and other long-term investments as well as a haircut for the illiquid portion of securities, with long-term debt and equity, in which we try to maintain a substantial funding buffer.

Our core customer deposits totaled CHF 297 billion as of the end of 4Q13 compared to CHF 298 billion as of the end of 3Q13, reflecting a stable customer deposit base in Private Banking & Wealth Management. Core customer deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits from banks and certificates of deposit. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions. Our core customer deposit funding is supplemented by the issuance of long-term debt.

► Refer to the chart "Balance sheet funding structure" and "Balance sheet and off-balance sheet" for further information.

Balance sheet funding structure

as of December 31, 2013 (CHF billion)

Reverse repurchase agreements	84	Match funded	117	Repurchase agreements
Encumbered trading assets	73		40	Short positions
Funding-neutral assets ¹	122		122	Funding-neutral liabilities ¹
Cash & due from banks	70	122% coverage	41	Other short-term liabilities ²
Unencumbered liquid assets ³	150		59	Due to banks
			20	Short-term borrowings
			62	time
Loans ⁴	243		143	demand
			64	savings
			28	fiduciary
Other illiquid assets	131		130	Long-term debt
			47	Total equity
Assets	873			873

¹ Primarily includes brokerage receivables/payables, positive/negative replacement values and cash collateral.

² Primarily includes excess of funding neutral liabilities (brokerage payables) over corresponding assets.

³ Primarily includes unencumbered trading assets, unencumbered investment securities and excess reverse repurchase agreements, after haircuts.

⁴ Excludes loans with banks.

⁵ Excludes due to banks and certificates of deposit.

Debt issuances and redemptions

Our long-term debt includes senior and subordinated debt issued in US-registered offerings and medium-term note programs, euro market medium-term note programs, stand-alone offerings, structured note programs, covered bond programs, Australian dollar domestic medium-term note programs and a Samurai shelf registration statement in Japan. As a global bank, we have access to multiple markets worldwide and our major funding centers are New York, London, Zurich and Tokyo.

We use a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Substantially all of our unsecured senior debt is issued without financial covenants, such as adverse changes in our credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in our cost of financing or accelerate the maturity of the debt. Our covered bond funding is in the form of mortgage-backed loans funded by domestic covered bonds issued through Pfandbriefbank Schweizerischer Hypothekarinstitute, one of two institutions established by a 1930 act of the Swiss Parliament to centralize the issuance of covered bonds, or from our own international covered bond program.

In 4Q13, we issued CHF 1.2 billion of senior debt. As of the end of 4Q13, our long-term debt outstanding was CHF 130 billion, which included senior and subordinated instruments. We had CHF 35 billion and CHF 14.3 billion of structured notes and covered bonds outstanding, respectively, as of the end of 4Q13 compared to CHF 36.6 billion and CHF 15.2 billion, respectively, as of the end of 4Q12.

► Refer to "Capital issuances and redemptions" in Capital management for information on issuances of capital notes, all of which constitute subordinated debt instruments.

As of the end of 4Q13, the weighted average maturity of long-term debt was 6.7 years (including certificates of deposit with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity, or in 2030 for instruments without a stated final maturity).

Credit ratings

The maximum impact of a simultaneous one, two or three-notch downgrade by all three major rating agencies in the Bank's long-term debt ratings would result in additional collateral requirements or assumed termination payments under certain derivative instruments of CHF 1.4 billion, CHF 3.4 billion and CHF 4.8 billion, respectively, as of the end of 4Q13, and would not be material to our liquidity and funding planning. If the downgrade does not involve all three rating agencies, the impact may be smaller.

As of the end of 4Q13, we were compliant with the requirements related to maintaining a specific credit rating under these derivative instruments.

► Refer to "Credit ratings" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management in the Credit Suisse Annual Report 2012 for further information.

Capital management

As of the end of 4Q13, our capital position remained strong with a CET1 ratio of 15.7% under Basel III and 10.0% on a look-through basis. Our RWA under Basel III increased slightly to CHF 273.8 billion compared to 3Q13. Our Swiss leverage ratio was 5.1%.

REGULATORY CAPITAL FRAMEWORK

Overview

Effective January 1, 2013, the Basel II.5 framework, under which we operated in 2012, was replaced by the Basel III framework, which was implemented in Switzerland along with the Swiss “Too Big to Fail” legislation and regulations thereunder (Swiss Requirements). Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Also, our capital metrics fluctuate during any reporting period in the ordinary course of business. Our 4Q12 calculations of capital and ratio amounts, which are presented in order to show meaningful comparative information, use estimates as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

► Refer to “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet and “Regulation and supervision” in I – Information on the company in the Credit Suisse Annual Report 2012 for further information.

Capital structure under Basel III

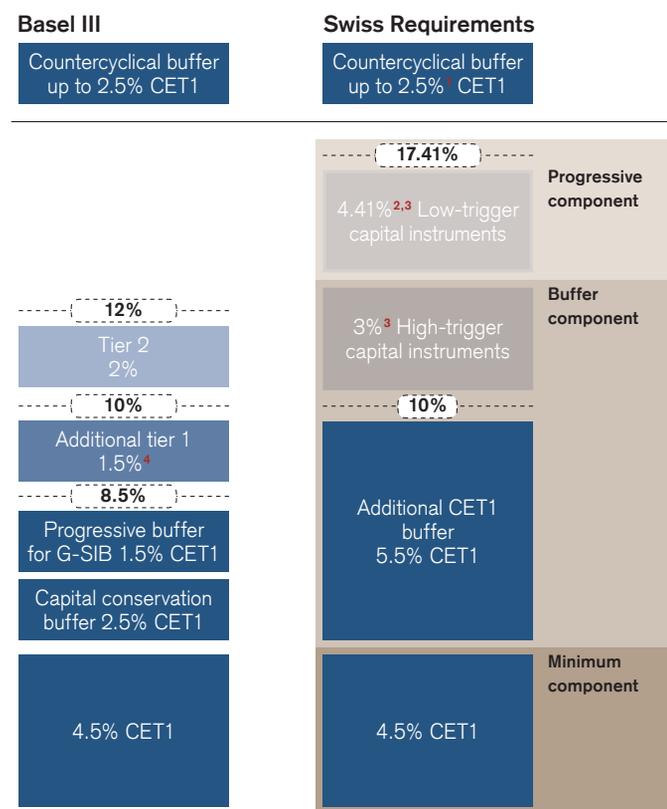
The BCBS issued the Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector and requires banks to hold more capital, mainly in the form of common equity. The new capital standards are being phased in from 2013 through 2018 and are fully effective January 1, 2019 for those countries that have adopted Basel III.

► Refer to the table “Basel III phase-in requirements for Credit Suisse” for capital requirements and applicable effective dates during the phase-in period.

Under Basel III, the minimum CET1 requirement is 4.5% of risk-weighted assets (RWA).

In addition, a 2.5% CET1 capital conservation buffer is required to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends or make discretionary bonus payments or other earnings distributions.

Capital frameworks for Credit Suisse



¹ As of September 30, 2013, banks are required to hold CET1 capital in the amount of 1% of RWA pertaining to mortgage loans that finance residential property in Switzerland.

² The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA. For 2014, FINMA reduced our 2013 progressive component requirement from 4.41% to 3.66%.

³ Counts towards Basel III minimum requirements as tier 1 or tier 2 capital depending on the quality of the underlying instruments.

⁴ Additional tier 1 instruments must provide for principal loss absorption through a conversion into common equity or write-down feature. The trigger for such a conversion or write-down must include a CET1 ratio of at least 5.125%.

Basel III phase-in requirements for Credit Suisse

Effective January 1, for the applicable year	2013	2014	2015	2016	2017	2018	2019
Capital ratios							
CET1	3.5% ¹	4.0% ¹	4.5%	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer				0.625% ¹	1.250% ¹	1.875% ¹	2.5%
Progressive buffer for G-SIB				0.375% ¹	0.750% ¹	1.125% ¹	1.5%
Total CET1	3.5%	4.0%	4.5%	5.5%	6.5%	7.5%	8.5%
Additional tier 1	1.0% ¹	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Total tier 1	4.5%	5.5%	6.0%	7.0%	8.0%	9.0%	10.0%
Tier 2	3.5% ¹	2.5% ¹	2.0%	2.0%	2.0%	2.0%	2.0%
Total capital	8.0%	8.0%	8.0%	9.0%	10.0%	11.0%	12.0%
Phase-in deductions from CET1 ²		20.0% ¹	40.0% ¹	60.0% ¹	80.0% ¹	100.0%	100.0%
Capital instruments subject to phase out				Phased out over a 10-year horizon beginning 2013 through 2022			

¹ Indicates transition period.

² Includes goodwill and other intangible assets, certain deferred tax assets and participations in financial institutions.

A progressive buffer between 1% and 2.5% (with a possible additional 1% surcharge) of CET1, depending on a bank's systemic importance, is an additional capital requirement for global systemically important banks (G-SIB). The Financial Stability Board (FSB) has identified us as a G-SIB and requires us to maintain a 1.5% progressive buffer.

CET1 capital is subject to certain regulatory deductions and other adjustments to common equity, including the deduction of deferred tax assets for tax-loss carry-forwards, goodwill and other intangible assets and investments in banking and finance entities.

In addition to the CET1 requirements, there is also a requirement for 1.5% additional tier 1 capital and 2% tier 2 capital. These requirements may also be met with CET1 capital. To qualify as additional tier 1 under Basel III, capital instruments must provide for principal loss absorption through a conversion into common equity or a write-down of principal feature. The trigger for such conversion or write-down must include a CET1 ratio of at least 5.125%.

Basel III further provides for a countercyclical buffer that could require banks to hold up to 2.5% of CET1 or other capital that would be available to fully absorb losses. This requirement is expected to be imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk. This countercyclical buffer will be phased in from January 1, 2016 through January 1, 2019.

Beginning January 1, 2013, capital instruments that do not meet the strict criteria for inclusion in CET1 are excluded. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, will be phased out at their effective maturity date, generally the date of the first step-up coupon.

Swiss Requirements

As of January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss Requirements. Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Certain requirements under the legislation, including those regarding capital, are to be phased in from 2013 through 2018 and are fully effective January 1, 2019. The legislation on capital requirements builds on Basel III, but in respect of systemically relevant banks goes beyond its minimum standards, including requiring us, as a systemically relevant bank, to have the following minimum, buffer and progressive components.

► Refer to the chart "Swiss capital and leverage ratio phase-in requirements for Credit Suisse" for Swiss capital requirements and applicable effective dates during the phase-in period.

The minimum requirement of CET1 capital is 4.5% of RWA.

The buffer requirement is 8.5% and can be met with additional CET1 capital of 5.5% of RWA and a maximum of 3% of high-trigger capital instruments. High-trigger capital instruments must convert into common equity or be written off if the CET1 ratio falls below 7%.

The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business. For 2014, FINMA set our progressive component requirement at 3.66%, a decrease from the 4.41% applicable in 2013, reflecting our size and market share based on data as of year-end 2012. The progressive component requirement may be met with CET1 capital or low-trigger capital instruments. In order to qualify, low-trigger capital instruments must convert into common equity or be written off if the CET1 ratio falls below a specified percentage, the lowest of which may be 5%. In addition, until the end of 2017, the progressive

component requirement may also be met with high-trigger capital instruments. Both high and low-trigger capital instruments must comply with the Basel III minimum requirements for tier 2 capital (including subordination, point-of-non-viability loss absorption and minimum maturity).

Similar to Basel III, the Swiss Requirements include a supplemental countercyclical buffer of up to 2.5% of RWA that can be activated during periods of excess credit growth. In February 2013, upon the request of the SNB, the Swiss Federal Council activated the countercyclical capital buffer, which was effective September 30, 2013 and requires banks to hold CET1 capital in the amount of 1% of their RWA pertaining to mortgage loans that finance residential property in Switzerland. As of December 31, 2013, our countercyclical buffer was CHF 144 million, which is equivalent to an additional requirement of 0.05% of CET1 capital. In January 2014, upon the request of SNB, the Swiss Federal

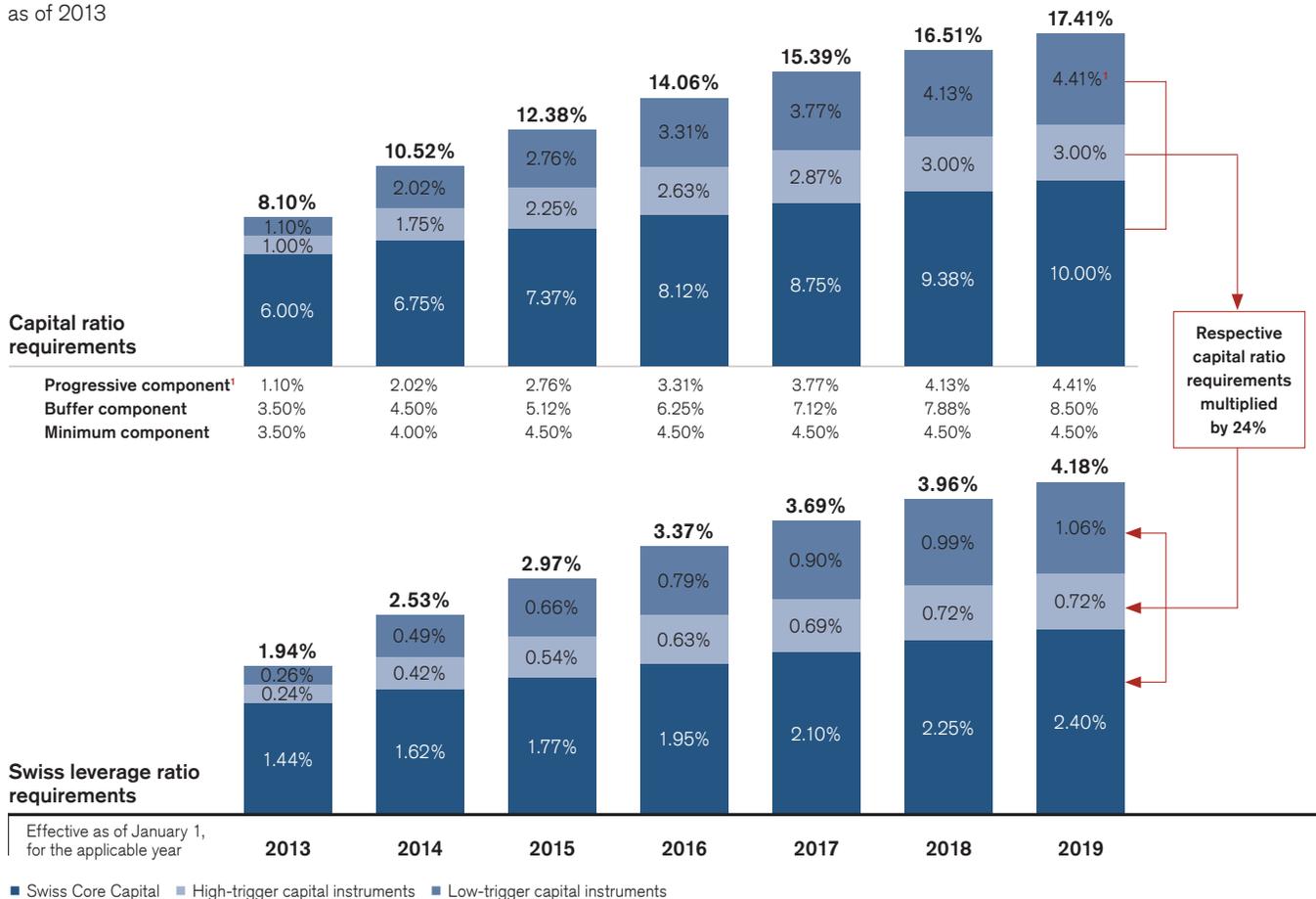
Council further increased the countercyclical buffer from 1% to 2%, effective June 30, 2014.

We also measure Swiss Core Capital and Swiss Total Capital. Swiss Core Capital consists of CET1 capital and tier 1 participation securities, which FINMA advised may be included with a haircut of 20% until December 31, 2018 at the latest, and may include certain other Swiss adjustments. Our Swiss Total Capital consists of Swiss Core Capital, high-trigger capital instruments and low-trigger capital instruments.

As of January 1, 2013, we must also comply with a leverage ratio applicable to Swiss systemically relevant banks (Swiss leverage ratio). This leverage ratio must be at least 24% of each of the respective minimum, buffer and progressive component requirements. Since the ratio is defined by reference to capital requirements subject to phase-in arrangements, the ratio will also be phased in.

Swiss capital and leverage ratio phase-in requirements for Credit Suisse

as of 2013



Excludes countercyclical buffer required as of September 30, 2013.

¹ The progressive component requirement is dependent on our size (leverage ratio exposure) and the market share of our domestic systemically relevant business and is subject to potential capital rebates that may be granted by FINMA. For 2014, FINMA reduced our 2019 progressive component requirement from 4.41% to 3.66%, which leads to a total capital ratio requirement of 16.66% and a Swiss leverage ratio requirement of 4.0%.

Risk measurement models

Within the Basel framework for FINMA regulatory capital purposes, we implemented risk measurement models, including an incremental risk charge, stressed Value-at-Risk (VaR) and, since January 1, 2013, advanced credit valuation adjustment (CVA). The incremental risk charge is a regulatory capital charge for default and migration risk on positions in the trading books and is intended to complement additional standards being applied to the VaR modeling framework, including stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking into account a one-year observation period relating to significant financial stress and helps reduce the pro-cyclicality of the minimum capital requirements for market risk. Advanced CVA covers the risk of mark-to-market losses on the expected counterparty risk arising from changes in a counterparty's credit spreads.

FINMA, in line with Bank for International Settlements (BIS) requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR backtesting exception over four in the prior rolling 12-month period. For the purposes of this measurement, backtesting exceptions are calculated using a subset of actual daily trading revenues that includes only the impact of daily movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night's positions. In 4Q13, our market risk capital multiplier remained at FINMA and BIS minimum levels and we did not experience an increase in market risk capital.

With FINMA approval, we have implemented a Comprehensive Risk Measure framework to calculate a capital charge covering all price risks (default, spread and correlation risk) within the credit correlation products within our trading book portfolio.

Effective January 1, 2013, FINMA introduced increased capital charges for mortgage loans that finance certain residential property in Switzerland (mortgage multiplier). These increased capital charges, which are applied for both BIS and FINMA purposes, will be phased in by January 1, 2019.

► Refer to "Market risk" in Risk management for further information on Credit Suisse's risk measurement models and backtesting exceptions.

Regulatory developments and proposals

In January 2014, the BCBS published the framework and disclosure requirements for the Basel III leverage ratio. The required Basel III leverage ratio, which seeks to measure tier 1 capital against exposure, is expected to be at least 3%. Although the effective date of the Basel III leverage ratio is not until 2018, banks will be required to disclose the ratio on a consolidated basis beginning in 2015, subject to implementation by national regulators.

In accordance with BCBS's G-SIB loss absorbency requirements and FINMA's capital adequacy disclosure requirements, banks with a balance sheet exceeding EUR 200 billion must publish annually 12 financial indicators, such as size and complexity. Depending on these financial indicators, the FSB will set the progressive buffer for G-SIBs. The reporting requirement is effective December 31, 2013 and disclosures must be made by April 30.

From January 1, 2014, the Capital Requirement Directive (CRD) IV package of legislation (comprising a directive and a regulation) will replace the current CRD directive with new measures implementing Basel III and other requirements. As part of the transition to CRD IV, the UK's Prudential Regulation Authority has reviewed the permissions of UK financial institutions, including those of our subsidiaries, to use their current internal modeling for capital calculation purposes as well as new models required for CRD IV compliance. The majority of the models for our subsidiaries were approved and certain models will require updates in line with latest BCBS guidance and regulatory feedback on modeling techniques.

The SNB has previously designated the Group as a financial group of systemic importance under applicable Swiss law. Following that designation, in December 2013, FINMA issued a decree specifying capital adequacy requirements addressed to the Bank on a stand-alone basis and the Bank and the Group, each on a consolidated basis as systemically relevant institutions. It also specified liquidity and risk diversification requirements for the Bank at the stand-alone level. The decree is expected to become effective in 1Q14.

CAPITAL ISSUANCES AND REDEMPTIONS

In December 2013, we issued USD 2.25 billion 7.5% tier 1 capital notes (7.5% tier 1 capital notes).

These notes, together with one other series of tier 1 capital notes and two series of tier 2 capital notes, which were issued in 3Q13, qualify as low-trigger capital instruments and have a write-down feature, which means that the full principal amount of the notes will be permanently written down to zero upon the occurrence of specified triggering events. These events occur when the amount of our CET1 ratio, together with an additional ratio described below that takes into account other outstanding capital instruments, falls below a specified level (5% for the tier 2 capital notes and 5.125% for the tier 1 capital notes). The write-down can only be prevented if FINMA, at our request, is satisfied that certain conditions exist and determines a write-down is not required. The capital notes will also be written down upon a non-viability event, which occurs when FINMA determines that a write-down is necessary, or that we require extraordinary public sector capital support, to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances.

The capital ratio write-down triggers for each of the series of capital notes issued in 2013 take into account the fact that other outstanding capital instruments that contain relatively higher capital ratios as part of their trigger feature are expected to convert or be written down prior to the write-down of the respective 2013 capital notes. The amount of additional capital that is expected to be contributed by such conversion or write down is referred to as the Higher Trigger Capital Amount under the terms of the capital notes issued in 2013.

For the tier 2 capital notes as of the end of 4Q13, the Higher Trigger Capital Amount was CHF 10.0 billion and the Higher Trigger Capital Ratio (i.e., the ratio of the Higher Trigger Capital Amount to the aggregate of all RWA of the Group) was 3.7%. For the tier 1 capital notes as of the end of 4Q13, the Higher Trigger Capital Amount was CHF 7.7 billion and the Higher Trigger Capital Ratio was 2.8%.

► Refer to the table "BIS statistics – Basel III" for further information on the BIS statistics used to calculate such measures.

In October 2013, based on a prior agreement with an entity affiliated with Qatar Investment Authority, we exchanged such entity's holding of all of the CHF 2.5 billion 10% tier 1 capital notes and USD 1.72 billion of the 11% tier 1 capital notes into equivalent principal amounts of tier 1 high-trigger capital instruments. In addition, we redeemed USD 55 million of the 11% tier 1 capital notes for cash.

► Refer to "Related party transactions" in IV – Corporate Governance and Compensation – Corporate Governance – Banking relationships with members of the Board and Executive Board and related party transactions in our 2012 Annual Report for further information on the agreement to exchange.

In December 2013, we redeemed USD 1.5 billion of 8.25% subordinated tier 1 participation securities. Prior to the call and as advised by FINMA, these tier 1 participation securities formed part of Swiss Core Capital under Swiss Requirements, whereas under Basel III, these instruments were included in additional tier 1 instruments subject to phase out. Our remaining USD 1.5 billion of outstanding participation securities are similarly treated and we are reviewing a potential early call of them.

All of the issuances and redemptions effected in 2013 were approved by FINMA.

CAPITAL METRICS UNDER BASEL III

Regulatory capital and ratios – Group

Our CET1 ratio was 15.7% as of the end of 4Q13, compared to 16.3% as of the end of 3Q13, due to an increase in RWA and a decrease in CET1 capital. Our tier 1 ratio was 16.8% as of the end of 4Q13, compared to 17.0% as of the end of 3Q13. Our total capital ratio remained stable at 20.6% as of the end of 4Q13 compared to the end of 3Q13.

CET1 capital was CHF 43.0 billion as of the end of 4Q13 compared to CHF 43.8 billion as of the end of 3Q13, reflecting a net loss, a negative foreign exchange translation impact and a quarterly dividend accrual, partially offset by the impact of share-based compensation.

Additional tier 1 capital increased to CHF 3.1 billion, mainly due to the issuance of the 7.5% tier 1 capital notes. Tier 2 capital decreased slightly to CHF 10.2 billion as of the end of 4Q13.

Total eligible capital was stable at CHF 56.3 billion as of the end of 4Q13 compared to the end of 3Q13, reflecting the decrease in CET1 capital and the redemption of the 8.25% subordinated tier 1 participation securities, partially offset by the issuance of the 7.5% tier 1 capital notes.

RWA increased 2%, from CHF 269.3 billion as of the end of 3Q13 to CHF 273.8 billion as of the end of 4Q13, reflecting an increase in operational risk together with a minor increase in market risk, partially offset by a decrease in credit risk and a decrease resulting from foreign exchange translation.

The increase in operational risk resulted from revisions to the model to measure operational risk as of December 31, 2013 to include all litigation provisions, parameter updates and an add-on component relating to the aggregate range of reasonably possible litigation losses not covered by existing provisions.

The increase in market risk was driven by higher exposures, particularly within fixed income, impacting stressed VaR and incremental risk charges. This was partially offset by decreases in trading book mortgage securitization exposures, reduced regular VaR, particularly within securitized products and global credit products, and lower risks not covered by our VaR model following the inclusion of certain risk components into the modeled VaR.

The decrease in credit risk was driven by a decrease in CVA, primarily within Investment Banking, partially offset by an increase in credit risk within Investment Banking. CVA decreased following increased hedging during the period. The increase in Investment Banking credit risk primarily resulted from increases in lending exposures across various business areas, most notably from increased commitments extended by the leverage finance business, partially offset by decreases in secured financing and unsettled trades.

► Refer to the table "BIS statistics – Basel III" for further information.

► Refer to "Market risk", "Credit risk" and "Operational risk" in Risk management for further information.

Other regulatory disclosures

In connection with the implementation of Basel III, additional regulatory disclosures are required. Additional information on capital instruments, including main features and terms and conditions of regulatory capital instruments that form part of the eligible capital base of the Group, subsidiary regulatory reporting, reconciliation requirements and Pillar 3 disclosures can be found on the Investor Relations website.

► Refer to https://www.credit-suisse.com/investors/en/regulatory_disclosures/index.jsp for additional information.

BIS statistics – Basel III

end of	Group				Bank			
	4Q13	3Q13	4Q12	% change QoQ	4Q13	3Q13	4Q12	% change QoQ
Eligible capital (CHF million)								
Total shareholders' equity	42,164	42,162	35,498	0	39,992	36,260	34,767	10
Mandatory and contingent convertible securities	- ¹	- ¹	3,598 ¹	-	-	-	-	-
Regulatory adjustments	(1,069) ²	(1,044) ²	(303) ²	2	(3,504) ³	(4,247) ³	(3,879) ³	(17)
Adjustments subject to phase in ⁴	1,894	2,662	2,707	(29)	1,540	5,906	5,829	(74)
CET1 capital	42,989	43,780	41,500	(2)	38,028	37,919	36,717	0
Additional tier 1 instruments	7,484 ⁵	1,792	1,516	318	6,644	1,792	1,545	271
Additional tier 1 instruments subject to phase out ⁶	3,652	8,967	10,416	(59)	3,652	8,967	10,416	(59)
Deductions from additional tier 1 capital ⁷	(8,064)	(8,662)	(9,075)	(7)	(7,219)	(7,770)	(8,201)	(7)
Additional tier 1 capital	3,072	2,097	2,857	46	3,077	2,989	3,760	3
Total tier 1 capital	46,061	45,877	44,357	0	41,105	40,908	40,477	0
Tier 2 instruments	6,263 ⁵	6,381	2,568	(2)	6,263	6,381	2,572	(2)
Tier 2 instruments subject to phase out	4,321	4,438	5,016	(3)	5,016	5,427	6,634	(8)
Deductions from tier 2 capital	(357)	(341)	(422)	5	(318)	(300)	(377)	6
Tier 2 capital	10,227	10,478	7,162	(2)	10,961	11,508	8,829	(5)
Total eligible capital	56,288	56,355	51,519	0	52,066	52,416	49,306	(1)
Risk-weighted assets (CHF million)								
Credit risk	175,631	180,223	201,764	(3)	166,324	169,982	191,649	(2)
Market risk	39,133	37,989	39,466	3	39,111	37,977	39,438	3
Operational risk	53,075	44,788	45,125	19	53,075	44,788	45,125	19
Non-counterparty risk	6,007	6,263	6,126	(4)	5,758	6,009	5,873	(4)
Risk-weighted assets	273,846	269,263	292,481	2	264,268	258,756	282,085	2
Capital ratios (%)								
CET1 ratio	15.7	16.3	14.2	-	14.4	14.7	13.0	-
Tier 1 ratio	16.8	17.0	15.2	-	15.6	15.8	14.3	-
Total capital ratio	20.6	20.9	17.6	-	19.7	20.3	17.5	-

¹ Converted and settled into 233.5 million shares on April 8, 2013 and reflected in total shareholders' equity as of that date.

² Includes regulatory adjustments not subject to phase in, including a cumulative dividend accrual.

³ Includes regulatory adjustments not subject to phase in, including the cumulative dividend accrual, and an adjustment for tier 1 participation securities.

⁴ Includes an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements and other regulatory adjustments. For the years 2014 – 2018, there will be a five-year (20% per annum) phase in of goodwill and other intangible assets and other capital deductions (e.g., certain deferred tax assets and participations in financial institutions).

⁵ Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 7.7 billion consists of capital instruments with a capital ratio write-down trigger of 7%, CHF 2.3 billion consists of capital instruments with a capital ratio write-down trigger of 5.125% and CHF 3.7 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

⁶ Includes tier 1 participation securities and hybrid capital instruments that are subject to phase out.

⁷ Includes goodwill and other intangible assets of CHF 8.2 billion and other capital deductions, including gains/(losses) due to changes in own credit risks on fair valued financial liabilities, that will be deducted from CET1 once Basel III is fully implemented.

CET1 capital movement – Basel III

	4Q13	3Q13
CET1 capital (CHF million)		
Balance at beginning of period	43,780	44,430
Net income/(loss)	(476)	454
Foreign exchange impact	(516)	(1,033)
Other	201 ¹	(71) ¹
Balance at end of period	42,989	43,780

¹ Reflects the effect of share-based compensation, a dividend accrual and a change in other regulatory adjustments.

Look-through CET1 ratio

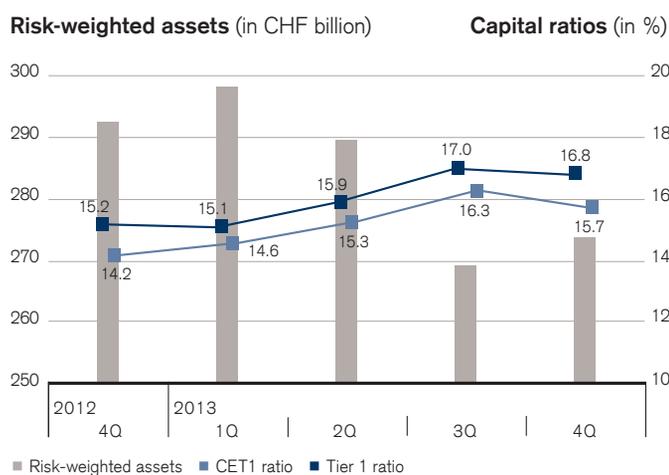
For the years 2014 – 2018, there will be a five-year (20% per annum) phase in of goodwill and other intangible assets and other capital deductions (e.g., certain deferred tax assets and participations in financial institutions). Assuming fully phased-in deductions of CHF 8.2 billion of goodwill and other intangible assets and CHF 7.5 billion of other regulatory adjustments, we estimate that our Look-through CET1 ratio as of the end of 4Q13 would be 10.0%, calculated based on Look-through RWA of CHF 266 billion.

Risk-weighted assets

Our balance sheet positions and off-balance sheet exposures translate into RWA that are categorized as market, credit, operational and non-counterparty risk RWA. Market risk RWA reflect the capital requirements of potential changes in the fair values of financial instruments in response to market movements inherent in both balance sheet and off-balance sheet items. Credit risk RWA reflect the capital requirements for the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Under Basel III, certain regulatory capital adjustments are dependent on the level of CET1 capital (thresholds). The amount above the threshold is deducted from CET1 capital and the amount below the threshold is risk weighted. RWA subject to such threshold adjustments are included in Credit Risk RWA. Operational risk RWA reflect the

capital requirements for the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty-risk RWA primarily reflect the capital requirements for our premises and equipment. It is not the nominal size, but the nature (including risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWA.

Risk-weighted assets and capital ratios – Basel III



Risk-weighted assets by division – Basel III

	4Q13	3Q13	end of 4Q12	% change OoQ	% change Ytd
Risk-weighted assets by division (CHF million)					
Private Banking & Wealth Management	94,395	92,434	96,009	2	(2)
Investment Banking	156,402	152,638	171,511	2	(9)
Corporate Center	23,049	24,191	24,961	(5)	(8)
Risk-weighted assets	273,846	269,263	292,481	2	(6)

CAPITAL METRICS UNDER SWISS REQUIREMENTS

Swiss Core and Total Capital ratios

Swiss Core Capital consists of CET1 capital, tier 1 participation securities which FINMA advised may be included with a haircut of 20% until December 31, 2018 at the latest, and may include certain other adjustments. Swiss Total Capital also includes

high-trigger capital instruments and low-trigger capital instruments. As of the end of 4Q13, our Swiss Core Capital and Swiss Total Capital ratios were 16.2% and 21.2%, respectively, compared to the Swiss capital ratio phase-in requirements of 6.0% and 8.1%, respectively.

Swiss Core and Total Capital ratios

end of	Group				Bank			
	4Q13	3Q13	4Q12	% change QoQ	4Q13	3Q13	4Q12	% change QoQ
Capital development (CHF million)								
CET1 capital	42,989	43,780	41,500	(2)	38,028	37,919	36,717	0
Swiss regulatory adjustments ¹	1,658	1,907	2,481	(13)	1,711	2,858	2,864	(40)
Swiss Core Capital	44,647	45,687	43,981	(2)	39,739	40,777	39,581	(3)
High-trigger capital instruments ²	7,743	4,052	4,084	91	7,743	4,052	4,084	91
Low-trigger capital instruments ³	6,005	4,121	–	46	5,164	4,121	–	25
Swiss Total Capital	58,395	53,860	48,065	8	52,646	48,950	43,665	8
Risk-weighted assets (CHF million)								
Risk-weighted assets – Basel III	273,846	269,263	292,481	2	264,268	258,756	282,085	2
Swiss regulatory adjustments ⁴	1,015	1,317	1,259	(23)	1,020	1,298	1,220	(21)
Swiss risk-weighted assets	274,861	270,580	293,740	2	265,288	260,054	283,305	2
Capital ratios (%)								
Swiss Core Capital ratio	16.2	16.9	15.0	–	15.0	15.7	14.0	–
Swiss Total Capital ratio	21.2	19.9	16.4	–	19.8	18.8	15.4	–

¹ Consists of tier 1 participation securities of CHF 1.3 billion, additional tier 1 deductions for which there is not enough tier 1 capital available and is therefore deducted from Swiss Core Capital and other Swiss regulatory adjustments.

² Consists of CHF 5.2 billion additional tier 1 instruments and CHF 2.5 billion tier 2 instruments.

³ Consists of CHF 2.3 billion additional tier 1 instruments and CHF 3.7 billion tier 2 instruments.

⁴ Includes increased regulatory thresholds resulting from additional Swiss Core Capital.

The following table presents the Swiss Requirements for each of the relevant capital components and discloses our current capital metrics against those requirements.

Swiss capital requirements and coverage

end of	Group					Bank					
	Minimum component	Capital requirements			Excess	4Q13	Minimum component	Capital requirements			Excess
		Buffer component	Progressive component				Buffer component	Progressive component			
Risk-weighted assets (CHF billion)											
Swiss risk-weighted assets	–	–	–	–	274.9	–	–	–	–	–	265.3
2013 Swiss capital requirements¹											
Minimum Swiss Total Capital ratio	3.5%	3.5%	1.1%	–	8.1%	3.5%	3.5%	1.1%	–	8.1%	
Minimum Swiss Total Capital (CHF billion)	9.6	9.6	3.0	–	22.3	9.3	9.3	2.9	–	21.5	
Swiss capital coverage (CHF billion)											
Swiss Core Capital	9.6	1.9	–	33.2	44.6	9.3	1.5	–	28.9	39.7	
High-trigger capital instruments	–	7.7	–	–	7.7	–	7.7	–	–	7.7	
Low-trigger capital instruments	–	–	3.0	3.0	6.0	–	–	2.9	2.2	5.2	
Swiss Total Capital	9.6	9.6	3.0	36.1	58.4	9.3	9.3	2.9	31.1	52.6	
Capital ratios (%)											
Swiss Total Capital ratio	3.5%	3.5%	1.1%	13.1%	21.2%	3.5%	3.5%	1.1%	11.7%	19.8%	

Rounding differences may occur. Excludes countercyclical buffer that was required as of September 30, 2013.

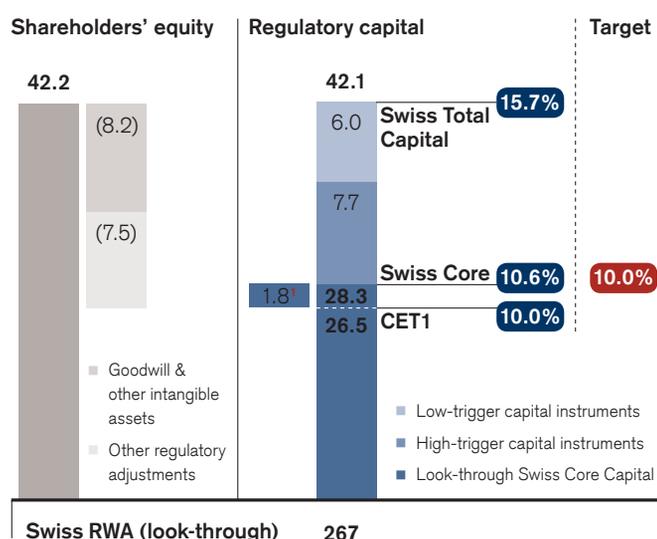
¹ The Swiss capital requirements are based on a percentage of RWA.

Look-through Swiss Core and Total Capital ratios

The look-through basis assumes fully phased-in goodwill and other intangible assets and other regulatory adjustments. On a look-through basis, our Swiss Core Capital was CHF 28.3 billion and our Swiss Core Capital ratio was 10.6%, compared to a 10.0% ratio that we target. Our Swiss Total Capital was CHF 42.1 billion and our Swiss Total Capital ratio was 15.7%, each on a look-through basis.

Look-through capital ratios – Group

as of December 31, 2013 (CHF billion)



Rounding differences may occur.

¹ Consists of existing tier 1 participation securities of CHF 1.3 billion and other Swiss regulatory adjustments.

Swiss leverage ratio

The Swiss leverage ratio is calculated as Swiss Total Capital, divided by a three-month average exposure, which consists of balance sheet assets, off-balance sheet exposures, consisting of guarantees and commitments, and regulatory adjustments,

including cash collateral netting reversals and derivative add-ons. As of the end of 4Q13, our Swiss leverage ratio was 5.1%. As of the end of 4Q13, our total exposure was CHF 1,131 billion, compared to our year-end 2013 target of CHF 1,190 billion. We have revised our long-term target to CHF 1,070 billion.

Swiss leverage ratio

end of	Group			Bank		
	4Q13	3Q13	% change QoQ	4Q13	3Q13	% change QoQ
Swiss Total Capital (CHF million)						
Swiss Total Capital	58,395	53,860	8	52,646	48,950	8
Exposure (CHF million) ¹						
Balance sheet assets	890,242	903,593	(1)	872,097	885,852	(2)
Off-balance sheet exposures	133,426	144,943	(8)	132,567	144,107	(8)
Regulatory adjustments	130,150	157,302	(17)	127,795	154,818	(17)
Total average exposure	1,153,818	1,205,838	(4)	1,132,459	1,184,777	(4)
Swiss leverage ratio (%)						
Swiss leverage ratio	5.1	4.5	-	4.6	4.1	-

¹ Calculated as the average of the month-end amounts for the previous three calendar months.

The following table presents the Swiss Requirements relating to each of the relevant capital components and discloses our current leverage metrics against those requirements.

Swiss leverage requirements and coverage

end of	Group					Bank				
	Minimum component	Buffer component	Progressive component	Excess	4Q13	Minimum component	Buffer component	Progressive component	Excess	4Q13
Exposure (CHF billion)										
Total average exposure	-	-	-	-	1,153.8	-	-	-	-	1,132.5
2013 Swiss leverage requirements ¹										
Minimum Swiss leverage ratio	0.84%	0.84%	0.26%	-	1.94%	0.84%	0.84%	0.26%	-	1.94%
Minimum Swiss leverage (CHF billion)	9.7	9.7	3.1	-	22.4	9.5	9.5	3.0	-	22.0
Swiss capital coverage (CHF billion)										
Swiss Core Capital	9.7	1.9	-	33.0	44.6	9.5	1.8	-	28.5	39.7
High-trigger capital instruments	-	7.7	-	-	7.7	-	7.7	-	-	7.7
Low-trigger capital instruments	-	-	3.1	3.0	6.0	-	-	3.0	2.2	5.2
Swiss Total Capital	9.7	9.7	3.1	36.0	58.4	9.5	9.5	3.0	30.6	52.6
Swiss leverage ratio (%)										
Swiss leverage ratio	0.84%	0.84%	0.26%	3.1%	5.1%	0.84%	0.84%	0.26%	2.7%	4.6%

Rounding differences may occur.

¹ The leverage requirements are based on a percentage of total average exposure.

Look-through Swiss leverage ratio

The look-through basis assumes fully phased-in goodwill and other intangible assets and other regulatory adjustments. On a look-through basis, the Group's Swiss leverage ratio was 3.7%, compared to the 4% requirement for 2019 taking into account FINMA's reduction of our progressive component requirement beginning in 2014.

Total shareholders' equity

Our total shareholders' equity remained unchanged at CHF 42.2 billion as of the end of 4Q13 compared to the end of 3Q13. Total shareholders' equity was impacted by an actuarial pension adjustment, the effect of share-based compensation and the purchase of subsidiary shares from non-controlling interests, relating to the

redemption of tier 1 participation securities, offset by the impact of foreign exchange-related movements on cumulative translation adjustments, a net loss, financial instruments indexed to own shares and dividend payments.

► Refer to the "Consolidated statements of changes in equity (unaudited)" in III – Condensed consolidated financial statements – unaudited for further information on shareholders' equity.

Capital

	4Q13	3Q13	end of 4Q12	QoQ	% change YoY
Shareholders' equity (CHF million)					
Common shares	64	64	53	0	21
Additional paid-in capital	27,853	27,503	23,636	1	18
Retained earnings	30,261	30,859	28,171	(2)	7
Treasury shares, at cost	(139)	(85)	(459)	64	(70)
Accumulated other comprehensive income/(loss)	(15,875)	(16,179)	(15,903)	(2)	0
Total shareholders' equity	42,164	42,162	35,498	0	19
Goodwill	(7,999)	(8,114)	(8,389)	(1)	(5)
Other intangible assets	(210)	(210)	(243)	0	(14)
Tangible shareholders' equity¹	33,955	33,838	26,866	0	26
Shares outstanding (million)					
Common shares issued	1,596.1	1,595.4	1,320.8	0	21
Treasury shares	(5.2)	(3.0)	(27.0)	73	(81)
Shares outstanding	1,590.9	1,592.4	1,293.8	0	23
Par value (CHF)					
Par value	0.04	0.04	0.04	0	0
Book value per share (CHF)					
Total book value per share	26.50	26.48	27.44	0	(3)
Goodwill per share	(5.03)	(5.10)	(6.48)	(1)	(22)
Other intangible assets per share	(0.13)	(0.13)	(0.19)	0	(32)
Tangible book value per share¹	21.34	21.25	20.77	0	3

¹ Management believes that tangible shareholders' equity and tangible book value per share, both non-GAAP financial measures, are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

Risk management

In 4Q13, overall position risk increased 7%, utilized economic capital increased 5%, average risk management VaR in US dollars was stable at USD 44 million and gross impaired loans decreased 3% to CHF 1.5 billion.

ECONOMIC CAPITAL AND POSITION RISK

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. It is our core Group-wide risk management tool for measuring and reporting all quantifiable risks. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating).

We regularly review our economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In the event of methodology changes, prior-period balances are restated in order to show meaningful trends.

In 4Q13, we made an enhancement to the position risk methodology for risk management purposes. For our non-recourse lending business, we refined the modeling of our equity-based collateral to better capture the market risk associated with liquidating the collateral in a stressed environment. The impact of this methodology change on position risk for the Group as of the end of 3Q13 was an increase of CHF 66 million, or 0.6%. This increase was partially offset by a decrease of CHF 12 million due to an enhancement to the dataset, resulting in a CHF 54 million overall net increase in 3Q13 position risk.

For utilized economic capital used for capital management purposes, the impact of the above methodology change on position risk was simultaneously offset in part by the reversal of our previously budgeted estimate for this planned methodology change as reflected in other risks. The net impact of this methodology change on utilized economic capital for the Group as of the end of 3Q13 was an increase of CHF 40 million, or 0.1%. This increase was partially offset by a decrease of CHF 19 million due to the enhancement to the dataset, resulting in a CHF 21 million overall net increase in 3Q13 utilized economic capital.

► Refer to “Economic capital and position risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2012 for further information on economic capital and position risk.

Key position risk trends

Position risk for risk management purposes as of the end of 4Q13 increased 7% compared to the end of 3Q13. Excluding the US dollar translation impact, position risk increased 9%, mainly due to higher interest rate, foreign exchange and credit spread exposures in fixed income trading as well as increased exposures in Eastern Europe in emerging markets country event risk. Position risk also increased due to new loan commitments in Investment Banking in international lending & counterparty exposures.

Position risk

	4Q13	3Q13	end of 4Q12	% change	
				QoQ	YoY
Position risk (CHF million)					
Fixed income trading ¹	3,318	2,383	2,489	39	33
Equity trading & investments	1,715	1,652	1,893	4	(9)
Private banking corporate & retail lending	2,350	2,404	2,382	(2)	(1)
International lending & counterparty exposures	4,957	4,801	4,260	3	16
Emerging markets country event risk	1,412	1,046	1,041	35	36
Real estate & structured assets ²	1,862	1,755	1,985	6	(6)
Simple sum across risk categories	15,614	14,041	14,050	11	11
Diversification benefit ³	(3,571)	(2,831)	(2,820)	26	27
Position risk (99% confidence level for risk management purposes)	12,043	11,210	11,230	7	7

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ This category comprises fixed income trading, foreign exchange and commodity exposures.

² This category comprises commercial and residential real estate (including RMBS and CMBS), asset-backed securities exposure, real estate acquired at auction and real estate fund investments.

³ Reflects the net difference between the sum of the position risk categories and the position risk on the total portfolio.

Compared to the end of 4Q12, position risk for risk management purposes increased 7%. Excluding the US dollar translation impact, position risk increased 10%, mainly due to higher foreign exchange, interest rate and credit spread exposure in fixed income trading as well as new loan commitments and increased counterparty risk in Investment Banking in international lending & counterparty exposures. Position risk also increased due to increased exposures in Eastern Europe in emerging markets country event

risk. These increases were partially offset by reduced exposures in equity trading & investments due to private equity sales.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolios.

Economic capital

	in / end of			% change	
	4Q13	3Q13	4Q12	QoQ	YoY
Economic capital resources (CHF million)					
Look-through CET1 capital (Basel III)	26,480	26,617	22,690	(1)	17
Economic adjustments ¹	11,464	9,170	9,391	25	22
Economic capital resources	37,944	35,787	32,081	6	18
Utilized economic capital (CHF million)					
Position risk (99.97% confidence level)	21,262	19,743	19,798	8	7
Operational risk	4,195	4,093	4,093	2	2
Other risks ²	6,821	6,829	7,210	0	(5)
Utilized economic capital	32,278	30,665	31,101	5	4
Utilized economic capital by segment (CHF million)					
Private Banking & Wealth Management	9,200	9,469	9,646	(3)	(5)
Investment Banking	20,852	18,959	19,232	10	8
Corporate Center ³	2,244	2,256	2,242	(1)	0
Utilized economic capital – Credit Suisse⁴	32,278	30,665	31,101	5	4
Average utilized economic capital by segment (CHF million)					
Private Banking & Wealth Management	9,334	9,569	9,809	(2)	(5)
Investment Banking	19,905	19,666	19,228	1	4
Corporate Center ³	2,250	2,253	2,256	0	0
Average utilized economic capital – Credit Suisse⁵	31,471	31,469	31,282	0	1

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ Includes primarily high-trigger capital instruments, adjustments to unrealized gains on owned real estate, reduced recognition of deferred tax assets and adjustments to treatment of pensions. Economic adjustments are made to Look-through CET1 capital to enable comparison between economic capital utilization and economic capital resources under the Basel III framework.

² Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, interest rate risk on treasury positions, diversification benefits, the impact from deferred share-based compensation awards and an estimate for the impacts of certain methodology changes planned for 2014.

³ Includes primarily expense risk, diversification benefits from the divisions and foreign exchange risk between economic capital resources and utilized economic capital.

⁴ Includes a diversification benefit of CHF 18 million, CHF 19 million and CHF 19 million as of the end of 4Q13, 3Q13 and 4Q12, respectively.

⁵ Includes a diversification benefit of CHF 18 million, CHF 19 million and CHF 11 million as of the end of 4Q13, 3Q13 and 4Q12, respectively.

Utilized economic capital trends

In 4Q13, our utilized economic capital increased 5%. Excluding the US dollar translation impact, utilized economic capital increased 6%, mainly due to higher position risk primarily in Investment Banking.

For Private Banking & Wealth Management, utilized economic capital decreased 3%, mainly due to decreased position risk in equity trading & investments and private banking corporate & retail lending, partially offset by increased emerging markets country event risk.

For Investment Banking, utilized economic capital increased 10%. Excluding the US dollar translation impact, utilized economic capital increased 12%, mainly due to increased position risk in fixed income trading, international lending & counterparty exposures and emerging markets country event risk.

For Corporate Center, utilized economic capital decreased 1%, mainly due to decreased position risk in equity trading & investments.

MARKET RISK

Trading portfolios

We primarily assume market risk through the trading activities in Investment Banking. Private Banking & Wealth Management also engages in trading activities, but to a much lesser extent. We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations. Risks associated with the embedded derivative elements of our structured products are actively monitored and managed on a portfolio basis as part of our overall trading portfolio and are reflected in our VaR measures.

Trading risks are measured using VaR along with a number of other risk measurement tools. VaR measures the potential loss in fair value of trading positions due to adverse market movements over a defined time horizon at a specified confidence level. VaR relies on historical data and is considered a useful tool for estimating potential loss in normal markets in which there are no abrupt changes in market conditions. We use risk management VaR for internal risk management purposes and regulatory VaR for regulatory capital purposes. For risk management VaR, we use a

one-day holding period and a 98% confidence level. This means there is a 1-in-50 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR. For regulatory VaR, we present one-day, 99% VaR, which is a ten-day VaR adjusted to a one-day holding period. Our VaR methodology is the same for both VaR measures, except for the confidence levels and holding periods. Other tools, including stress testing, are more appropriate for modeling the impact from severe market conditions.

We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. In 4Q13, we updated our VaR models to better reflect that borrowing costs may differ from the risk-free rate when calculating forward equity prices and to better capture the volatility skew risk for foreign exchange products. The cumulative impact of these updates on the average 4Q13 risk management VaR was immaterial and prior periods have not been restated.

For regulatory capital purposes, we operate under the Basel III market risk framework which includes an incremental risk charge, stressed VaR and, since January 1, 2013, consideration of the impact of changes in a counterparty's credit spreads (also known as CVA).

► Refer to "Market risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2012 for further information.

In order to show the aggregate market risk in our trading books, the chart entitled "Daily risk management VaR" shows the trading-related market risk on a consolidated basis.

We measure VaR in US dollars, as substantially all market risk relates to Investment Banking.

Average risk management VaR was stable at USD 44 million from 3Q13, as an increase in equity exposures was offset by a reduction in interest rate and foreign exchange exposures and lower market volatility. Compared to 4Q12, average risk management VaR decreased 4% due to reduced residential mortgage-backed securities (RMBS), agency collateralized mortgage obligations and cash equity exposures.

Period-end risk management VaR increased 31% to USD 51 million from 3Q13. The increase mainly reflected higher equity exposures, partially offset by a reduction in market volatility. Compared to 4Q12, period-end risk management VaR increased 16%, reflecting increased equity exposures and reduced portfolio diversification benefit, partially offset by lower interest rate and foreign exchange exposures.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (CHF)

in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Risk management VaR (98%)	Regulatory VaR (99%)
						Total	Total
4Q13 (CHF million)							
Average	36	8	2	17	(23)	40	32
Minimum	33	3	1	13	- ¹	33	22
Maximum	38	15	3	24	- ¹	45	44
End of period	33	6	3	24	(21)	45	31
3Q13 (CHF million)							
Average	38	9	2	14	(22)	41	36
Minimum	33	3	1	11	- ¹	33	27
Maximum	45	17	4	20	- ¹	48	52
End of period	37	6	2	14	(24)	35	28
4Q12 (CHF million)							
Average	47	9	2	20	(35)	43	44
Minimum	36	4	1	15	- ¹	34	34
Maximum	63	16	5	32	- ¹	56	53
End of period	44	12	2	17	(35)	40	52

Excludes risks associated with counterparty and own credit exposures.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (USD)

in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversification benefit	Risk management VaR (98%)	Regulatory VaR (99%)
						Total	Total
4Q13 (USD million)							
Average	39	9	2	18	(24)	44	35
Minimum	37	3	1	15	- ¹	37	24
Maximum	42	17	4	27	- ¹	51	49
End of period	37	7	3	27	(23)	51	35
3Q13 (USD million)							
Average	41	10	2	15	(24)	44	39
Minimum	35	4	1	12	- ¹	35	30
Maximum	49	18	4	22	- ¹	51	54
End of period	41	7	2	16	(27)	39	31
4Q12 (USD million)							
Average	50	9	3	22	(38)	46	47
Minimum	38	5	1	16	- ¹	36	37
Maximum	68	17	5	35	- ¹	59	57
End of period	49	13	2	18	(38)	44	57

Excludes risks associated with counterparty and own credit exposures.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Various techniques are used to assess the accuracy of the regulatory VaR model used for trading portfolios, including backtesting. We conduct such backtesting using actual daily trading revenues. Actual daily trading revenues are compared with a regulatory 99% VaR calculated using a one-day holding period. A backtesting exception occurs when a trading loss exceeds the daily VaR estimate. We had no such backtesting exceptions in 4Q13 and in the 12-month-period ending with such quarter. Since there were fewer than five backtesting exceptions in the rolling 12-month period ending as of the end of 4Q13, in line with BIS industry guidelines, the VaR model is deemed to be statistically valid.

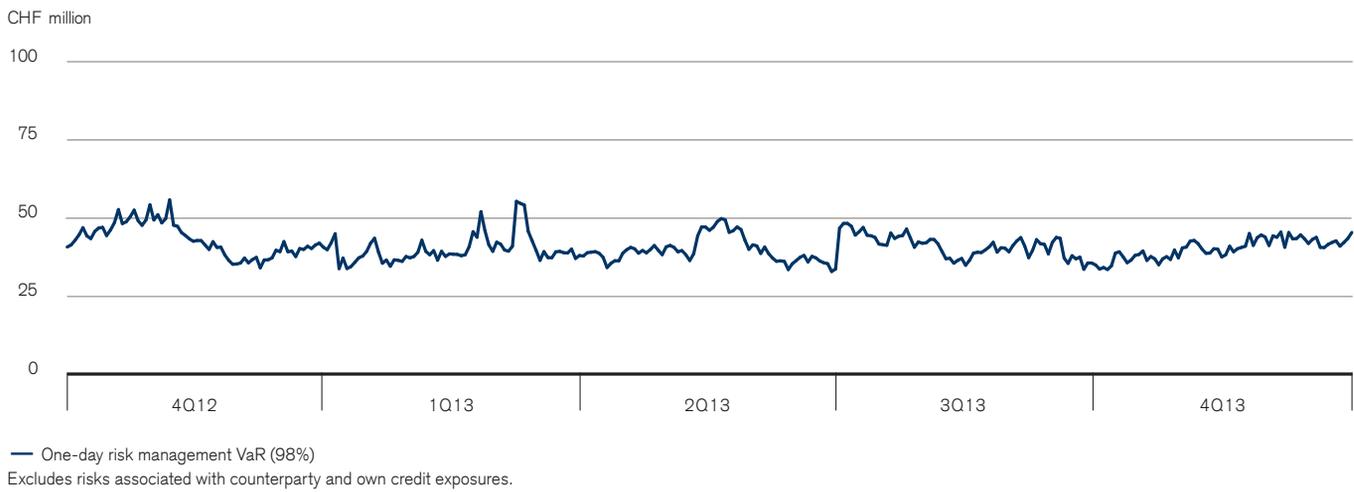
For capital purposes, FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital

for every regulatory VaR exception over four in the prior rolling 12-month period calculated using a subset of actual daily trading revenues.

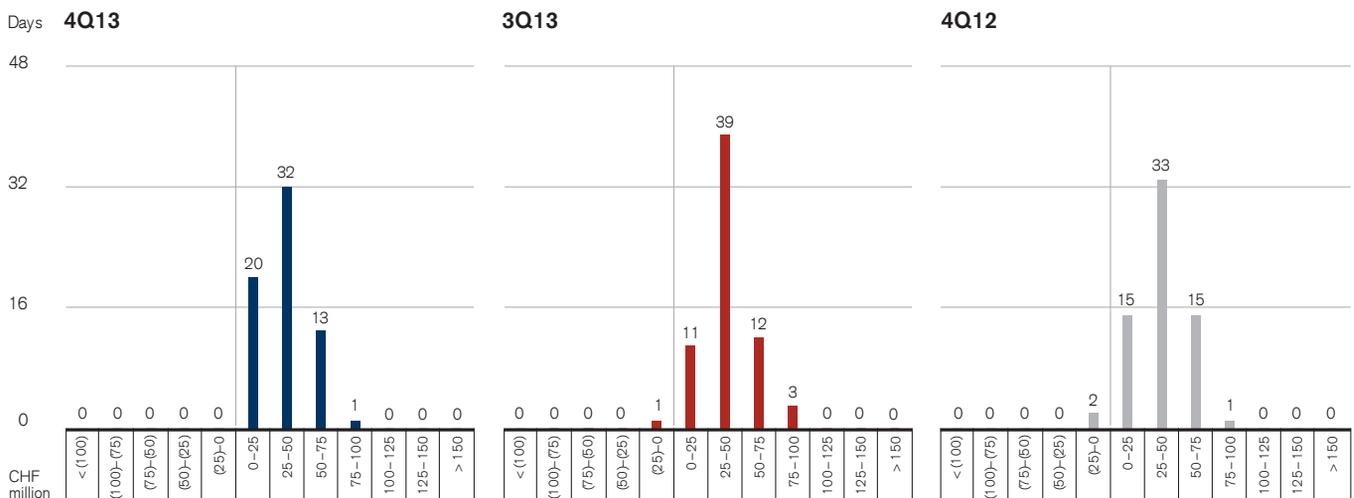
► Refer to “Risk measurement models” in Capital management – Regulatory capital framework for further information on the use of our regulatory VaR model in the calculation of trading book market risk capital requirements.

The histogram entitled “Actual daily trading revenues” compares the actual daily trading revenues for 4Q13 with those for 3Q13 and 4Q12. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities. In 4Q13, we had no trading loss days, compared to one trading loss day in 3Q13.

Daily risk management VaR



Actual daily trading revenues



Excludes Neue Aargauer Bank.
Trading revenues do not include valuation adjustments associated with counterparty and own credit exposures.

Banking portfolios

We assume non-trading interest rate risk through interest rate-sensitive positions originated by Private Banking & Wealth Management and risk-transferred to Treasury, money market and funding activities by Treasury and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking & Wealth Management to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying product). Treasury and certain other areas of the Group running interest rate risk positions actively manage the positions within approved limits. This risk is monitored on a daily basis.

The impact of a one basis point parallel increase of the yield curves on the fair value of interest rate-sensitive non-trading book positions would have amounted to a valuation increase of CHF 8.5 million as of the end of 4Q13 and 3Q13.

CREDIT RISK

Credit risk is the possibility of a loss being incurred by us as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral, or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Sources of credit risk

The majority of our credit risk is concentrated in the Wealth Management Clients and Corporate & Institutional Clients businesses within the Private Banking & Wealth Management division and in the Investment Banking division. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Our regular review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at fair value are reflected in valuation changes recorded directly in revenues, and therefore are not part of the impaired loans balance.

► Refer to "Credit risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management in the Credit Suisse Annual Report 2012 for further information on credit risk.

► Refer to "Note 27 – Financial instruments" in III – Condensed consolidated financial statements – unaudited for further information on counterparty credit risk.

Selected European credit risk exposures

The scope of our disclosure of European credit risk exposure includes all countries of the EU which are rated below AA or its equivalent by at least one of the three major rating agencies and where our gross exposure exceeds our quantitative threshold of EUR 0.5 billion. We believe this external rating is a useful measure in determining the financial ability of countries to meet their financial obligations, including giving an indication of vulnerability to adverse business, financial and economic conditions.

Monitoring of selected European credit risk exposures

Our credit risk exposure to these European countries is managed as part of our risk management process. The Group makes use of country limits and performs scenario analyses on a regular basis, which include analyses on our indirect sovereign credit risk exposures from our exposures to selected European financial institutions. This assessment of indirect sovereign credit risk exposures includes analysis of publicly available disclosures of counterparties' exposures to the European countries within the defined scope of our disclosure. We monitor the concentration of collateral underpinning our over-the-counter (OTC) derivative and reverse repurchase agreement exposures through monthly reporting. We also monitor the impact of sovereign rating downgrades on collateral eligibility. Strict limits on sovereign collateral from G-7 and non-G-7 countries are monitored monthly. Similar disclosure is part of our regular risk reporting to regulators.

Presentation of selected European credit risk exposures

The basis for the presentation of the country exposure is our internal risk domicile view. The risk domicile view is based on the domicile of the legal counterparty, i.e., it may include exposure to a legal entity domiciled in the reported country where its parent is located outside of the country.

The credit risk exposure in the table and the related description of developments is presented on a risk-based view before deduction of any related allowance for loan losses. Prior to our 4Q13 Financial Report, gross and net credit risk exposures were presented net of the allowance for loan losses. The net impact of this change in presentation was an increase of EUR 0.1 billion in both gross and net sovereign credit risk exposures to Greece as of the end of 4Q13. We present our credit risk exposure and related risk mitigation for the following distinct categories:

- *Gross credit risk exposure* includes the principal amount of loans drawn, letters of credit issued and undrawn portions of committed facilities, the positive replacement value (PRV) of derivative instruments after consideration of legally enforceable netting agreements, the notional value of investments in money market funds and the market values of securities financing transactions and the debt cash trading portfolio (short-term securities) netted at issuer level.
- *Risk mitigation* includes CDS and other hedges, at their net notional amount, guarantees, insurance and collateral (primarily cash, securities and, to a lesser extent, real estate, mainly for Private Banking & Wealth Management exposure to corporates & other). Collateral values applied for the calculation of the net exposure are determined in accordance with our risk management policies and reflect applicable margining considerations.
- *Net credit risk exposure* represents gross credit risk exposure net of risk mitigation.
- *Inventory* represents the long inventory positions in trading and non-trading physical debt and synthetic positions, each at market value, all netted at issuer level. Physical debt is non-derivative debt positions (e.g., bonds), and synthetic positions are created through OTC contracts (e.g., CDS purchased and/or sold and total return swaps (TRS)).

CDS presented in the risk mitigation column are purchased as a direct hedge to our OTC exposure and the risk mitigation impact is considered to be the notional amount of the contract for risk purposes, with the mark-to-market fair value of CDS risk-managed

against the protection provider. Net notional amounts of CDS reflect the notional amount of CDS protection purchased less the notional amount of CDS protection sold and are based on the origin of the CDS reference credit, rather than that of the CDS counterparty. CDS included in the inventory column represent contracts recorded in our trading books that are hedging the credit risk of the instruments included in the inventory column and are disclosed on the same basis as the value of the fixed income instrument they are hedging.

We do not have any tranching CDS positions on these European countries and only an insignificant amount of indexed credit derivatives is included in inventory.

The credit risk of CDS contracts themselves, i.e., the risk that the CDS counterparty will not perform in the event of a default, is managed separately from the credit risk of the reference credit. To mitigate such credit risk, all CDS contracts are collateralized and executed with counterparties with whom we have an enforceable International Swaps and Derivatives Association (ISDA) master agreement that provides for daily margining.

Development of selected European credit risk exposures

On a gross basis, before taking into account risk mitigation, our risk-based sovereign credit risk exposure to Croatia, Cyprus, Greece, Ireland, Italy, Portugal and Spain as of the end of 4Q13 was EUR 4.3 billion, down from EUR 4.5 billion as of the end of 3Q13. Our net exposure to these sovereigns was stable at EUR 0.8 billion compared to the end of 3Q13. Our non-sovereign risk-based credit risk exposure in these countries as of the end of 4Q13 included net exposure to financial institutions of EUR 2.3 billion and to corporates and other counterparties of EUR 1.9 billion, compared to EUR 1.3 billion and EUR 3.3 billion, respectively, as of the end of 3Q13. A significant majority of the purchased credit protection is transacted with banks outside of the disclosed countries. For credit protection purchased from banks in the disclosed countries, such credit risk is reflected in the gross and net exposure to each respective country.

Sovereign debt rating developments

In 4Q13, the long-term sovereign debt ratings of the countries listed in the table were affected as follows: Standard & Poor's increased Cyprus' rating to B- from CCC+ and Moody's increased Greece's rating to Caa3+ from C. The rating changes did not have a significant impact on the Group's financial position, result of operations, liquidity or capital resources.

Selected European credit risk exposures

	Gross credit risk exposure	Risk mitigation		Net credit risk exposure	Inventory ²	Net synthetic inventory ³	Total credit risk exposure	
		CDS	Other ¹				Gross	Net
end of 4Q13								
Croatia (EUR billion)								
Sovereigns	0.6	0.0	0.5	0.1	0.0	(0.2)	0.6	0.1
Total	0.6	0.0	0.5	0.1	0.0	(0.2)	0.6	0.1
Cyprus (EUR billion)								
Corporates & other	0.6	0.0	0.6	0.0	0.0	0.0	0.6	0.0
Total	0.6	0.0	0.6	0.0	0.0	0.0	0.6	0.0
Greece (EUR billion)								
Sovereigns	0.2	0.0	0.0	0.2	0.0	0.0	0.2	0.2
Financial institutions	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0
Corporates & other	0.4	0.0	0.4	0.0	0.0	0.0	0.4	0.0
Total	0.7	0.0	0.5	0.2	0.0	0.0	0.7	0.2
Ireland (EUR billion)								
Financial institutions	1.1	0.0	0.4	0.7	0.1	(0.1)	1.2	0.8
Corporates & other	0.7	0.0	0.6	0.1	0.0	0.0	0.7	0.1
Total	1.8	0.0	1.0	0.8	0.1	(0.1)	1.9	0.9
Italy (EUR billion)								
Sovereigns	3.2	2.6	0.3	0.3	0.1	(0.5)	3.3	0.4
Financial institutions	1.5	0.0	1.0	0.5	0.2	0.0	1.7	0.7
Corporates & other	2.5	0.2	1.6	0.7	0.1	(0.2)	2.6	0.8
Total	7.2	2.8	2.9	1.5	0.4	(0.7)	7.6	1.9
Portugal (EUR billion)								
Sovereigns	0.1	0.0	0.1	0.0	0.0	(0.1)	0.1	0.0
Financial institutions	0.1	0.0	0.1	0.0	0.0	(0.1)	0.1	0.0
Corporates & other	0.1	0.0	0.1	0.0	0.1	0.0	0.2	0.1
Total	0.3	0.0	0.3	0.0	0.1	(0.2)	0.4	0.1
Spain (EUR billion)								
Sovereigns	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Financial institutions	0.6	0.0	0.3	0.3	0.5	0.2	1.1	0.8
Corporates & other	1.9	0.1	1.0	0.8	0.1	0.0	2.0	0.9
Total	2.5	0.1	1.3	1.1	0.7	0.3	3.2	1.8
Total (EUR billion)								
Sovereigns	4.1	2.6	0.9	0.6	0.2	(0.7)	4.3	0.8
Financial institutions	3.4	0.0	1.9	1.5	0.8	0.0	4.2	2.3
Corporates & other	6.2	0.3	4.3	1.6	0.3	(0.2)	6.5	1.9
Total	13.7	2.9	7.1	3.7	1.3	(0.9)	15.0	5.0

¹ Includes other hedges (derivative instruments), guarantees, insurance and collateral.

² Represents long inventory positions netted at issuer level.

³ Substantially all of which results from CDS; represents long positions net of short positions.

Credit risk overview

The following table represents credit risk from loans, irrevocable loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of risk mitigation such as cash collateral and marketable

securities or credit hedges. Irrevocable loan commitments include irrevocable credit facilities for Investment Banking and Private Banking & Wealth Management, but do not include unused credit limits which can be revoked at our sole discretion upon notice to the client.

Credit risk

	4Q13	3Q13	end of 4Q12	QoQ	% change YoY
Balance sheet (CHF million)					
Gross loans	248,014	246,200	243,204	1	2
Loans held-for-sale	18,914	17,663	19,894	7	(5)
Traded loans	6,397	5,884	4,282	9	49
Derivative instruments ¹	33,665	39,129	37,138	(14)	(9)
Total balance sheet	306,990	308,876	304,518	(1)	1
Off-balance sheet (CHF million)					
Irrevocable loan commitments ²	96,990	96,194	100,219	1	(3)
Credit guarantees and similar instruments	4,916	12,457	12,587	(61)	(61)
Irrevocable commitments under documentary credits	5,512	5,574	6,258	(1)	(12)
Total off-balance sheet	107,418	114,225	119,064	(6)	(10)
Total credit risk	414,408	423,101	423,582	(2)	(2)

Before risk mitigation, for example, collateral, credit hedges.

¹ Positive replacement value after netting agreements.

² Irrevocable loan commitments do not include unused credit limits which are revocable at the Group's sole discretion upon notice to the client. Prior periods have been adjusted to the current presentation.

Loan exposure

Compared to the end of 3Q13, gross loans increased CHF 1.8 billion to CHF 248.0 billion. In Private Banking & Wealth Management, gross loans were CHF 216.5 billion, up CHF 1.6 billion from 3Q13, reflecting increased lending driven by the real estate sector, loans collateralized by securities and residential mortgages, partially offset by the reclassification of the loans relating to our domestic private banking business booked in Germany to discontinued assets held-for-sale. Gross loans in Investment Banking increased CHF 209 million to CHF 31.5 billion, primarily from increases in commercial and industrial loans, loans to financial institutions and loans to governments and public institutions, partially offset by the US dollar translation impact.

Gross impaired loans decreased 3% to CHF 1.5 billion compared to the end of 3Q13. In Private Banking & Wealth Management, gross impaired loans decreased CHF 36 million to CHF 1.2 billion, primarily due to lower non-performing and non-interest-earning loans, partially offset by higher potential problem loans. In Investment Banking, gross impaired loans decreased CHF 14

million to CHF 252 million, primarily due to the repayment of a restructured loan.

We recorded a net provision for credit losses of CHF 53 million in 4Q13, stable compared to 3Q13, with a net provision of CHF 44 million and CHF 8 million in Private Banking & Wealth Management and Investment Banking, respectively.

Compared to the end of 4Q12, gross loans increased 2%. An increase in Private Banking & Wealth Management of 4% was primarily due to an increase in loans collateralized by securities, higher residential mortgages and higher loans to the real estate sector, partially offset by the US dollar translation impact, a decrease in consumer finance and the reclassification of the loans relating to our domestic private banking business booked in Germany. In Investment Banking, a decrease of 9% was related to lower loans to financial institutions and consumer finance and the US dollar translation impact, partially offset by higher loans to governments and public institutions, commercial and industrial loans and loans to the real estate sector. Gross impaired loans decreased 14% driven by decreases in potential problem loans and non-interest-earning loans across the Group.

Loans

end of	Private Banking & Wealth Management			Investment Banking			Credit Suisse ¹		
	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12	4Q13	3Q13	4Q12
Loans (CHF million)									
Mortgages	94,978	94,369	91,872	0	0	0	94,978	94,369	91,872
Loans collateralized by securities	31,565	30,872	27,363	0	0	0	31,565	30,872	27,363
Consumer finance	5,672	5,942	6,290	266	287	611	5,938	6,229	6,901
Consumer	132,215	131,183	125,525	266	287	611	132,481	131,470	126,136
Real estate	26,557	25,628	25,253	755	860 ²	548 ²	27,312	26,488 ²	25,801 ²
Commercial and industrial loans	48,953	49,018	48,860	14,356	14,194 ²	14,148 ²	63,334	63,236 ²	63,028 ²
Financial institutions	7,538	7,804	7,616	14,302	14,314 ²	18,286 ²	21,840	22,118 ²	25,902 ²
Governments and public institutions	1,236	1,262	1,272	1,811	1,626 ²	1,065 ²	3,047	2,888 ²	2,337 ²
Corporate & institutional	84,284 ³	83,712 ³	83,001 ³	31,224	30,994	34,047	115,533	114,730	117,068
Gross loans	216,499	214,895	208,526	31,490	31,281	34,658	248,014	246,200	243,204
of which held at fair value	226	231	257	19,231	18,792	19,743	19,457	19,023	20,000
Net (unearned income) / deferred expenses	(71)	(77)	(39)	(20)	(20)	(20)	(91)	(97)	(59)
Allowance for loan losses ⁴	(715)	(723)	(785)	(151)	(146)	(137)	(869)	(871)	(922)
Net loans	215,713	214,095	207,702	31,319	31,115	34,501	247,054	245,232	242,223
Impaired loans (CHF million)									
Non-performing loans	608	645	604	251	246	255	862	893	859
Non-interest-earning loans	280	301	309	1	1	4	281	302	313
Total non-performing and non-interest-earning loans	888	946	913	252	247	259	1,143	1,195	1,172
Restructured loans	6	0	0	0	19	30	6	19	30
Potential problem loans	340	324	513	0	0	14	340	324	527
Total other impaired loans	346	324	513	0	19	44	346	343	557
Gross impaired loans ⁴	1,234	1,270	1,426	252	266	303	1,489	1,538	1,729
of which loans with a specific allowance	1,165	1,189	1,307	244	239	204	1,412	1,430	1,511
of which loans without a specific allowance	69	81	119	8	27	99	77	108	218
Allowance for loan losses (CHF million)									
Balance at beginning of period ⁴	723	757	761	146	141	136	871	900	897
Change in scope of consolidation	0	(1)	0	0	0	0	0	(1)	0
Net movements recognized in statements of operations	41	34	67	12	9	17	54	43	84
Gross write-offs	(56)	(72)	(59)	(4)	(1)	(6)	(60)	(73)	(65)
Recoveries	7	10	6	(1)	2	1	6	12	7
Net write-offs	(49)	(62)	(53)	(5)	1	(5)	(54)	(61)	(58)
Provisions for interest	1	4	3	5	3	6	6	7	9
Foreign currency translation impact and other adjustments, net	(1)	(9)	7	(7)	(8)	(17)	(8)	(17)	(10)
Balance at end of period ⁴	715	723	785	151	146	137	869	871	922
of which individually evaluated for impairment	537	536	598	114	109	98	654	647	696
of which collectively evaluated for impairment	178	187	187	37	37	39	215	224	226
Loan metrics (%)									
Total non-performing and non-interest-earning loans / Gross loans ⁵	0.4	0.4	0.4	2.1	2.0	1.7	0.5	0.5	0.5
Gross impaired loans / Gross loans ⁵	0.6	0.6	0.7	2.1	2.1	2.0	0.7	0.7	0.8
Allowance for loan losses / Total non-performing and non-interest-earning loans ⁴	80.5	76.4	86.0	59.9	59.1	52.9	76.0	72.9	78.7
Allowance for loan losses / Gross impaired loans ⁴	57.9	56.9	55.0	59.9	54.9	45.2	58.4	56.6	53.3

¹ Includes Corporate Center, in addition to Private Banking & Wealth Management and Investment Banking.

² Prior periods have been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions and from governments and public institutions to commercial and industrial loans, respectively.

³ Includes loans secured by financial collateral and mortgages. The value of financial collateral and mortgages, considered up to the amount of the related loans, was CHF 67,522 million, CHF 65,953 million and CHF 64,536 million as of the end of 4Q13, 3Q13 and 4Q12, respectively.

⁴ Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value.

⁵ Excludes loans carried at fair value.

OPERATIONAL RISK

We have used an internal model to calculate the regulatory capital requirement for operational risk under the Advanced Measurement Approach (AMA) since 2008. In 2012, following discussions with FINMA, we initiated a project to enhance our internal model to reflect recent developments regarding operational risk measurement methodology and associated regulatory guidance. The revised model has been approved by FINMA for calculating the regulatory capital requirement for operational risk with effect from January 1, 2014. We view the revised model as a significant enhancement to our capability to measure and understand the operational risk profile of the Group that is also more conservative compared with the previous approach.

The model is based on a loss distribution approach that uses historical data on internal and relevant external losses of peers to generate frequency and severity distributions for a range of potential operational risk loss scenarios, such as an unauthorized trading incident or a material business disruption. Business experts and senior management review, and may adjust, the parameters

of these scenarios to take account of business environment and internal control factors, such as risk and control self-assessment results and risk and control indicators, to provide a forward-looking assessment of each scenario. The AMA capital calculation approved by FINMA includes all litigation-related provisions and also an add-on component relating to the aggregate range of reasonably possible litigation losses that are disclosed in our financial statements but are not covered by existing provisions. In 4Q13, this new approach to litigation-related provisions and reasonably possible litigation losses has been applied to the previous AMA model used to calculate regulatory capital requirements as of December 31, 2013. Insurance mitigation is included in the regulatory capital requirement for operational risk where appropriate, by considering the level of insurance coverage for each scenario and incorporating haircuts as appropriate. The internal model then uses the adjusted parameters to generate an overall loss distribution for the Group over a one-year time horizon. The AMA capital requirement represents the 99.9th percentile of this overall loss distribution.

Balance sheet and off-balance sheet

Total assets were CHF 872.8 billion, total liabilities were CHF 825.6 billion and total equity was CHF 47.2 billion. Both total assets and total liabilities were down 2% for the quarter, driven in both cases by the foreign exchange translation impact and a decrease from operating activities. The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

Balance sheet summary

	4Q13	3Q13	end of 4Q12	% change	
				QoQ	YoY
Assets (CHF million)					
Cash and due from banks	68,692	69,600	61,763	(1)	11
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	160,022	161,876	183,455	(1)	(13)
Trading assets	229,413	244,422	256,399	(6)	(11)
Net loans	247,054	245,232	242,223	1	2
Brokerage receivables	52,045	56,699	45,768	(8)	14
All other assets	115,580	117,340	134,672	(1)	(14)
Total assets	872,806	895,169	924,280	(2)	(6)
Liabilities and equity (CHF million)					
Due to banks	23,108	27,481	31,014	(16)	(25)
Customer deposits	333,089	328,244	308,312	1	8
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	94,032	94,193	132,721	0	(29)
Trading liabilities	76,635	92,350	90,816	(17)	(16)
Long-term debt	130,042	128,821	148,134	1	(12)
Brokerage payables	73,154	78,445	64,676	(7)	13
All other liabilities	95,580	96,624	106,323	(1)	(10)
Total liabilities	825,640	846,158	881,996	(2)	(6)
Total shareholders' equity	42,164	42,162	35,498	0	19
Noncontrolling interests	5,002	6,849	6,786	(27)	(26)
Total equity	47,166	49,011	42,284	(4)	12
Total liabilities and equity	872,806	895,169	924,280	(2)	(6)

BALANCE SHEET

Total assets were CHF 872.8 billion as of the end of 4Q13, down CHF 22.4 billion, or 2%, from the end of 3Q13, reflecting the foreign exchange translation impact and a decrease from operating activities. Excluding the foreign exchange translation impact, total assets decreased CHF 9.5 billion.

Compared to the end of 3Q13, trading assets decreased CHF 15.0 billion, or 6%, due to decreases in debt and equity securities and derivative instruments. Brokerage receivables decreased CHF 4.7 billion, or 8%, primarily reflecting a decrease in open trades and the foreign exchange translation impact. Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions were stable at CHF 160.0 billion. Cash and due from banks were stable at CHF 68.7 billion. Net loans increased CHF 1.8 billion, primarily reflecting increased lending in Private Banking & Wealth Management, driven by the real estate sector, loans collateralized by securities and residential mortgages. All other assets were stable at CHF 115.6 billion, including decreases of CHF 1.8 billion in securities received as collateral, CHF 0.8 in other investments and CHF 0.5 billion in other assets, offset by an increase of CHF 1.5 billion in assets of discontinued operations reclassified as held-for-sale.

Total liabilities were CHF 825.6 billion as of the end of 4Q13, down CHF 20.5 billion, or 2%, from the end of 3Q13, driven by a decrease from operating activities and the foreign exchange translation impact. Excluding the foreign exchange translation impact, total liabilities decreased CHF 9.8 billion.

Compared to the end of 3Q13, trading liabilities decreased CHF 15.7 billion, or 17%, reflecting decreases in derivative instruments and short positions. Brokerage payables decreased CHF 5.3 billion, or 7%, primarily due to lower client activity and the foreign exchange translation impact. Due to banks decreased

CHF 4.4 billion, or 16%, mainly driven by maturing of deposits with central banks. Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions were stable at CHF 94.0 billion. Long-term debt was stable at CHF 130.0 billion, as issuances of senior and subordinated debt were offset by maturing of senior debt and the foreign exchange translation impact. Customer deposits increased CHF 4.8 billion, or 1%, primarily driven by an increase in certificates of deposits. All other liabilities were stable at CHF 95.6 billion, including decreases of CHF 1.8 billion in obligation to return securities received as collateral and CHF 0.4 billion in other liabilities, offset by an increase of CHF 1.1 billion in liabilities of discontinued operations reclassified as held-for-sale.

► Refer to "Funding sources and uses" in Liquidity and funding management and "Capital management" for further information, including our funding of the balance sheet and the leverage ratio.

OFF-BALANCE SHEET

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with special purpose entities (SPEs), and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

► Refer to "Liquidity and funding management" in III – Treasury, Risk, Balance sheet and Off-balance sheet in the Credit Suisse Annual Report 2012 and "Note 25 – Guarantees and commitments" and "Note 29 – Litigation" in III – Condensed consolidated financial statements – unaudited for further information.



Condensed consolidated financial statements – unaudited

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Condensed consolidated financial statements – unaudited

Consolidated statements of operations (unaudited)

in	4Q13	3Q13	4Q12	2013	2012
Consolidated statements of operations (CHF million)					
Interest and dividend income	4,073	4,441	4,840	19,556	22,090
Interest expense	(2,326)	(2,519)	(2,902)	(11,441)	(14,947)
Net interest income	1,747	1,922	1,938	8,115	7,143
Commissions and fees	3,425	3,015	3,455	13,226	12,724
Trading revenues	295	272	(147)	2,739	1,196
Other revenues	672	467	460	1,776	2,548
Net revenues	6,139	5,676	5,706	25,856	23,611
Provision for credit losses	53	41	70	167	170
Compensation and benefits	2,807	2,532	2,649	11,256	12,303
General and administrative expenses	3,223	1,771	2,106	8,599	7,246
Commission expenses	389	422	433	1,738	1,702
Total other operating expenses	3,612	2,193	2,539	10,337	8,948
Total operating expenses	6,419	4,725	5,188	21,593	21,251
Income/(loss) from continuing operations before taxes	(333)	910	448	4,096	2,190
Income tax expense/(benefit)	(63)	368	85	1,276	465
Income/(loss) from continuing operations	(270)	542	363	2,820	1,725
Income/(loss) from discontinued operations, net of tax	(2)	150	(31)	145	(40)
Net income/(loss)	(272)	692	332	2,965	1,685
Net income attributable to noncontrolling interests	204	238	69	639	336
Net income/(loss) attributable to shareholders	(476)	454	263	2,326	1,349
of which from continuing operations	(474)	304	294	2,181	1,389
of which from discontinued operations	(2)	150	(31)	145	(40)
Basic earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	1.14	0.82
Basic earnings/(loss) per share from discontinued operations	0.00	0.09	(0.02)	0.08	(0.03)
Basic earnings/(loss) per share	(0.37)	0.26	0.09	1.22	0.79
Diluted earnings per share (CHF)					
Diluted earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	1.14	0.82
Diluted earnings/(loss) per share from discontinued operations	0.00	0.09	(0.02)	0.08	(0.03)
Diluted earnings/(loss) per share	(0.37)	0.26	0.09	1.22	0.79

Consolidated statements of comprehensive income (unaudited)

in	4Q13	3Q13	4Q12	2013	2012
Comprehensive income (CHF million)					
Net income/(loss)	(272)	692	332	2,965	1,685
Gains/(losses) on cash flow hedges	11	20	12	18	37
Foreign currency translation	(578)	(1,204)	(886)	(1,021)	(1,114)
Unrealized gains/(losses) on securities	(11)	0	(5)	(32)	(15)
Actuarial gains/(losses)	836	57	(232)	1,044	(50)
Net prior service credit/(cost)	(15)	(22)	300	(95)	248
Other comprehensive income/(loss), net of tax	243	(1,149)	(811)	(86)	(894)
Comprehensive income/(loss)	(29)	(457)	(479)	2,879	791
Comprehensive income/(loss) attributable to noncontrolling interests	143	67	(37)	525	211
Comprehensive income/(loss) attributable to shareholders	(172)	(524)	(442)	2,354	580

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated balance sheets (unaudited)

end of	4Q13	3Q13	4Q12
Assets (CHF million)			
Cash and due from banks	68,692	69,600	61,763
of which reported at fair value	527	278	569
of which reported from consolidated VIEs	952	1,263	1,750
Interest-bearing deposits with banks	1,515	1,664	1,945
of which reported at fair value	311	367	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	160,022	161,876	183,455
of which reported at fair value	96,587	91,288	113,664
of which reported from consolidated VIEs	1,959	1,848	117
Securities received as collateral, at fair value	22,800	24,640	30,045
of which encumbered	17,964	20,147	17,767
Trading assets, at fair value	229,413	244,422	256,399
of which encumbered	72,976	74,930	70,948
of which reported from consolidated VIEs	3,610	3,925	4,697
Investment securities	2,987	2,768	3,498
of which reported at fair value	2,987	2,768	3,498
of which reported from consolidated VIEs	100	126	23
Other investments	10,329	11,082	12,022
of which reported at fair value	7,596	8,183	8,994
of which reported from consolidated VIEs	1,983	2,049	2,289
Net loans	247,054	245,232	242,223
of which reported at fair value	19,457	19,023	20,000
of which encumbered	638	546	535
of which reported from consolidated VIEs	4,207	4,659	6,053
allowance for loan losses	(869)	(871)	(922)
Premises and equipment	5,091	5,287	5,618
of which reported from consolidated VIEs	513	524	581
Goodwill	7,999	8,114	8,389
Other intangible assets	210	210	243
of which reported at fair value	42	35	43
Brokerage receivables	52,045	56,699	45,768
Other assets	63,065	63,529	72,912
of which reported at fair value	31,518	31,679	37,275
of which encumbered	722	731	1,495
of which reported from consolidated VIEs	14,330	14,102	14,536
Assets of discontinued operations held-for-sale	1,584	46	0
Total assets	872,806	895,169	924,280

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated balance sheets (unaudited) (continued)

end of	4Q13	3Q13	4Q12
Liabilities and equity (CHF million)			
Due to banks	23,108	27,481	31,014
of which reported at fair value	1,450	1,820	3,413
Customer deposits	333,089	328,244	308,312
of which reported at fair value	3,252	3,657	4,643
of which reported from consolidated VIEs	265	212	247
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	94,032	94,193	132,721
of which reported at fair value	76,104	78,095	108,784
Obligation to return securities received as collateral, at fair value	22,800	24,640	30,045
Trading liabilities, at fair value	76,635	92,350	90,816
of which reported from consolidated VIEs	93	95	125
Short-term borrowings	20,193	20,094	18,641
of which reported at fair value	6,053	6,025	4,513
of which reported from consolidated VIEs	4,286	4,747	9,582
Long-term debt	130,042	128,821	148,134
of which reported at fair value	63,369	61,874	65,384
of which reported from consolidated VIEs	12,992	13,715	14,532
Brokerage payables	73,154	78,445	64,676
Other liabilities	51,447	51,884	57,637
of which reported at fair value	21,973	22,991	26,871
of which reported from consolidated VIEs	710	1,033	1,228
Liabilities of discontinued operations held-for-sale	1,140	6	0
Total liabilities	825,640	846,158	881,996
Common shares	64	64	53
Additional paid-in capital	27,853	27,503	23,636
Retained earnings	30,261	30,859	28,171
Treasury shares, at cost	(139)	(85)	(459)
Accumulated other comprehensive income/(loss)	(15,875)	(16,179)	(15,903)
Total shareholders' equity	42,164	42,162	35,498
Noncontrolling interests	5,002	6,849	6,786
Total equity	47,166	49,011	42,284
Total liabilities and equity	872,806	895,169	924,280
end of	4Q13	3Q13	4Q12
Additional share information			
Par value (CHF)	0.04	0.04	0.04
Authorized shares ¹	2,269,616,660	2,269,616,660	2,118,134,039
Common shares issued	1,596,119,349	1,595,433,898	1,320,829,922
Treasury shares	(5,183,154)	(3,032,833)	(27,036,831)
Shares outstanding	1,590,936,195	1,592,401,065	1,293,793,091

¹ Includes issued shares and unissued shares (conditional, conversion and authorized capital).

Consolidated statements of changes in equity (unaudited)

	Attributable to shareholders							
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	Total equity
4Q13 (CHF million)								
Balance at beginning of period	64	27,503	30,859	(85)	(16,179)	42,162	6,849	49,011
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	216	–	–	–	216	(22)	194
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{1,2}	–	–	–	–	–	–	(1,876)	(1,876)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ²	–	–	–	–	–	–	81	81
Net income/(loss)	–	–	(476)	–	–	(476)	213 ³	(263)
Total other comprehensive income/(loss), net of tax	–	–	–	–	304	304	(61)	243
Issuance of common shares	–	18	–	–	–	18	–	18
Sale of treasury shares	–	(6)	–	2,847	–	2,841	–	2,841
Repurchase of treasury shares	–	–	–	(2,904)	–	(2,904)	–	(2,904)
Share-based compensation, net of tax	–	308 ⁴	–	3	–	311	–	311
Financial instruments indexed to own shares ⁵	–	(172)	–	–	–	(172)	–	(172)
Dividends paid	–	–	(122)	–	–	(122)	(19)	(141)
Changes in redeemable noncontrolling interests	–	(5)	–	–	–	(5)	–	(5)
Change in scope of consolidation, net	–	–	–	–	–	–	(163)	(163)
Other	–	(9)	–	–	–	(9)	–	(9)
Balance at end of period	64	27,853	30,261	(139)	(15,875)	42,164	5,002	47,166

¹ Distributions to owners in funds include the return of original capital invested and any related dividends.

² Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

³ Net income attributable to noncontrolling interests excludes CHF (9) million due to redeemable noncontrolling interests.

⁴ Includes a net tax benefit of CHF 2 million from the excess fair value of shares delivered over recognized compensation expense.

⁵ The Group had purchased certain call options on its own shares to economically hedge share-based compensation awards. In accordance with US GAAP, these call options were designated as equity instruments and, as such, were initially recognized in shareholders' equity at their fair values and not subsequently remeasured.

Consolidated statements of changes in equity (unaudited) (continued)

	Attributable to shareholders							Non-controlling interests	Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity			
3Q13 (CHF million)									
Balance at beginning of period	64	27,196	30,405	(62)	(15,201)	42,402	7,005	49,407	
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(212)	(212)	
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	59	59	
Net income/(loss)	–	–	454	–	–	454	241	695	
Total other comprehensive income/(loss), net of tax	–	–	–	–	(978)	(978)	(171)	(1,149)	
Issuance of common shares	–	30	–	–	–	30	–	30	
Sale of treasury shares	–	1	–	1,794	–	1,795	–	1,795	
Repurchase of treasury shares	–	–	–	(1,819)	–	(1,819)	–	(1,819)	
Share-based compensation, net of tax	–	280	–	2	–	282	–	282	
Financial instruments indexed to own shares	–	(1)	–	–	–	(1)	–	(1)	
Dividends paid	–	–	–	–	–	–	(17)	(17)	
Changes in redeemable noncontrolling interests	–	(3)	–	–	–	(3)	–	(3)	
Change in scope of consolidation, net	–	–	–	–	–	–	(56)	(56)	
Balance at end of period	64	27,503	30,859	(85)	(16,179)	42,162	6,849	49,011	
4Q12 (CHF million)									
Balance at beginning of period	53	23,273	28,025	(471)	(15,198)	35,682	7,151	42,833	
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	–	–	–	–	–	(4)	(4)	
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(314)	(314)	
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	21	21	
Net income/(loss)	–	–	263	–	–	263	73	336	
Total other comprehensive income/(loss), net of tax	–	–	–	–	(705)	(705)	(106)	(811)	
Issuance of common shares	–	16	–	–	–	16	–	16	
Sale of treasury shares	–	(8)	–	2,385	–	2,377	–	2,377	
Repurchase of treasury shares	–	–	–	(2,375)	–	(2,375)	–	(2,375)	
Share-based compensation, net of tax	–	356	–	2	–	358	–	358	
Financial instruments indexed to own shares	–	1	–	–	–	1	–	1	
Dividends paid	–	–	(117)	–	–	(117)	(13)	(130)	
Change in scope of consolidation, net	–	–	–	–	–	–	(22)	(22)	
Other	–	(2)	–	–	–	(2)	–	(2)	
Balance at end of period	53	23,636	28,171	(459)	(15,903)	35,498	6,786	42,284	

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated statements of changes in equity (unaudited) (continued)

	Attributable to shareholders							Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	
2013 (CHF million)								
Balance at beginning of period	53	23,636	28,171	(459)	(15,903)	35,498	6,786	42,284
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	216	–	–	–	216	(22)	194
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{1,2}	–	–	–	–	–	–	(2,467)	(2,467)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ²	–	–	–	–	–	–	438	438
Net income/(loss)	–	–	2,326	–	–	2,326	651 ³	2,977
Total other comprehensive income/(loss), net of tax	–	–	–	–	28	28	(114)	(86)
Issuance of common shares	11	4,222	–	–	–	4,233	–	4,233
Sale of treasury shares	–	(50)	–	10,360	–	10,310	–	10,310
Repurchase of treasury shares	–	–	–	(10,202)	–	(10,202)	–	(10,202)
Share-based compensation, net of tax	–	213 ⁴	–	162	–	375	–	375
Financial instruments indexed to own shares ⁵	–	(93)	–	–	–	(93)	–	(93)
Dividends paid	–	(269) ⁶	(236)	–	–	(505)	(59)	(564)
Changes in redeemable noncontrolling interests	–	(13)	–	–	–	(13)	–	(13)
Changes in scope of consolidation, net	–	–	–	–	–	–	(211)	(211)
Other	–	(9)	–	–	–	(9)	–	(9)
Balance at end of period	64	27,853	30,261	(139)	(15,875)	42,164	5,002	47,166
2012 (CHF million)								
Balance at beginning of period	49	21,796	27,053	(90)	(15,134)	33,674	7,411	41,085
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	44	–	–	–	44	(4)	40
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(809)	(809)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	116	116
Net income/(loss)	–	–	1,349	–	–	1,349	347	1,696
Total other comprehensive income/(loss), net of tax	–	–	–	–	(769)	(769)	(125)	(894)
Issuance of common shares	4	1,926	–	–	–	1,930	–	1,930
Sale of treasury shares	–	(3)	–	8,358	–	8,355	–	8,355
Repurchase of treasury shares	–	–	–	(8,859)	–	(8,859)	–	(8,859)
Share-based compensation, net of tax	–	932	–	132	–	1,064	–	1,064
Financial instruments indexed to own shares	–	(9)	–	–	–	(9)	–	(9)
Dividends paid	–	(1,011)	(231)	–	–	(1,242)	(54)	(1,296)
Changes in redeemable noncontrolling interests	–	(7)	–	–	–	(7)	–	(7)
Changes in scope of consolidation, net	–	–	–	–	–	–	(96)	(96)
Other	–	(32)	–	–	–	(32)	–	(32)
Balance at end of period	53	23,636	28,171	(459)	(15,903)	35,498	6,786	42,284

¹ Distributions to owners in funds include the return of original capital invested and any related dividends.

² Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

³ Net income attributable to noncontrolling interests excludes CHF (12) million due to redeemable noncontrolling interests.

⁴ Includes a net tax charge of CHF 24 million from the excess recognized compensation expense over fair value of shares delivered.

⁵ The Group had purchased certain call options on its own shares to economically hedge share-based compensation awards. In accordance with US GAAP, these call options were designated as equity instruments and, as such, were initially recognized in shareholders' equity at their fair values and not subsequently remeasured.

⁶ Paid out of reserves from capital contributions.

Consolidated statements of cash flows (unaudited)

in	2013	2012
Operating activities of continuing operations (CHF million)		
Net income	2,965	1,685
(Income)/loss from discontinued operations, net of tax	(145)	40
Income from continuing operations	2,820	1,725
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)		
Impairment, depreciation and amortization	1,345	1,294
Provision for credit losses	167	170
Deferred tax provision/(benefit)	695	(255)
Share of net income/(loss) from equity method investments	34	80
Trading assets and liabilities, net	13,961	(14,348)
(Increase)/decrease in other assets	(6,902)	(1,146)
Increase/(decrease) in other liabilities	9,992	(4,772)
Other, net	(38)	4,584
Total adjustments	19,254	(14,393)
Net cash provided by/(used in) operating activities of continuing operations	22,074	(12,668)
Investing activities of continuing operations (CHF million)		
(Increase)/decrease in interest-bearing deposits with banks	538	184
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	17,120	46,952
Purchase of investment securities	(677)	(480)
Proceeds from sale of investment securities	176	936
Maturities of investment securities	832	1,626
Investments in subsidiaries and other investments	(1,792)	(2,039)
Proceeds from sale of other investments	3,737	3,104
(Increase)/decrease in loans	(9,126)	(11,022)
Proceeds from sales of loans	1,483	1,090
Capital expenditures for premises and equipment and other intangible assets	(903)	(1,242)
Proceeds from sale of premises and equipment and other intangible assets	9	26
Other, net	122	3,683
Net cash provided by/(used in) investing activities of continuing operations	11,519	42,818

The accompanying notes to the condensed consolidated financial statements – unaudited are an integral part of these statements.

Consolidated statements of cash flows (unaudited) (continued)

in	2013	2012
Financing activities of continuing operations (CHF million)		
Increase/(decrease) in due to banks and customer deposits	22,463	(12,567)
Increase/(decrease) in short-term borrowings	6,002	(7,840)
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(36,347)	(39,958)
Issuances of long-term debt	39,090	38,405
Repayments of long-term debt	(55,135)	(55,936)
Issuances of common shares	976	1,930
Sale of treasury shares	9,764	8,355
Repurchase of treasury shares	(10,202)	(8,859)
Dividends paid	(564)	(1,296)
Other, net	(468)	394
Net cash provided by/(used in) financing activities of continuing operations	(24,421)	(77,372)
Effect of exchange rate changes on cash and due from banks (CHF million)		
Effect of exchange rate changes on cash and due from banks	(1,216)	(1,242)
Net cash provided by/(used in) discontinued operations (CHF million)		
Net cash provided by/(used in) discontinued operations	(1,027)	(346)
Net increase/(decrease) in cash and due from banks (CHF million)		
Net increase/(decrease) in cash and due from banks	6,929	(48,810)
Cash and due from banks at beginning of period	61,763	110,573
Cash and due from banks at end of period	68,692	61,763

Supplemental cash flow information (unaudited)

in	2013	2012
Cash paid for income taxes and interest (CHF million)		
Cash paid for income taxes	833	1,073
Cash paid for interest	11,876	15,004
Assets acquired and liabilities assumed in business acquisitions (CHF million)		
Fair value of assets acquired	4	2,418
Fair value of liabilities assumed	0	2,418
Assets and liabilities sold in business divestitures (CHF million)		
Assets sold	374	0
Liabilities sold	170	0

Notes to the condensed consolidated financial statements – unaudited

Note 1 Summary of significant accounting policies

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of Credit Suisse Group AG (the Group) are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). These condensed consolidated financial statements should be read in conjunction with the US GAAP consolidated financial statements and notes thereto for the year ended December 31, 2012 included in the Credit Suisse Annual Report 2012.

▶ Refer to “Note 1 – Summary of significant accounting policies” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for a description of the Group’s significant accounting policies.

Certain financial information, which is normally included in annual consolidated financial statements prepared in accordance with US GAAP, but not required for interim reporting purposes, has been condensed or omitted. Certain reclassifications have been made

to the prior period’s consolidated financial statements to conform to the current period’s presentation. These condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the condensed consolidated financial statements for the periods presented. The 3Q13 consolidated statements of operations and comprehensive income, the 3Q13 consolidated balance sheets and the 3Q13 consolidated statements of changes in equity have been added for convenience of the reader and are not a required presentation under US GAAP.

In preparing these condensed consolidated financial statements, management is required to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the condensed consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Recently issued accounting standards

Recently adopted accounting standards

The following provides the most relevant recently adopted accounting standards.

▶ Refer to “Note 2 – Recently issued accounting standards” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for a description of accounting standards adopted in 2012.

ASC Topic 210 – Balance Sheet

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-11, “Disclosures about Offsetting Assets and Liabilities” (ASU 2011-11), an update to Accounting Standards Codification (ASC) Topic 210 – Balance Sheet. The amendments in ASU 2011-11 require an entity to prepare additional disclosures about offsetting and related arrangements. In January 2013, the FASB issued ASU 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities” (ASU 2013-01), an update to ASC Topic 210 – Balance Sheet. ASU 2013-01 clarifies the scope of ASU 2011-11. The adoption of ASU 2011-11 and ASU 2013-01 on January 1, 2013 did not have an impact on the Group’s financial position, results of operations or cash flows.

▶ Refer to “Note 20 – Offsetting of financial assets and financial liabilities” for further information.

ASC Topic 220 – Comprehensive Income

In January 2013, the FASB issued ASU 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (ASU 2013-02), an update to ASC Topic 220 – Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income (AOCI) by component. The adoption

of ASU 2013-02 on January 1, 2013 did not have an impact on the Group’s financial position, results of operations or cash flows.

▶ Refer to “Note 19 – Accumulated other comprehensive income and additional share information” for further information.

In June 2011, the FASB issued ASU 2011-05, “Presentation of Comprehensive Income” (ASU 2011-05), an update to ASC Topic 220 – Comprehensive Income. ASU 2011-05 provides the entity with an option to present total comprehensive income either in a single continuous statement or in two separate but consecutive statements. The adoption of ASU 2011-05 on January 1, 2012 did not have an impact on the Group’s financial position, results of operations or cash flows.

ASC Topic 360 – Property, Plant and Equipment

In December 2011, the FASB issued ASU 2011-10, “Derecognition of in Substance Real Estate – a Scope Clarification, a consensus of the FASB Emerging Issues Task Force” (ASU 2011-10), an update to ASC Topic 360 – Property, Plant and Equipment. The ASU specifies that the guidance in ASC Subtopic 360-20, Property, Plant and Equipment – Real Estate Sales, would apply to an entity that ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary’s non-recourse debt. The adoption of ASU 2011-10 on July 1, 2012 did not have a material impact on the Group’s financial position, results of operations or cash flows.

ASC Topic 830 – Foreign Currency Matters

In March 2013, the FASB issued ASU 2013-05, “Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or

of an Investment in a Foreign Entity" (ASU 2013-05), an update to ASC Topic 830 – Foreign Currency Matters. The amendments provide guidance for the treatment of the cumulative translation adjustment when an entity ceases to hold a controlling financial interest in a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective prospectively for interim and annual reporting periods beginning after December 15, 2013 with early adoption permitted. The Group elected to early adopt ASU 2013-05 on January 1, 2013 which did not have a material impact on the Group's financial position, results of operations or cash flows.

Standards to be adopted in future periods

ASC Topic 946 – Financial Services – Investment Companies

In June 2013, the FASB issued ASU 2013-08, "Amendments to the Scope, Measurement, and Disclosure Requirements" (ASU 2013-08) an update to Topic 946 – Financial Services – Investment Companies. The amendments change the approach to the investment company assessment in Topic 946, clarify the characteristics of an investment company and provide comprehensive guidance for assessing whether an entity is an investment company. The adoption of ASU 2013-08 on January 1, 2014 did not have a material impact on the Group's financial position, results of operations or cash flows.

Note 3 Business developments and subsequent events

Business developments

► Refer to "Note 4 – Discontinued operations" for information on business divestitures in 4Q13.

Subsequent events

In March 2014, the Group completed the spin-off of its DLJ Merchant Banking Partners business for no consideration to an entity controlled by members of current management. The Group will retain certain carried interest rights.

In March 2014, the Group required employees who hold outstanding 2011 Partner Asset Facility (PAF2) awards to reallocate their PAF2 awards. PAF2 awards were linked to a portfolio of the Group's credit exposures, providing risk offset and capital relief. Due to regulatory changes, this capital relief would no longer be

available. As a result, the Group terminated the PAF2 awards and exchanged them at fair value for other compensation awards.

On March 21, 2014, the Group entered into an agreement with the Federal Housing Finance Agency (FHFA) to settle litigation claims related to the sale of approximately USD 16.6 billion of residential mortgage-backed securities between 2005 and 2007. Under the terms of the agreement, the Group will pay USD 885 million to resolve all claims in two pending securities lawsuits filed by the FHFA against Credit Suisse.

On April 3, 2014, the Group announced that its previously reported 2013 results were updated to reflect additional litigation provisions in connection with the US tax matter.

► Refer to "Note 29 – Litigation" for further information.

Note 4 Discontinued operations

In July 2013, the Group completed the sale of its ETF business to BlackRock and recognized a pre-tax gain on disposal of CHF 146 million in 3Q13 net of allocated goodwill of CHF 72 million. The sale price received by the Group may increase through future contingent payments, if specified thresholds are met. BlackRock is a company unrelated to the Group.

In August 2013, the Group announced the sale of CFGI, its private equity fund of funds and co-investment business, to Grosvenor Capital Management. This transaction was completed in January 2014 and related gains of approximately CHF 90 million will be recognized in 1Q14. As of the end of 4Q13, CFGI had total assets of CHF 31 million that were held-for-sale. The Group will continue to hold investments in and have unfunded commitments

to investment funds managed by CFGI. Grosvenor Capital Management is a company unrelated to the Group.

In August 2013, the Group completed the sale of Strategic Partners, its dedicated secondary private equity business, to Blackstone and recognized a pre-tax gain on disposal of CHF 91 million in 3Q13 net of allocated goodwill of CHF 37 million. The Group will continue to receive carried interest from (and guarantee related claw-back obligations), hold limited partner interests in and have unfunded commitments to investment funds managed by Strategic Partners. The Group will also continue to guarantee minimum investment returns to certain third-party investors under existing side letter agreements. Blackstone is a company unrelated to the Group.

In November 2013, the Group announced the spin-off of DLJ Investment Partners, a dedicated private equity mezzanine investment business of the Group, to Portfolio Advisors, LLC. The transaction was completed in December 2013 with no gain or loss from disposal and insignificant impact on net revenues, operating expenses and net income/(loss) from discontinued operations for any of the periods reported. Portfolio Advisors, LLC is a company unrelated to the Group.

In December 2013, the Group announced the sale of its domestic private banking business booked in Germany (German private banking business) to ABN AMRO. This transaction is subject to customary closing conditions and is expected to close in the course of 2014. As of the end of 4Q13, the German private banking business had total assets and liabilities of CHF 1,553 million and CHF 1,140 million, respectively, that were held-for-sale. ABN AMRO is a company unrelated to the Group.

Assets held-for-sale

end of	4Q13	3Q13
German private banking business (CHF million)		
Cash	960	–
Loans	575	–
Other assets	18	–
Total assets held-for-sale	1,553	–
CFIG (CHF million)		
Fees receivable	8	6
Goodwill	23	32
Other intangible assets	0	8
Total assets held-for-sale	31	46
Group (CHF million)		
Total assets held-for-sale	1,584	46

Liabilities held-for-sale

end of	4Q13	3Q13
German private banking business (CHF million)		
Deposits	1,118	–
Other liabilities	22	–
Total liabilities held-for-sale	1,140	–
CFIG (CHF million)		
Fees payable	0	6
Total liabilities held-for-sale	0	6
Group (CHF million)		
Total liabilities held-for-sale	1,140	6

For the operations discontinued in 4Q13 and 3Q13, the revenues, expenses and gains from disposals were included in the results of the Private Banking & Wealth Management segment. The reclassification of these revenues and expenses from the segment results to discontinued operations for Group reporting was effected through the Corporate Center.

The results of operations of the businesses sold have been reflected in income/(loss) from discontinued operations in the consolidated statements of operations for the relevant periods presented. The assets and liabilities of discontinued operations for which the sale has not yet been completed are presented as assets of discontinued operations held-for-sale and liabilities of discontinued operations held-for-sale, respectively, and prior periods are not reclassified.

Income/(loss) from discontinued operations

in	4Q13	3Q13	4Q12	2013	2012
Operations-related (CHF million)					
Net revenues	48	43	73	233	288
of which German private banking business	14	12	14	52	54
of which ETF business	–	0	14	29	53
of which Strategic Partners	–	5	15	33	60
of which CFG	33	25	29	114	116
Operating expenses	28	19	89	158	296
of which German private banking business	18	15	44	71	108
of which ETF business	–	3	13	23	49
of which Strategic Partners	–	0	11	8	38
of which CFG	10	0	19	51	88
Income tax expense/(benefit)	7	9	15	38	32
of which German private banking business	(2)	(3)	6	(6)	2
of which ETF business	–	0	0	5	2
of which Strategic Partners	–	1	3	10	15
of which CFG	9	11	6	29	16
Income/(loss), net of tax	13	15	(31)	37	(40)
of which German private banking business	(2)	0	(36)	(13)	(56)
of which ETF business	–	(3)	1	1	2
of which Strategic Partners	–	4	1	15	7
of which CFG	14	14	4	34	12
Transaction-related (CHF million)					
Gain on disposal	–	237	–	237	–
of which ETF business	–	146	–	146	–
of which Strategic Partners	–	91	–	91	–
Transaction-related expenses	25	48	–	93	–
of which ETF business	–	5	–	11	–
of which Strategic Partners	–	10	–	22	–
of which CFG	21	33	–	56	–
Income tax expense/(benefit)	(10)	54	–	36	–
of which ETF business	–	23	–	21	–
of which Strategic Partners	–	45	–	40	–
of which CFG	(9)	(14)	–	(24)	–
Income/(loss), net of tax	(15)	135	–	108	–
of which ETF business	–	118	–	114	–
of which Strategic Partners	–	36	–	29	–
of which CFG	(12)	(19)	–	(32)	–
Discontinued operations – total (CHF million)					
Income/(loss) from discontinued operations, net of tax	(2)	150	(31)	145	(40)
of which German private banking business	(2)	0	(36)	(13)	(56)
of which ETF business	–	115	1	115	2
of which Strategic Partners	–	40	1	44	7
of which CFG	2	(5)	4	2	12

Note 5 Segment information

Overview

The Group is a global financial services company domiciled in Switzerland. The Group's business consists of two segments: Private Banking & Wealth Management and Investment Banking. The two segments are complemented by Shared Services, which provides support in the areas of finance, operations, human resources, legal and compliance, risk management and IT. Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues

and expenses. For the operations discontinued, the revenues, expenses and gains from disposals were included in the results of the Private Banking & Wealth Management segment. The reclassification of these revenues and expenses from the segment results to discontinued operations for Group reporting was effected through the Corporate Center. Beginning in 1Q13, segment assets exclude intra-Group balances between the segments. Prior periods have been reclassified to conform to the current presentation.

► Refer to "Note 5 – Segment information" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information on segment information, revenue sharing and cost allocation, funding and taxes.

Net revenues and income before taxes

in	4Q13	3Q13	4Q12	2013	2012
Net revenues (CHF million)					
Private Banking & Wealth Management	3,429	3,316	3,314	13,442	13,474
Investment Banking	2,668	2,552	2,664	12,565	12,558
Corporate Center	(177)	(419)	(351)	(790)	(2,781)
Noncontrolling interests without SEI	219	227	79	639	360
Net revenues	6,139	5,676	5,706	25,856	23,611
Income/(loss) from continuing operations before taxes (CHF million)					
Private Banking & Wealth Management	424	1,018	911	3,240	3,775
Investment Banking	(564)	229	298	1,719	2,002
Corporate Center	(389)	(559)	(824)	(1,455)	(3,889)
Noncontrolling interests without SEI	196	222	63	592	302
Income/(loss) from continuing operations before taxes	(333)	910	448	4,096	2,190

Total assets

end of	4Q13	3Q13	4Q12
Total assets (CHF million)			
Private Banking & Wealth Management	279,139	275,421	275,683
Investment Banking	502,799	528,762	563,758
Corporate Center	87,244	86,886	80,733
Noncontrolling interests without SEI	3,624	4,100	4,106
Total assets	872,806	895,169	924,280

Note 6 Net interest income

in	4Q13	3Q13	4Q12	2013	2012
Net interest income (CHF million)					
Loans	1,221	1,223	1,198	4,843	4,861
Investment securities	10	10	5	45	64
Trading assets	1,814	2,113	2,442	10,057	11,945
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	556	585	650	2,517	2,940
Other	472	510	545	2,094	2,280
Interest and dividend income	4,073	4,441	4,840	19,556	22,090
Deposits	(225)	(235)	(280)	(978)	(1,345)
Short-term borrowings	(17)	(18)	(81)	(132)	(184)
Trading liabilities	(915)	(1,070)	(1,071)	(5,083)	(6,833)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(212)	(211)	(356)	(1,156)	(1,677)
Long-term debt	(895)	(922)	(1,055)	(3,846)	(4,632)
Other	(62)	(63)	(59)	(246)	(276)
Interest expense	(2,326)	(2,519)	(2,902)	(11,441)	(14,947)
Net interest income	1,747	1,922	1,938	8,115	7,143

Note 7 Commissions and fees

in	4Q13	3Q13	4Q12	2013	2012
Commissions and fees (CHF million)					
Lending business	460	424	483	1,814	1,513
Investment and portfolio management	1,119	919	988	3,944	3,715
Other securities business	25	27	24	106	110
Fiduciary business	1,144	946	1,012	4,050	3,825
Underwriting	446	303	418	1,647	1,561
Brokerage	860	909	902	3,933	3,686
Underwriting and brokerage	1,306	1,212	1,320	5,580	5,247
Other services	515	433	640	1,782	2,139
Commissions and fees	3,425	3,015	3,455	13,226	12,724

Note 8 Trading revenues

in	4Q13	3Q13	4Q12	2013	2012
Trading revenues (CHF million)					
Interest rate products	(2)	439	196	1,025	2,707
Foreign exchange products	298	2	469	1,203	559
Equity/index-related products	534	(67)	(190)	956	140
Credit products	(538)	(297)	(664)	(879)	(3,306)
Commodity, emission and energy products	71	78	(102)	340	198
Other products	(68)	117	144	94	898
Trading revenues	295	272	(147)	2,739	1,196

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

- ▶ Refer to "Note 8 – Trading revenues" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information on trading revenues and managing trading risks.

Note 9 Other revenues

in	4Q13	3Q13	4Q12	2013	2012
Other revenues (CHF million)					
Noncontrolling interests without SEI	211	231	69	658	336
Loans held-for-sale	(1)	(1)	(7)	(5)	(37)
Long-lived assets held-for-sale	45	7	95	30	458
Equity method investments	147	38	68	251	150
Other investments	144	32	119	315	749
Other	126	160	116	527	892
Other revenues	672	467	460	1,776	2,548

Note 10 Provision for credit losses

in	4Q13	3Q13	4Q12	2013	2012
Provision for credit losses (CHF million)					
Provision for loan losses	54	43	84	166	159
Provision for lending-related and other exposures	(1)	(2)	(14)	1	11
Provision for credit losses	53	41	70	167	170

Note 11 Compensation and benefits

in	4Q13	3Q13	4Q12	2013	2012
Compensation and benefits (CHF million)					
Salaries and variable compensation	2,422	2,212	2,272	9,678	10,717
Social security	175	152	156	778	769
Other ¹	210	168	221	800	817
Compensation and benefits²	2,807	2,532	2,649	11,256	12,303

¹ Includes pension and other post-retirement expense of CHF 134 million, CHF 89 million, CHF 128 million, CHF 490 million and CHF 532 million in 4Q13, 3Q13, 4Q12, 2013 and 2012, respectively.

² Includes severance and other compensation expense relating to headcount reductions of CHF 53 million, CHF 9 million, CHF 191 million, CHF 218 million and CHF 456 million as of 4Q13, 3Q13, 4Q12, 2013 and 2012, respectively.

Note 12 General and administrative expenses

in	4Q13	3Q13	4Q12	2013	2012
General and administrative expenses (CHF million)					
Occupancy expenses	327	288	339	1,186	1,220
IT, machinery, etc.	390	366	388	1,517	1,469
Provisions and losses	1,483	210	375	2,136	694
Travel and entertainment	92	82	106	355	394
Professional services	577	473	547	1,952	1,919
Goodwill impairment	12	0	0	12	0
Amortization and impairment of other intangible assets	6	6	7	25	36
Other	336	346	344	1,416	1,514
General and administrative expenses	3,223	1,771	2,106	8,599	7,246

Note 13 Earnings per share

in	4Q13	3Q13	4Q12	2013	2012
Basic net income/(loss) attributable to shareholders (CHF million)					
Income/(loss) from continuing operations	(474)	304	294	2,181	1,389
Income/(loss) from discontinued operations, net of tax	(2)	150	(31)	145	(40)
Net income/(loss) attributable to shareholders	(476)	454	263	2,326	1,349
Preferred securities dividends	(122)	–	(117)	(236)	(231)
Net income/(loss) attributable to shareholders for basic earnings per share	(598)	454	146	2,090	1,118
Available for common shares	(598)	421	116	1,868	1,044
Available for unvested share-based payment awards	0	33	10	152	66
Available for mandatory convertible securities ¹	–	–	20	70	8
Diluted net income/(loss) attributable to shareholders (CHF million)					
Net income/(loss) attributable to shareholders for basic earnings per share	(598)	454	146	2,090	1,118
Income impact of assumed conversion on contracts that may be settled in shares or cash ²	–	–	–	–	–
Net income/(loss) attributable to shareholders for diluted earnings per share	(598)	454	146	2,090	1,118
Available for common shares	(598)	421	116	1,868	1,044
Available for unvested share-based payment awards	0	33	10	152	66
Available for mandatory convertible securities ¹	–	–	20	70	8
Weighted-average shares outstanding (million)					
Weighted-average shares outstanding for basic earnings per share available for common shares	1,601.9	1,600.0	1,342.4	1,532.9	1,320.4
Dilutive contracts that may be settled in shares or cash ³	–	–	–	–	–
Dilutive share options and warrants	0.0	1.7	3.3	1.4	4.9
Dilutive share awards	0.0	1.3	1.8	1.2	1.8
Weighted-average shares outstanding for diluted earnings per share available for common shares⁴	1,601.9⁵	1,603.0	1,347.5	1,535.5	1,327.1
Weighted-average shares outstanding for basic/diluted earnings per share available for unvested share-based payment awards	122.0	125.6	115.1	125.0	97.3
Weighted-average shares outstanding for basic/diluted earnings per share available for mandatory convertible securities¹	–	–	233.5	63.0	97.1
Basic earnings/(loss) per share available for common shares (CHF)					
Basic earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	1.14	0.82
Basic earnings/(loss) per share from discontinued operations	0.00	0.09	(0.02)	0.08	(0.03)
Basic earnings/(loss) per share available for common shares	(0.37)	0.26	0.09	1.22	0.79
Diluted earnings/(loss) per share available for common shares (CHF)					
Diluted earnings/(loss) per share from continuing operations	(0.37)	0.17	0.11	1.14	0.82
Diluted earnings/(loss) per share from discontinued operations	0.00	0.09	(0.02)	0.08	(0.03)
Diluted earnings/(loss) per share available for common shares	(0.37)	0.26	0.09	1.22	0.79

Prior periods have been adjusted to reflect the increase in the number of shares outstanding that arose from the 2Q13 stock dividend, as required under US GAAP.

¹ Reflects MACCS issued in July 2012 that were mandatorily convertible into shares on March 29, 2013, which shares were settled and delivered on April 8, 2013.

² Reflects changes in the fair value of the PAF2 units which are reflected in the net profit of the Group until the awards are finally settled. Fair value of the PAF2 units which are reflected in the net profit of the Group are not adjusted for 4Q13, 3Q13, 4Q12, 2013 and 2012, respectively, as the effect would be antidilutive.

³ Reflects weighted-average shares outstanding on PAF2 units. Weighted-average shares on PAF2 units for 4Q13, 3Q13, 4Q12, 2013 and 2012, respectively, were excluded from the diluted earnings per share calculation, as the effect would be antidilutive.

⁴ Weighted-average potential common shares relating to instruments that were not dilutive for the respective periods (and therefore not included in the diluted earnings per share calculation above) but could potentially dilute earnings per share in the future were 36.0 million, 33.7 million, 50.6 million, 35.9 million and 50.3 million for 4Q13, 3Q13, 4Q12, 2013 and 2012, respectively.

⁵ Due to the net loss in 4Q13, 1.7 million weighted-average share options and warrants outstanding and 0.8 million weighted-average share awards outstanding were excluded from the diluted earnings per share calculation, as the effect would be antidilutive.

Note 14 Trading assets and liabilities

end of	4Q13	3Q13	4Q12
Trading assets (CHF million)			
Debt securities	110,116	117,354	135,871
Equity securities ¹	76,695	78,605	74,895
Derivative instruments ²	31,603	36,764	33,208
Other	10,999	11,699	12,425
Trading assets	229,413	244,422	256,399
Trading liabilities (CHF million)			
Short positions	40,161	47,483	51,303
Derivative instruments ²	36,474	44,867	39,513
Trading liabilities	76,635	92,350	90,816

¹ Including convertible bonds.

² Amounts shown net of cash collateral receivables and payables.

Cash collateral on derivative instruments

end of	4Q13	3Q13	4Q12
Cash collateral – netted (CHF million) ¹			
Cash collateral paid	23,870	24,209	36,662
Cash collateral received	20,500	21,794	33,373
Cash collateral – not netted (CHF million) ²			
Cash collateral paid	8,359	8,739	10,904
Cash collateral received	11,663	12,013	12,224

¹ Recorded as cash collateral netting on derivative instruments in Note 20 – Offsetting of financial assets and financial liabilities.

² Recorded as cash collateral on derivative instruments in Note 17 – Other assets and other liabilities.

Note 15 Investment securities

end of	4Q13	3Q13	4Q12
Investment securities (CHF million)			
Securities available-for-sale	2,987	2,768	3,498
Total investment securities	2,987	2,768	3,498

Investment securities by type

end of	4Q13				4Q12			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Investment securities by type (CHF million)								
Debt securities issued by Swiss federal, cantonal or local governmental entities	389	15	2	402	452	31	0	483
Debt securities issued by foreign governments	1,350	39	1	1,388	1,523	82	0	1,605
Corporate debt securities	590	16	0	606	823	22	0	845
Collateralized debt obligations	480	11	1	490	448	22	0	470
Debt securities available-for-sale	2,809	81	4	2,886	3,246	157	0	3,403
Banks, trust and insurance companies	74	18	0	92	73	14	0	87
Industry and all other	9	0	0	9	8	0	0	8
Equity securities available-for-sale	83	18	0	101	81	14	0	95
Securities available-for-sale	2,892	99	4	2,987	3,327	171	0	3,498

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
4Q13 (CHF million)						
Debt securities issued by Swiss federal, cantonal or local governmental entities	168	2	0	0	168	2
Debt securities issued by foreign governments	109	1	0	0	109	1
Collateralized debt obligations	10	1	0	0	10	1
Debt securities available-for-sale	287	4	0	0	287	4

There were no unrealized losses on investment securities as of the end of 4Q12. No significant impairment charges were recorded as the Group does not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	2013		2012	
	Debt securities	Equity securities	Debt securities	Equity securities
Additional information (CHF million)				
Proceeds from sales	163	13	294	642
Realized gains	7	1	14	294
Realized losses	0	0	(2)	0

Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
4Q13 (CHF million)			
Due within 1 year	543	547	1.43
Due from 1 to 5 years	1,702	1,760	2.11
Due from 5 to 10 years	475	491	2.13
Due after 10 years	89	88	1.46
Total debt securities	2,809	2,886	1.96

Note 16 Loans, allowance for loan losses and credit quality

Loans are divided in two portfolio segments, “consumer” and “corporate & institutional”. Consumer loans are disaggregated into the classes of mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans are disaggregated into the classes of real estate, commercial and industrial loans, financial institutions and governments and public institutions.

The determination of the loan classes is primarily driven by the customer segmentation in the two business divisions, Private Banking & Wealth Management and Investment Banking, both of which are engaged in credit activities.

The Group assigns both counterparty and transaction ratings to its credit exposures. The counterparty rating reflects the probability of default of the counterparty. The transaction rating reflects the expected loss, considering collateral, on a given transaction if the counterparty defaults. Credit risk is assessed and monitored on the single obligor and single obligation level as well as on the credit portfolio level as represented by the classes of loans. Credit limits are used to manage counterparty credit risk.

► Refer to “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information on loans, allowance for loan losses, credit quality and impaired loans.

Loans

end of	4Q13	3Q13	4Q12
Loans (CHF million)			
Mortgages	94,978	94,369	91,872
Loans collateralized by securities	31,565	30,872	27,363
Consumer finance	5,938	6,229	6,901
Consumer	132,481	131,470	126,136
Real estate ¹	27,312	26,488	25,801
Commercial and industrial loans ¹	63,334	63,236	63,028
Financial institutions ¹	21,840	22,118	25,902
Governments and public institutions ¹	3,047	2,888	2,337
Corporate & institutional	115,533	114,730	117,068
Gross loans	248,014	246,200	243,204
of which held at amortized cost	228,557	227,177	223,204
of which held at fair value	19,457	19,023	20,000
Net (unearned income)/deferred expenses	(91)	(97)	(59)
Allowance for loan losses	(869)	(871)	(922)
Net loans	247,054	245,232	242,223
Gross loans by location (CHF million)			
Switzerland	151,992	151,547	151,226
Foreign	96,022	94,653	91,978
Gross loans	248,014	246,200	243,204
Impaired loan portfolio (CHF million)			
Non-performing loans	862	893	859
Non-interest-earning loans	281	302	313
Total non-performing and non-interest-earning loans	1,143	1,195	1,172
Restructured loans	6	19	30
Potential problem loans	340	324	527
Total other impaired loans	346	343	557
Gross impaired loans	1,489	1,538	1,729

¹ Prior periods have been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions, and from governments and public institutions to commercial and industrial loans, respectively.

Allowance for loan losses by loan portfolio

	4Q13			3Q13			4Q12		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)									
Balance at beginning of period	271	600	871	282	618	900	287	610	897
Change in scope of consolidation	0	0	0	0	(1)	(1)	0	0	0
Net movements recognized in statements of operations	19	35	54	21	22	43	26	58	84
Gross write-offs	(28)	(32)	(60)	(35)	(38)	(73)	(29)	(36)	(65)
Recoveries	6	0	6	6	6	12	3	4	7
Net write-offs	(22)	(32)	(54)	(29)	(32)	(61)	(26)	(32)	(58)
Provisions for interest	1	5	6	2	5	7	2	7	9
Foreign currency translation impact and other adjustments, net	(2)	(6)	(8)	(5)	(12)	(17)	(1)	(9)	(10)
Balance at end of period	267	602	869	271	600	871	288	634	922
of which individually evaluated for impairment	217	437	654	220	427	647	239	457	696
of which collectively evaluated for impairment	50	165	215	51	173	224	49	177	226
Gross loans held at amortized cost (CHF million)									
Balance at end of period	132,470	96,087	228,557	131,461	95,716	227,177	126,124	97,080	223,204
of which individually evaluated for impairment ¹	569	920	1,489	603	935	1,538	661	1,068	1,729
of which collectively evaluated for impairment	131,901	95,167	227,068	130,858	94,781	225,639	125,463	96,012	221,475

	2013			2012		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)						
Balance at beginning of period	288	634	922	289	621	910
Change in scope of consolidation	0	(1)	(1)	(18)	0	(18)
Net movements recognized in statements of operations	76	90	166	95	64	159
Gross write-offs	(123)	(163)	(286)	(105)	(96)	(201)
Recoveries	24	30	54	22	22	44
Net write-offs	(99)	(133)	(232)	(83)	(74)	(157)
Provisions for interest	5	21	26	8	21	29
Foreign currency translation impact and other adjustments, net	(3)	(9)	(12)	(3)	2	(1)
Balance at end of period	267	602	869	288	634	922

¹ Represents gross impaired loans both with and without a specific allowance.

Purchases, reclassifications and sales

in	4Q13			3Q13			4Q12		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Loans held at amortized cost (CHF million)									
Purchases ¹	0	817	817	0	1,679	1,679	0	365	365
Reclassifications from loans held-for-sale ²	0	80	80	0	89	89	0	91	91
Reclassifications to loans held-for-sale ³	0	503	503	0	185	185	0	246	246
Sales ³	0	424	424	0	87	87	0	330	330

in	2013			2012			
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	
Loans held at amortized cost (CHF million)							
Purchases ¹		0	4,611	4,611	348	4,605	4,953
Reclassifications from loans held-for-sale ²		0	275	275	0	216	216
Reclassifications to loans held-for-sale ³		0	996	996	0	1,323	1,323
Sales ³		0	698	698	0	1,058	1,058

¹ Includes drawdowns under purchased loan commitments.

² Includes loans previously reclassified to held-for-sale that were not sold and were reclassified back to loans held-to-maturity.

³ All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

Credit quality of loans held at amortized cost

Management monitors the credit quality of loans through its credit risk management processes, which are structured to assess, quantify, measure, monitor and manage risk on a consistent basis. This process requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Management evaluates many factors when assessing the credit quality of loans. These factors include the volatility of default probabilities, rating changes, the magnitude of potential loss, internal risk ratings, and geographic, industry and other economic

factors. For the purpose of credit quality disclosures, the Group uses internal risk ratings as credit quality indicators.

The Group employs a set of credit ratings for the purpose of internally rating counterparties. Credit ratings are intended to reflect the risk of default of each obligor or counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

► Refer to "Credit quality of loans held at amortized cost" in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality in the Credit Suisse Annual Report 2012 for further information on internal ratings and the scope of the credit quality disclosures.

Gross loans held at amortized cost by internal counterparty rating

end of	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Total
4Q13 (CHF million)											
Mortgages	302	2,257	17,398	57,033	16,857	883	39	0	0	209	94,978
Loans collateralized by securities	182	349	4,214	24,497	2,131	90	2	6	0	94	31,565
Consumer finance	0	14	226	2,501	1,952	824	43	0	119	248	5,927
Consumer	484	2,620	21,838	84,031	20,940	1,797	84	6	119	551	132,470
Real estate	1,344	1,050	3,511	13,669	6,897	322	0	1	0	72	26,866
Commercial and industrial loans	183	740	1,901	21,232	23,131	3,621	232	6	6	671	51,723
Financial institutions	1,319	1,706	4,041	5,625	2,440	776	14	1	0	112	16,034
Governments and public institutions	78	324	178	440	148	73	223	0	0	0	1,464
Corporate & institutional	2,924	3,820	9,631	40,966	32,616	4,792	469	8	6	855	96,087
Gross loans held at amortized cost	3,408	6,440	31,469	124,997	53,556	6,589	553	14	125	1,406	228,557
Value of collateral ¹	2,553	5,046	28,186	116,971	45,376	3,372	102	1	10	616	202,233
4Q12 (CHF million)											
Mortgages	387	730	12,176	58,491	19,255	599	13	9	0	212	91,872
Loans collateralized by securities	79	57	948	23,357	2,728	92	6	1	0	95	27,363
Consumer finance	0	6	100	3,324	2,065	901	39	0	129	325	6,889
Consumer	466	793	13,224	85,172	24,048	1,592	58	10	129	632	126,124
Real estate ²	333	374	2,199	14,537	7,762	195	0	0	0	55	25,455
Commercial and industrial loans ²	166	325	1,580	22,040	23,070	3,467	209	1	47	763	51,668
Financial institutions ²	2,288	2,087	4,661	5,260	3,566	382	0	33	14	147	18,438
Governments and public institutions	131	50	360	521	127	101	229	0	0	0	1,519
Corporate & institutional	2,918	2,836	8,800	42,358	34,525	4,145	438	34	61	965	97,080
Gross loans held at amortized cost	3,384	3,629	22,024	127,530	58,573	5,737	496	44	190	1,597	223,204
Value of collateral ¹	2,918	2,616	19,526	116,583	48,342	3,210	189	44	15	791	194,234

¹ Includes the value of collateral up to the amount of the outstanding related loans. For mortgages, collateral values are generally values at the time of granting the loan.

² Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions.

Value of collateral

In Private Banking & Wealth Management, all collateral values for loans are regularly reviewed according to our risk management policies and directives, with maximum review periods determined by market liquidity, market transparency and appraisal costs. For example, traded securities are revalued on a daily basis and property values are appraised over a period of more than one year considering the characteristics of the borrower, current developments in the relevant real estate market and the current level of credit exposure to the borrower. If the credit exposure to a borrower has changed significantly, in volatile markets or in times of increasing general market risk, collateral values may be appraised more frequently. Management judgment is applied in assessing

whether markets are volatile or general market risk has increased to a degree that warrants a more frequent update of collateral values. Movements in monitored risk metrics that are statistically different compared to historical experience are considered in addition to analysis of externally-provided forecasts, scenario techniques and macro-economic research. For impaired loans, the fair value of collateral is determined within 90 days of the date the impairment was identified and thereafter regularly revalued by Group credit risk management within the impairment review process.

In Investment Banking, few loans are collateral dependent. The collateral values for these loans are appraised on at least an annual basis, or when a loan-relevant event occurs.

Gross loans held at amortized cost – aging analysis

end of	Current				Past due		Total	Total
		Up to 30 days	31–60 days	61–90 days	More than 90 days	Total		
4Q13 (CHF million)								
Mortgages	94,657	103	26	25	167	321	94,978	
Loans collateralized by securities	31,365	95	2	12	91	200	31,565	
Consumer finance	5,218	377	93	55	184	709	5,927	
Consumer	131,240	575	121	92	442	1,230	132,470	
Real estate	26,774	19	2	2	69	92	26,866	
Commercial and industrial loans	50,879	343	77	74	350	844	51,723	
Financial institutions	15,841	87	2	1	103	193	16,034	
Governments and public institutions	1,459	5	0	0	0	5	1,464	
Corporate & institutional	94,953	454	81	77	522	1,134	96,087	
Gross loans held at amortized cost	226,193	1,029	202	169	964	2,364	228,557	
4Q12 (CHF million)								
Mortgages	91,527	156	17	11	161	345	91,872	
Loans collateralized by securities	27,034	220	3	3	103	329	27,363	
Consumer finance	6,116	420	90	52	211	773	6,889	
Consumer	124,677	796	110	66	475	1,447	126,124	
Real estate ¹	25,296	107	2	2	48	159	25,455	
Commercial and industrial loans ¹	50,407	720	27	138	376	1,261	51,668	
Financial institutions ¹	18,205	53	2	34	144	233	18,438	
Governments and public institutions	1,484	35	0	0	0	35	1,519	
Corporate & institutional	95,392	915	31	174	568	1,688	97,080	
Gross loans held at amortized cost	220,069	1,711	141	240	1,043	3,135	223,204	

¹ Prior period has been corrected to reclassify certain counterparty exposures from real estate and commercial and industrial loans to loans to financial institutions.

Impaired loans

► Refer to “Impaired loans” in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality in the Credit Suisse Annual Report 2012 for further information on impaired loan categories and allowance for specifically identified credit losses on impaired loans.

Gross impaired loans by category

end of	Non-performing and non-interest-earning loans			Other impaired loans			Total
	Non-performing loans	Non-interest-earning loans	Total	Restructured loans	Potential problem loans	Total	
4Q13 (CHF million)							
Mortgages	167	13	180	0	45	45	225
Loans collateralized by securities	20	71	91	0	4	4	95
Consumer finance	244	5	249	0	0	0	249
Consumer	431	89	520	0	49	49	569
Real estate	53	15	68	0	5	5	73
Commercial and industrial loans	307	144	451	6	258	264	715
Financial institutions	71	33	104	0	28	28	132
Corporate & institutional	431	192	623	6	291	297	920
Gross impaired loans	862	281	1,143	6	340	346	1,489
4Q12 (CHF million)							
Mortgages	154	16	170	0	69	69	239
Loans collateralized by securities	18	74	92	0	3	3	95
Consumer finance	315	10	325	0	2	2	327
Consumer	487	100	587	0	74	74	661
Real estate	46	5	51	0	15	15	66
Commercial and industrial loans	268	170	438	30	373	403	841
Financial institutions	58	38	96	0	65	65	161
Corporate & institutional	372	213	585	30	453	483	1,068
Gross impaired loans	859	313	1,172	30	527	557	1,729

Gross impaired loan detail

end of	4Q13			4Q12		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
Gross impaired loan detail (CHF million)						
Mortgages	207	197	28	206	197	32
Loans collateralized by securities	67	63	55	68	66	53
Consumer finance	231	211	134	302	280	154
Consumer	505	471	217	576	543	239
Real estate	71	65	15	63	55	22
Commercial and industrial loans	705	656	340	715	677	342
Financial institutions	131	127	82	157	155	93
Corporate & institutional	907	848	437	935	887	457
Gross impaired loans with a specific allowance	1,412	1,319	654	1,511	1,430	696
Mortgages	18	18	–	33	33	–
Loans collateralized by securities	28	28	–	27	28	–
Consumer finance	18	18	–	25	25	–
Consumer	64	64	–	85	86	–
Real estate	2	2	–	3	3	–
Commercial and industrial loans	10	10	–	126	128	–
Financial institutions	1	1	–	4	4	–
Corporate & institutional	13	13	–	133	135	–
Gross impaired loans without specific allowance	77	77	–	218	221	–
Gross impaired loans	1,489	1,396	654	1,729	1,651	696
of which consumer	569	535	217	661	629	239
of which corporate & institutional	920	861	437	1,068	1,022	457

Gross impaired loan detail (continued)

in	4Q13			3Q13			4Q12		
	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis
Gross impaired loan detail (CHF million)									
Mortgages	205	0	0	210	0	0	201	0	0
Loans collateralized by securities	68	2	2	70	0	0	67	0	0
Consumer finance	244	0	0	253	0	0	291	0	1
Consumer	517	2	2	533	0	0	559	0	1
Real estate	73	1	1	80	0	0	63	0	0
Commercial and industrial loans	682	1	1	761	1	1	657	0	1
Financial institutions	130	0	0	130	0	0	162	1	1
Governments and public institutions	0	0	0	0	0	0	4	0	0
Corporate & institutional	885	2	2	971	1	1	886	1	2
Gross impaired loans with a specific allowance	1,402	4	4	1,504	1	1	1,445	1	3
Mortgages	22	0	0	17	0	0	32	0	0
Loans collateralized by securities	28	0	0	26	0	0	28	0	0
Consumer finance	18	0	0	17	0	0	35	0	0
Consumer	68	0	0	60	0	0	95	0	0
Real estate	15	0	0	16	0	0	3	0	0
Commercial and industrial loans	20	0	0	24	0	0	163	0	1
Financial institutions	1	0	0	1	0	0	4	0	0
Corporate & institutional	36	0	0	41	0	0	170	0	1
Gross impaired loans without specific allowance	104	0	0	101	0	0	265	0	1
Gross impaired loans	1,506	4	4	1,605	1	1	1,710	1	4
of which consumer	585	2	2	593	0	0	654	0	1
of which corporate & institutional	921	2	2	1,012	1	1	1,056	1	3

Gross impaired loan detail (continued)

in	2013			2012		
	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis
Gross impaired loan detail (CHF million)						
Mortgages	204	1	1	217	1	1
Loans collateralized by securities	70	2	2	68	1	0
Consumer finance	256	0	0	277	3	3
Consumer	530	3	3	562	5	4
Real estate	72	1	1	58	0	0
Commercial and industrial loans	748	5	5	620	3	2
Financial institutions	136	0	0	201	2	2
Governments and public institutions	0	0	0	6	0	0
Corporate & institutional	956	6	6	885	5	4
Gross impaired loans with a specific allowance	1,486	9	9	1,447	10	8
Mortgages	26	0	0	40	0	0
Loans collateralized by securities	27	0	0	8	0	0
Consumer finance	22	0	0	41	0	0
Consumer	75	0	0	89	0	0
Real estate	11	0	0	13	0	0
Commercial and industrial loans	59	0	0	215	3	3
Financial institutions	2	0	0	8	0	0
Corporate & institutional	72	0	0	236	3	3
Gross impaired loans without specific allowance	147	0	0	325	3	3
Gross impaired loans	1,633	9	9	1,772	13	11
of which consumer	605	3	3	651	5	4
of which corporate & institutional	1,028	6	6	1,121	8	7

Note 17 Other assets and other liabilities

end of	4Q13	3Q13	4Q12
Other assets (CHF million)			
Cash collateral on derivative instruments	8,359	8,739	10,904
Cash collateral on non-derivative transactions	1,412	1,866	1,995
Derivative instruments used for hedging	2,062	2,365	3,930
Assets held-for-sale	19,306	18,128	20,343
of which loans	18,914	17,663	19,894
of which real estate	392	465	442
Assets held for separate accounts	11,236	11,921	13,414
Interest and fees receivable	4,859	4,958	5,861
Deferred tax assets	6,185	6,106	7,102
Prepaid expenses	552	713	538
Failed purchases	2,365	2,421	2,699
Other	6,729	6,312	6,126
Other assets	63,065	63,529	72,912
Other liabilities (CHF million)			
Cash collateral on derivative instruments	11,663	12,013	12,224
Cash collateral on non-derivative transactions	955	1,064	1,246
Derivative instruments used for hedging	384	469	1,182
Provisions ¹	2,641	1,340	1,362
of which off-balance sheet risk	60	61	60
Liabilities held for separate accounts	11,236	11,921	13,414
Interest and fees payable	5,641	6,238	6,752
Current tax liabilities	864	943	863
Deferred tax liabilities	394	167	130
Failed sales	2,396	2,596	4,336
Other	15,273	15,133	16,128
Other liabilities	51,447	51,884	57,637

¹ Includes provisions for bridge commitments.

Note 18 Long-term debt

Long-term debt

end of	4Q13	3Q13	4Q12
Long-term debt (CHF million)			
Senior	96,048	95,910	115,861
Subordinated	21,002	19,196	17,741
Non-recourse liabilities from consolidated VIEs	12,992	13,715	14,532
Long-term debt	130,042	128,821	148,134
of which reported at fair value	63,369	61,874	65,384

Structured notes by product

end of	4Q13	3Q13	4Q12
Structured notes (CHF million)			
Equity	23,313	24,166	23,761
Fixed income	5,573	5,688	6,559
Emerging markets ¹	1,766	1,954	3,304
Credit	3,453	2,442	1,893
Other	710	902	1,120
Total structured notes	34,815	35,152	36,637

¹ Transactions where the return is based on a referenced underlying or counterparty specific to emerging markets.

Note 19 Accumulated other comprehensive income and additional share information

Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Accumu- lated other compre- hensive income
4Q13 (CHF million)						
Balance at beginning of period	(22)	(13,157)	63	(3,593)	530	(16,179)
Increase/(decrease)	8	(515)	(6)	738	0	225
Increase/(decrease) due to equity method investments	6	0	0	0	0	6
Reclassification adjustments, included in net income	(3)	(2)	(5)	98	(15)	73
Total increase/(decrease)	11	(517)	(11)	836	(15)	304
Balance at end of period	(11)	(13,674)	52	(2,757)	515	(15,875)
3Q13 (CHF million)						
Balance at beginning of period	(42)	(12,124)	63	(3,650)	552	(15,201)
Increase/(decrease)	15	(1,071)	0	(9)	0	(1,065)
Increase/(decrease) due to equity method investments	5	0	0	0	0	5
Reclassification adjustments, included in net income	0	38	0	66	(22)	82
Total increase/(decrease)	20	(1,033)	0	57	(22)	(978)
Balance at end of period	(22)	(13,157)	63	(3,593)	530	(16,179)
4Q12 (CHF million)						
Balance at beginning of period	(41)	(11,987)	89	(3,569)	310	(15,198)
Increase/(decrease)	0	(804)	3	(346)	319	(828)
Increase/(decrease) due to equity method investments	12	0	0	0	0	12
Reclassification adjustments, included in net income	0	24	(8)	114	(19)	111
Total increase/(decrease)	12	(780)	(5)	(232)	300	(705)
Balance at end of period	(29)	(12,767)	84	(3,801)	610	(15,903)
2013 (CHF million)						
Balance at beginning of period	(29)	(12,767)	84	(3,801)	610	(15,903)
Increase/(decrease)	6	(991)	(27)	750	0	(262)
Increase/(decrease) due to equity method investments	13	0	0	0	0	13
Reclassification adjustments, included in net income	(1)	84	(5)	294	(95)	277
Total increase/(decrease)	18	(907)	(32)	1,044	(95)	28
Balance at end of period	(11)	(13,674)	52	(2,757)	515	(15,875)
2012 (CHF million)						
Balance at beginning of period	(66)	(11,778)	99	(3,751)	362	(15,134)
Increase/(decrease)	7	(1,040)	227	(291)	319	(778)
Increase/(decrease) due to equity method investments	30	0	0	0	0	30
Reclassification adjustments, included in net income	0	51	(242)	241	(71)	(21)
Total increase/(decrease)	37	(989)	(15)	(50)	248	(769)
Balance at end of period	(29)	(12,767)	84	(3,801)	610	(15,903)

Details on significant reclassification adjustments

in	4Q13	3Q13	2013
Reclassification adjustments, included in net income (CHF million)			
Cumulative translation adjustments			
Sale of subsidiaries ¹	(2)	38	84
Actuarial gains/(losses)			
Amortization of recognized actuarial losses ²	129	87	390
Tax expense/(benefit)	(31)	(21)	(96)
Net of tax	98	66	294
Net prior service credit/(cost)			
Amortization of recognized prior service credit/(cost) ²	(19)	(27)	(120)
Tax expense/(benefit)	4	5	25
Net of tax	(15)	(22)	(95)

¹ Includes net releases of CHF 38 million and CHF 46 million in 3Q13 and 1Q13, respectively, on the sale of JO Hambro which was settled in 3Q13. These were reclassified from cumulative translation adjustments and included in net income in other revenues, offset by a gain on the transaction.

² These components are included in the computation of total pension costs. Refer to "Note 23 – Pension and other post-retirement benefits" for further information.

Additional share information

	4Q13	3Q13	4Q12	2013	2012
Common shares issued					
Balance at beginning of period	1,595,433,898	1,594,295,735	1,320,087,848	1,320,829,922	1,224,333,062
Issuance of common shares	685,451	1,138,163	742,074	275,289,427	96,496,860
of which MACCS settlement	0	0	0	199,964,015	0
of which share-based compensation	685,451	1,138,163	742,074	37,773,125	38,812,660
Balance at end of period	1,596,119,349	1,595,433,898	1,320,829,922	1,596,119,349	1,320,829,922
Treasury shares					
Balance at beginning of period	(3,032,833)	(2,328,381)	(27,423,014)	(27,036,831)	(4,010,074)
Sale of treasury shares	104,952,416	65,251,532	109,063,051	401,126,114	394,686,376
of which MACCS settlement	0	0	0	33,488,655	0
Repurchase of treasury shares	(107,185,940)	(66,054,256)	(108,788,150)	(385,369,391)	(423,704,092)
Share-based compensation	83,203	98,272	111,282	6,096,954	5,990,959
Balance at end of period	(5,183,154)	(3,032,833)	(27,036,831)	(5,183,154)	(27,036,831)
Common shares outstanding					
Balance at end of period	1,590,936,195 ¹	1,592,401,065 ²	1,293,793,091 ³	1,590,936,195 ¹	1,293,793,091 ³

¹ At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 661,049,598 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 498,874,240 of these shares were reserved for capital instruments.

² At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 661,735,049 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 498,874,240 of these shares were reserved for capital instruments.

³ At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 771,499,654 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 732,326,910 of these shares were reserved for capital instruments (including MACCS).

Note 20 Offsetting of financial assets and financial liabilities

The disclosures set out in the tables below include derivatives, reverse repurchase and repurchase agreements, and securities lending and borrowing transactions that:

- are offset in the Group's consolidated balance sheets; or
- are subject to an enforceable master netting agreement or similar agreement (enforceable master netting agreements), irrespective of whether they are offset in the Group's consolidated balance sheets.

Similar agreements include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements.

Derivatives

The Group transacts bilateral OTC derivatives (OTC derivatives) mainly under International Swaps and Derivatives Association (ISDA) Master Agreements and Swiss Master Agreements for OTC derivative instruments. These agreements provide for the net settlement of all transactions under the agreement through a single payment in the event of default or termination under the agreement. They allow the Group to offset balances from derivative assets and liabilities as well as the receivables and payables to related cash collateral transacted with the same counterparty. Collateral for OTC derivatives is received and provided in the form of cash and marketable securities. Such collateral may be subject to the standard industry terms of an ISDA Credit Support Annex. The terms of an ISDA Credit Support Annex provide that securities received or provided as collateral may be pledged or sold during the term of the transactions and must be returned upon maturity of

the transaction. These terms also give each counterparty the right to terminate the related transactions upon the other counterparty's failure to post collateral. Financial collateral received or pledged for OTC derivatives may also be subject to collateral agreements which restrict the use of financial collateral.

For derivatives transacted with exchanges (exchange-traded derivatives) and central clearing counterparties (OTC-cleared derivatives), positive and negative replacement values and related cash collateral may be offset if the terms of the rules and regulations governing these exchanges and central clearing counterparties permit such netting and offset.

Where no such agreements exist, fair values are recorded on a gross basis.

Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value. There is an exception for certain bifurcated hybrid debt instruments which the Group did not elect to account for at fair value. However, these bifurcated embedded derivatives are generally not subject to enforceable master netting agreements and are not recorded as derivative instruments under trading assets and liabilities or other assets and other liabilities. Information on bifurcated embedded derivatives has therefore not been included in the offsetting disclosures.

The following table presents the gross amount of derivatives subject to enforceable master netting agreements by contract and transaction type, the amount of offsetting, the amount of derivatives not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of derivatives

end of	4Q13		4Q12	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Gross derivatives subject to enforceable master netting agreements (CHF billion)				
OTC-cleared	265.4	262.1	365.3	365.5
OTC	183.0	178.1	337.6	327.9
Exchange-traded	0.3	0.0	0.3	0.2
Interest rate products	448.7	440.2	703.2	693.6
OTC	58.5	68.2	60.5	73.2
Exchange-traded	0.1	0.2	0.0	0.0
Foreign exchange products	58.6	68.4	60.5	73.2
OTC	15.5	18.6	12.7	15.2
Exchange-traded	14.8	15.1	13.7	14.1
Equity/index-related products	30.3	33.7	26.4	29.3
OTC-cleared	5.2	5.1	3.0	2.7
OTC	20.8	21.2	27.1	26.8
Credit derivatives	26.0	26.3	30.1	29.5
OTC	4.4	4.0	5.8	5.6
Exchange-traded	0.5	0.8	1.5	1.7
Other products	4.9	4.8	7.3	7.3
OTC-cleared	270.6	267.2	368.3	368.2
OTC	282.2	290.1	443.7	448.7
Exchange-traded	15.7	16.1	15.5	16.0
Total gross derivatives subject to enforceable master netting agreements	568.5	573.4	827.5	832.9
Offsetting (CHF billion)				
OTC-cleared	(269.1)	(267.0)	(367.2)	(367.5)
OTC	(260.7)	(265.7)	(418.7)	(421.8)
Exchange-traded	(15.1)	(15.1)	(14.3)	(14.2)
Offsetting	(544.9)	(547.8)	(800.2)	(803.5)
of which counterparty netting	(523.9)	(523.9)	(766.8)	(766.8)
of which cash collateral netting	(21.0)	(23.9)	(33.4)	(36.7)
Net derivatives presented in the consolidated balance sheets (CHF billion)				
OTC-cleared	1.5	0.2	1.1	0.7
OTC	21.5	24.4	25.0	26.9
Exchange-traded	0.6	1.0	1.2	1.8
Total net derivatives subject to enforceable master netting agreements	23.6	25.6	27.3	29.4
Total derivatives not subject to enforceable master netting agreements ¹	10.1	11.3	9.8	11.3
Total net derivatives presented in the consolidated balance sheets	33.7	36.9	37.1	40.7
of which recorded in trading assets and trading liabilities	31.6	36.5	33.2	39.5
of which recorded in other assets and other liabilities	2.1	0.4	3.9	1.2

¹ Represents derivatives where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

Reverse repurchase and repurchase agreements are generally covered by global master repurchase agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreements are terminated and are settled net in one single payment. Transactions under such agreements are netted in the consolidated balance sheets if they are with the same counterparty, have the same maturity date, settle through the same clearing institution and are subject to the same master netting agreement. The amounts offset are measured on the same basis as the underlying transaction (i.e., on an accrual basis or fair value basis).

Securities lending and borrowing transactions are generally executed under global master securities lending agreements with netting terms similar to ISDA Master Agreements. In certain situations, for example in the event of default, all contracts under the agreement are terminated and are settled net in one single payment. Transactions under these agreements are netted in the consolidated balance sheets if they meet the same right of offset criteria as for reverse repurchase and repurchase agreements. In general, most securities lending and borrowing transactions do not meet the criterion of having the same settlement date specified at

inception of the transaction, and therefore they are not eligible for netting in the consolidated balance sheets. However, securities lending and borrowing transactions with explicit maturity dates may be eligible for netting in the consolidated balance sheets.

Reverse repurchase and repurchase agreements are collateralized principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time. In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides the Group with the right to liquidate the collateral held. As is the case in the Group's normal course of business, substantially all of the collateral received that may be sold or repledged was sold or repledged as of December 31, 2013 and December 31, 2012. In certain circumstances, financial collateral received may be restricted during the term of the agreement (e.g., in tri-party arrangements).

The following table presents the gross amount of securities purchased under resale agreements and securities borrowing transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities purchased under resale agreements and securities borrowing transactions not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of securities purchased under resale agreements and securities borrowing transactions

end of	4Q13			4Q12		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities purchased under resale agreements and securities borrowing transactions (CHF billion)						
Securities purchased under resale agreements	112.0	(25.1)	86.9	141.4	(41.1)	100.3
Securities borrowing transactions	22.7	(1.7)	21.0	20.9	(2.0)	18.9
Total subject to enforceable master netting agreements	134.7	(26.8)	107.9	162.3	(43.1)	119.2
Total not subject to enforceable master netting agreements¹	52.1	–	52.1	64.3	–	64.3
Total	186.8	(26.8)	160.0²	226.6	(43.1)	183.5²

¹ Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 96,587 million and CHF 113,664 million of the total net amount as of the end of 4Q13 and 4Q12, respectively, are reported at fair value.

The following table presents the gross amount of securities sold under repurchase agreements and securities lending transactions subject to enforceable master netting agreements, the amount of offsetting, the amount of securities sold under repurchase

agreements and securities lending transactions not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheets.

Offsetting of securities sold under repurchase agreements and securities lending transactions

end of	4Q13			4Q12		
	Gross	Offsetting	Net	Gross	Offsetting	Net
Securities sold under repurchase agreements and securities lending transactions (CHF billion)						
Securities sold under repurchase agreements	86.5	(26.8)	59.7	99.7	(43.1)	56.6
Securities lending transactions	6.6	0.0	6.6	10.8	0.0	10.8
Obligation to return securities received as collateral, at fair value	18.5	0.0	18.5	25.9	0.0	25.9
Total subject to enforceable master netting agreements	111.6	(26.8)	84.8	136.4	(43.1)	93.3
Total not subject to enforceable master netting agreements ¹	32.0	–	32.0	69.5	–	69.5
Total	143.6	(26.8)	116.8	205.9	(43.1)	162.8
of which securities sold under repurchase agreements and securities lending transactions	120.8	(26.8)	94.0 ²	175.8	(43.1)	132.7 ²
of which obligation to return securities received as collateral, at fair value	22.8	0.0	22.8	30.1	0.0	30.1

¹ Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 76,104 million and CHF 108,784 million of the total net amount as of the end of 4Q13 and 4Q12, respectively, are reported at fair value.

The following table presents the net amount presented in the consolidated balance sheets of financial assets and liabilities subject to enforceable master netting agreements and the gross amount of financial instruments and cash collateral not offset in the consolidated balance sheets. The table excludes derivatives, reverse repurchase and repurchase agreements and securities lending and

borrowing transactions not subject to enforceable master netting agreements where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place. Net exposure reflects risk mitigation in the form of collateral.

Amounts not offset in the consolidated balance sheets

end of	4Q13				4Q12			
	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure
Financial assets subject to enforceable master netting agreements (CHF billion)								
Derivatives	23.6	4.9	0.1	18.6	27.3	5.8	0.0	21.5
Securities purchased under resale agreements	86.9	86.9	0.0	0.0	100.3	100.3	0.0	0.0
Securities borrowing transactions	21.0	20.2	0.0	0.8	18.9	17.4	0.0	1.5
Total financial assets subject to enforceable master netting agreements	131.5	112.0	0.1	19.4	146.5	123.5	0.0	23.0
Financial liabilities subject to enforceable master netting agreements (CHF billion)								
Derivatives	25.6	9.9	0.0	15.7	29.4	10.8	0.0	18.6
Securities sold under repurchase agreements	59.7	59.7	0.0	0.0	56.6	56.4	0.2	0.0
Securities lending transactions	6.6	6.2	0.0	0.4	10.8	10.2	0.0	0.6
Obligation to return securities received as collateral, at fair value	18.5	17.5	0.0	1.0	25.9	24.2	0.0	1.7
Total financial liabilities subject to enforceable master netting agreements	110.4	93.3	0.0	17.1	122.7	101.6	0.2	20.9

¹ The total amount reported in financial instruments (recognized financial assets and financial liabilities and non-cash financial collateral) and cash collateral is limited to the amount of the related instruments presented in the consolidated balance sheets and therefore any over-collateralization of these positions is not included.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the use of CDS and credit insurance contracts. Therefore the net exposure

presented in the table above is not representative for the Group's counterparty exposure.

Note 21 Tax

The income tax benefit of CHF 63 million recorded in 4Q13 included the impact of the geographical mix of results, an income tax benefit of CHF 367 million relating to tax deductions arising from participation valuations and the re-measurement of existing deferred tax assets on net operating losses due to changes in forecasted earnings, partially offset by a tax charge of CHF 278 million related to a valuation allowance recognized on existing deferred tax assets in respect of one of the Group's entities in the UK.

The presentation of net deferred tax assets related to net operating losses, net deferred tax assets on temporary differences and net deferred tax liabilities is in accordance with ASC Topic 740 – Income Taxes guidance to interim reporting. Nettable gross deferred tax liabilities are allocated on a pro-rata basis to gross deferred tax assets on net operating losses and gross deferred tax assets on temporary differences. This approach is aligned with the underlying treatment of netting gross deferred tax assets and liabilities under the Basel III framework. Valuation allowances have been allocated against such deferred tax assets on net operating losses first with any remainder allocated to such deferred tax assets on temporary differences. This presentation is considered the most appropriate disclosure given the underlying nature of the gross deferred tax balances.

As of December 31, 2013, the Group had accumulated undistributed earnings from foreign subsidiaries of CHF 6.1 billion which are considered indefinitely reinvested. The Group would need to accrue and pay taxes on these undistributed earnings if such earnings were repatriated. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

The Group is currently subject to ongoing tax audits, inquiries and litigation with the tax authorities in a number of jurisdictions, including Brazil, the Netherlands, the US, the UK and Switzerland. Although the timing of completion is uncertain, it is reasonably possible that some of these will be resolved within 12 months of the reporting date. It is reasonably possible that there will be a decrease between zero and CHF 72 million in unrecognized tax benefits within 12 months of the reporting date.

The Group remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2009; Brazil – 2008; Japan – 2008; the UK – 2006; the US – 2006; and the Netherlands – 2005.

Effective tax rate

in	4Q13	3Q13	4Q12	2013	2012
Effective tax rate (%)					
Effective tax rate	18.9	40.4	19.0	31.2	21.2

Reconciliation of taxes computed at the Swiss statutory rate

in	4Q13
Reconciliation of taxes computed at the Swiss statutory rate (CHF million)	
Income tax expense/(benefit) computed at the statutory tax rate of 22%	(73)
Increase/(decrease) in income taxes resulting from	
Foreign tax rate differential	(26)
Changes in tax law and rates	11
Other non-deductible expenses	157
Changes in deferred tax valuation allowance	276
Lower taxed income	(6)
Income taxable to noncontrolling interests	(80)
Tax deductible impairments of Swiss subsidiary investments	(255)
Other	(67)
Income tax expense/(benefit)	(63)

Foreign tax rate differential

4Q13 included a foreign tax benefit of CHF 26 million in respect of earnings in higher tax jurisdictions, mainly Brazil and the US.

Changes in tax law and rates

4Q13 included a tax expense of CHF 11 million related to the re-measurement of deferred tax assets resulting from the impact of the reduction of the UK corporate income tax rate from 23% to 20%.

Other non-deductible expenses

4Q13 included non-deductible interest expenses of CHF 46 million, non-deductible bank levy costs and other non-deductible expenses of CHF 8 million and non-deductible provision accruals of CHF 103 million.

Changes in deferred tax valuation allowance

4Q13 included the impact of the net increase of valuation allowances of CHF 39 million in respect of four of the Group's operating entities, two in the UK and two in Asia, relating to current year earnings. Additionally, it also included an increase in valuation allowance for previously recognized deferred tax assets in respect of a Group operating entity in the UK of CHF 278 million, partially offset by the release of valuation allowances in respect of another Group operating entity in the UK of CHF 41 million, both relating to changes in future profitability assumptions.

Lower taxed income

4Q13 included a CHF 19 million income tax benefit related to non-taxable life insurance income, partially offset by a change in the effective tax rate due to actual fourth quarter earnings as compared to the full-year forecast of CHF 13 million.

Other

4Q13 included a tax benefit of CHF 71 million relating to the increase of deferred tax assets in one of the Group's operating entities in Switzerland. This benefit is related to the re-measurement of pre-existing deferred tax assets due to changes in future profitability assumptions. It also included a benefit for other various smaller items, partially offset by a CHF 19 million income tax charge relating to the increase of tax contingency accruals.

Net deferred tax assets

end of	4Q13	3Q13
Net deferred tax assets (CHF million)		
Deferred tax assets	6,185	6,106
of which net operating losses	1,380	1,607
of which deductible temporary differences	4,805	4,499
Deferred tax liabilities	(394)	(167)
Net deferred tax assets	5,791	5,939

Note 22 Employee deferred compensation

The Group's current and previous deferred compensation plans include share awards, performance share awards, Plus Bond awards, Partner Asset Facilities awards, Adjustable Performance Plan awards, Restricted Cash Awards, Scaled Incentive Share Units (SISUs), Incentive Share Units (ISUs) and other cash awards.

► Refer to "Note 27 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information.

The following tables show the expense for deferred compensation awards recognized in the consolidated statements of operations, the estimated unrecognized expense for deferred compensation awards granted in 4Q13 and prior periods and the associated remaining requisite service period over which the unrecognized expense will be recognized. The estimated unrecognized deferred compensation expense was based on the fair value of each award on the date of grant and included the current estimated outcome of relevant performance criteria and estimated future forfeitures but no estimate for future mark-to-market adjustments.

Deferred compensation expense

in	4Q13	3Q13	4Q12	2013	2012
Deferred compensation expense (CHF million)					
Share awards	174	183	186	814	786
Performance share awards	122	138	81	590	366
Plus Bond awards ¹	11	10	0	37	0
2011 Partner Asset Facility awards ²	57	50	60	77	677
Adjustable Performance Plan share awards	4	6	44	31	74
Adjustable Performance Plan cash awards	(2)	7	18	4	286
Restricted Cash Awards	28	26	37	145	165
Scaled Incentive Share Units	9	8	14	41	97
Incentive Share Units ³	(1)	0	11	(3)	62
2008 Partner Asset Facility awards ⁴	13	27	48	93	173
Other cash awards	100	97	103	434	362
Discontinued operations	(4)	(11)	(5)	(21)	(23)
Total deferred compensation expense	511	541	597	2,242	3,025

¹ Compensation expense primarily relates to mark-to-market changes of the underlying assets of the Plus Bonds and the amortization of the voluntary Plus Bonds elected in 1Q13 and expensed over a three-year vesting period.

² 2011 Partner Asset Facility awards were granted and expensed in 1Q12. For subsequent periods, compensation expense mainly includes the change in underlying fair value of the indexed assets during the period.

³ Includes clawbacks.

⁴ Compensation expense mainly includes the change in underlying fair value of the indexed assets during the period.

Estimated unrecognized deferred compensation expense

end of	4Q13
Estimated unrecognized deferred compensation expense (CHF million)	
Share awards	804
Performance share awards	221
Plus Bond awards	18
Adjustable Performance Plan share awards	11
Adjustable Performance Plan cash awards	13
Restricted Cash Awards	136
Other cash awards	111
Total	1,314
Aggregate remaining weighted-average requisite service period (years)	
Aggregate remaining weighted-average requisite service period	1.3

Share-based award activity

Number of awards (in millions)	4Q13					2013				
	Share awards	Performance share awards	Adjustable Performance Plan share awards	SISU awards	ISU awards	Share awards	Performance share awards	Adjustable Performance Plan share awards	SISU awards	ISU awards
Share-based award activities										
Balance at beginning of period	73.7	41.4	14.5	4.7	1.5	55.8	23.3	30.8	9.6	3.6
Granted	0.6	0.0	0.0	0.0	0.0	40.4	26.6	1.2 ¹	0.0	0.0
Settled	(0.7)	0.0	0.0	0.0	(0.1)	(20.0)	(7.6)	(17.2)	(4.8)	(1.8)
Forfeited	(0.7)	0.0	0.0	0.0	(0.2)	(3.3)	(0.9)	(0.3)	(0.1)	(0.6)
Balance at end of period	72.9	41.4	14.5	4.7	1.2	72.9	41.4	14.5	4.7	1.2
of which vested	5.8	2.7	1.2	1.2	0.1	5.8	2.7	1.2	1.2	0.1
of which unvested	67.1	38.7	13.3	3.5	1.1	67.1	38.7	13.3	3.5	1.1

¹ Represents additional units earned in 1Q13 as the original Adjustable Performance Plan awards met performance criteria in accordance with the terms and conditions of the awards.

Note 23 Pension and other post-retirement benefits

The Group previously disclosed that it expected to contribute CHF 471 million to the Swiss and international defined benefit plans and other post-retirement defined benefit plans in 2013. As

of the end of 4Q13, CHF 486 million of contributions had been made.

Components of total pension costs

in	4Q13	3Q13	4Q12	2013	2012
Total pension costs (CHF million)					
Service costs on benefit obligation	90	93	93	371	378
Interest costs on benefit obligation	108	109	128	434	513
Expected return on plan assets	(184)	(184)	(195)	(736)	(781)
Amortization of recognized prior service cost/(credit)	(23)	(23)	(14)	(92)	(55)
Amortization of recognized actuarial losses	90	87	58	350	231
Net periodic pension costs	81	82	70	327	286
Settlement losses/(gains)	39	0	90	40	90
Curtailment losses/(gains)	4	(4)	(11)	(28)	(35)
Special termination benefits	3	4	4	19	19
Total pension costs	127	82	153	358	360

Note 24 Derivatives and hedging activities

► Refer to "Note 30 – Derivatives and hedging activities" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information.

Fair value of derivative instruments

The tables below present gross derivative replacement values by type of contract and balance sheet location and whether the derivative is used for trading purposes or in a qualifying hedging

relationship. Notional amounts have also been provided as an indication of the volume of derivative activity within the Group.

Information on bifurcated embedded derivatives has not been included in these tables. Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value.

► Refer to "Note 27 – Financial instruments" for further information.

Fair value of derivative instruments

end of 4Q13	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	9,366.2	2.5	2.6	0.0	0.0	0.0
Swaps	30,589.6	399.6	393.8	68.5	2.8	0.7
Options bought and sold (OTC)	3,889.5	44.3	44.9	0.0	0.0	0.0
Futures	830.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	705.9	0.3	0.2	0.0	0.0	0.0
Interest rate products	45,382.0	446.7	441.5	68.5	2.8	0.7
Forwards	2,098.0	21.6	21.5	30.5	0.3	0.1
Swaps	1,382.1	28.9	39.2	0.0	0.0	0.0
Options bought and sold (OTC)	815.6	10.7	11.6	9.4	0.0	0.0
Futures	48.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	5.5	0.1	0.2	0.0	0.0	0.0
Foreign exchange products	4,350.0	61.3	72.5	39.9	0.3	0.1
Forwards	4.0	0.7	0.1	0.0	0.0	0.0
Swaps	236.1	5.4	7.9	0.0	0.0	0.0
Options bought and sold (OTC)	225.3	12.2	12.0	0.0	0.0	0.0
Futures	50.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	416.2	17.0	17.2	0.0	0.0	0.0
Equity/index-related products	932.2	35.3	37.2	0.0	0.0	0.0
Credit derivatives²	1,483.3	26.8	27.2	0.0	0.0	0.0
Forwards	19.2	0.7	1.1	0.0	0.0	0.0
Swaps	45.4	2.9	2.5	0.0	0.0	0.0
Options bought and sold (OTC)	35.2	1.1	1.0	0.0	0.0	0.0
Futures	31.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	48.9	0.7	0.9	0.0	0.0	0.0
Other products³	179.8	5.4	5.5	0.0	0.0	0.0
Total derivative instruments	52,327.3	575.5	583.9	108.4	3.1	0.8

The notional amount, PRV and NRV (trading and hedging) was CHF 52,435.7 billion, CHF 578.6 billion and CHF 584.7 billion, respectively, as of December 31, 2013.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Primarily credit default swaps.

³ Primarily precious metals, commodity, energy and emission products.

Fair value of derivative instruments (continued)

end of 4Q12	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	8,055.9	2.6	2.5	0.0	0.0	0.0
Swaps	29,155.2	635.6	630.1	62.8	3.9	1.5
Options bought and sold (OTC)	3,739.9	62.4	62.6	0.0	0.0	0.0
Futures	1,145.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	952.0	0.3	0.2	0.0	0.0	0.0
Interest rate products	43,048.4	700.9	695.4	62.8	3.9	1.5
Forwards	2,133.4	21.6	21.3	19.6	0.2	0.1
Swaps	1,336.3	32.2	46.6	0.0	0.0	0.0
Options bought and sold (OTC)	985.3	9.7	10.7	0.0	0.0	0.0
Futures	83.8 ²	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.6	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	4,542.4	63.5	78.6	19.6	0.2	0.1
Forwards	5.5	0.6	0.0	0.0	0.0	0.0
Swaps	211.0	4.6	5.8	0.0	0.0	0.0
Options bought and sold (OTC)	214.9	11.4	11.1	0.0	0.0	0.0
Futures	74.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	338.2	13.7	14.1	0.0	0.0	0.0
Equity/index-related products	844.0	30.3	31.0	0.0	0.0	0.0
Credit derivatives³	1,694.4	30.6	29.8	0.0	0.0	0.0
Forwards	31.3	1.1	1.4	0.0	0.0	0.0
Swaps	55.3	3.6	3.1	0.0	0.0	0.0
Options bought and sold (OTC)	54.2	1.6	1.6	0.0	0.0	0.0
Futures	35.6 ²	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	50.4	1.6	1.7	0.0	0.0	0.0
Other products⁴	226.8	7.9	7.8	0.0	0.0	0.0
Total derivative instruments	50,356.0	833.2	842.6	82.4	4.1	1.6

The notional amount, PRV and NRV (trading and hedging) was CHF 50,438.4 billion, CHF 837.3 billion and CHF 844.2 billion, respectively, as of December 31, 2012.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Prior period has been corrected to reclassify the notional amounts from other products to foreign exchange products.

³ Primarily credit default swaps.

⁴ Primarily precious metals, commodity, energy and emission products.

Netting of derivative instruments

► Refer to “Derivatives” in Note 20 – Offsetting of financial assets and financial liabilities for further information of the netting of derivative instruments.

Fair value hedges

in	4Q13	3Q13	4Q12	2013	2012
Gains/(losses) recognized in income on derivatives (CHF million)					
Interest rate products	59	41	101	437	834
Foreign exchange products	(1)	0	1	(9)	(13)
Total	58	41	102	428	821
Gains/(losses) recognized in income on hedged items (CHF million)					
Interest rate products	(55)	(41)	(108)	(435)	(878)
Foreign exchange products	1	0	0	9	13
Total	(54)	(41)	(108)	(426)	(865)
Details of fair value hedges (CHF million)					
Net gains/(losses) on the ineffective portion	4	0	(6)	2	(44)

Represents gains/(losses) recognized in trading revenues.

Cash flow hedges

in	4Q13	3Q13	4Q12	2013	2012
Gains/(losses) recognized in AOCI on derivatives (CHF million)					
Interest rate products	9	18	0	7	8
Foreign exchange products	6	5	12	13	30
Total	15	23	12	20	38
Gains/(losses) reclassified from AOCI into income (CHF million)					
Interest rate products ¹	2	1	0	3	0
Foreign exchange products ²	0	(1)	0	(3)	0
Total	2	0	0	0	0
Details of cash flow hedges (CHF million)					
Net gains/(losses) on the ineffective portion ¹	0	1	(1)	1	0

¹ Included in trading revenues.

² Included in other revenues.

As of the end of 4Q13, the maximum length of time over which the Group hedged its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was three years.

The net gain associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 3 million.

Net investment hedges

in	4Q13	3Q13	4Q12	2013	2012
Gains/(losses) recognized in AOCI on derivatives (CHF million)					
Foreign exchange products	198	597	325	504	(81)
Total	198	597	325	504	(81)
Gains/(losses) reclassified from AOCI into income (CHF million)					
Foreign exchange products ¹	0	2	(2)	2	75
Total	0	2	(2)	2	75

Represents gains/(losses) on effective portion.

¹ Included in other revenues.

The Group includes all derivative instruments not included in hedge accounting relationships in its trading activities.

► Refer to “Note 8 – Trading revenues” for gains and losses on trading activities by product type.

Disclosures relating to contingent credit risk

Certain of the Group’s derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the level specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either the Group or the counterparty, at the existing mark-to-market replacement value of the derivative contract.

The following table provides the Group’s current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and SPEs that include credit support agreements, the related collateral posted and the additional collateral required in a one-notch and a two-notch downgrade event, respectively. The table also includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the NRV and a percentage of the notional value of the derivative.

Contingent credit risk

end of	4Q13				4Q12			
	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total
Contingent credit risk (CHF billion)								
Current net exposure	11.7	1.1	0.1	12.9	15.3	1.4	0.6	17.3
Collateral posted	10.6	1.2	–	11.8	13.4	1.4	–	14.8
Additional collateral required in a one-notch downgrade event	0.6	0.8	0.0	1.4	0.2	0.5	0.0	0.7
Additional collateral required in a two-notch downgrade event	2.3	1.1	0.0	3.4	2.7 ¹	1.5	0.5	4.7

¹ Additional collateral required in a two-notch downgrade event has been corrected.

Credit derivatives

► Refer to “Note 30 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information on credit derivatives.

Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the “Fair value of derivative instruments” tables. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative as a derivative instrument (a) in which one or more of its underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit risk-related events specified in the contract.

Certain cash collateralized debt obligations (CDOs) and other derivative instruments were excluded as they do not fall within the scope of US GAAP rules. TRS of CHF 7.4 billion and CHF 6.0 billion as of the end of 4Q13 and 4Q12, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

Credit protection sold

Credit protection sold is the maximum potential payout, which is based on the notional value of derivatives and represents the amount of future payments that the Group would be required to make as a result of credit risk-related events.

Credit protection purchased

Credit protection purchased represents those instruments where the underlying reference instrument is identical to the reference instrument of the credit protection sold.

Other protection purchased

In the normal course of business, the Group purchases protection to offset the risk of credit protection sold that may have similar, but not identical, reference instruments and may use similar, but not identical, products, which reduces the total credit derivative exposure. Other protection purchased is based on the notional value of the instruments.

Fair value of credit protection sold

The fair values of the credit protection sold give an indication of the amount of payment risk, as the negative fair values increase when the potential payment under the derivative contracts becomes more probable.

Credit protection sold/purchased

end of	4Q13					4Q12				
	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold
Single-name instruments (CHF billion)										
Investment grade ²	(305.9)	287.9	(18.0)	37.7	5.2	(394.6)	373.9	(20.7)	56.0	2.5
Non-investment grade	(108.7)	104.9	(3.8)	10.5	2.5	(135.4)	129.3	(6.1)	11.3	(0.4)
Total single-name instruments	(414.6)	392.8	(21.8)	48.2	7.7	(530.0)³	503.2³	(26.8)	67.3³	2.1³
of which sovereign	(88.1)	85.0	(3.1)	8.9	(0.4)	(119.4)	117.1	(2.3)	10.3	(0.7)
of which non-sovereign	(326.5)	307.8	(18.7)	39.3	8.1	(410.6)	386.1	(24.5)	57.0	2.8
Multi-name instruments (CHF billion)										
Investment grade ²	(219.1)	212.1	(7.0)	47.3	3.3	(222.2)	207.1	(15.1)	20.6	(0.7)
Non-investment grade	(65.0)	59.0 ⁴	(6.0)	13.5	1.5	(62.8)	56.1 ⁴	(6.7)	9.8	(1.6)
Total multi-name instruments	(284.1)	271.1	(13.0)	60.8	4.8	(285.0)³	263.2³	(21.8)	30.4³	(2.3)³
of which sovereign	(10.8)	10.9	0.1	1.1	0.0	(13.5)	13.1	(0.4)	0.4	(0.1)
of which non-sovereign	(273.3)	260.2	(13.1)	59.7	4.8	(271.5)	250.1	(21.4)	30.0	(2.2)
Total instruments (CHF billion)										
Investment grade ²	(525.0)	500.0	(25.0)	85.0	8.5	(616.8)	581.0	(35.8)	76.6	1.8
Non-investment grade	(173.7)	163.9	(9.8)	24.0	4.0	(198.2)	185.4	(12.8)	21.1	(2.0)
Total instruments	(698.7)	663.9	(34.8)	109.0	12.5	(815.0)	766.4	(48.6)	97.7	(0.2)
of which sovereign	(98.9)	95.9	(3.0)	10.0	(0.4)	(132.9)	130.2	(2.7)	10.7	(0.8)
of which non-sovereign	(599.8)	568.0	(31.8)	99.0	12.9	(682.1)	636.2	(45.9)	87.0	0.6

¹ Represents credit protection purchased with identical underlyings and recoveries.

² Based on internal ratings of BBB and above.

³ Credit protection instruments have been corrected to reclassify certain single-name instruments to multi-name instruments.

⁴ Includes the Clock Finance transaction.

The following table reconciles the notional amount of credit derivatives included in the table "Fair value of derivative instruments" to the table "Credit protection sold/purchased".

Credit derivatives

end of	4Q13	4Q12
Credit derivatives (CHF billion)		
Credit protection sold	698.7	815.0
Credit protection purchased	663.9	766.4
Other protection purchased	109.0	97.7
Other instruments ¹	11.7	15.3
Total credit derivatives	1,483.3	1,694.4

¹ Consists of certain cash collateralized debt obligations, total return swaps and other derivative instruments.

The segregation of the future payments by maturity range and underlying risk gives an indication of the current status of the potential for performance under the derivative contracts.

Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
4Q13 (CHF billion)				
Single-name instruments	91.2	281.4	42.0	414.6
Multi-name instruments	19.2	208.2	56.7	284.1
Total instruments	110.4	489.6	98.7	698.7
4Q12 (CHF billion)				
Single-name instruments	125.0	326.0	79.0	530.0
Multi-name instruments	42.7	171.0	71.3	285.0
Total instruments	167.7	497.0	150.3	815.0

Note 25 Guarantees and commitments

Guarantees

In the ordinary course of business, guarantees are provided that contingently obligate Credit Suisse to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing or other contractual arrangement. The total gross amount disclosed within the Guarantees table reflects the maximum potential payment under the guarantees. The carrying value represents the

Group's current best estimate of payments that will be required under existing guarantee arrangements.

Guarantees provided by the Group are classified as follows: credit guarantees and similar instruments, performance guarantees and similar instruments, securities lending indemnifications, derivatives and other guarantees.

► Refer to "Guarantees" in V – Consolidated financial statements – Credit Suisse Group – Note 31 – Guarantees and commitments in the Credit Suisse Annual Report 2012 for a detailed description of guarantees.

Guarantees

end of	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount ¹	Carrying value	Collateral received
4Q13 (CHF million)						
Credit guarantees and similar instruments	2,826	2,090	4,916	4,768	34	2,333
Performance guarantees and similar instruments	4,428	2,937	7,365	6,444	87	3,312
Securities lending indemnifications	11,479	0	11,479	11,479	0	11,479
Derivatives ²	18,247	13,403	31,650	31,650	715	- ³
Other guarantees	4,003	1,212	5,215	5,191	3	2,631
Total guarantees	40,983	19,642	60,625	59,532	839	19,755
4Q12 (CHF million)						
Credit guarantees and similar instruments ⁴	10,104	2,483	12,587	12,200	53	1,920
Performance guarantees and similar instruments	5,160	4,371	9,531	8,793	139	3,336
Securities lending indemnifications	12,211	0	12,211	12,211	0	12,211
Derivatives ²	21,197	14,218	35,415	35,415	985	- ³
Other guarantees	4,297	1,122	5,419	5,397	3	2,812
Total guarantees	52,969	22,194	75,163	74,016	1,180	20,279

¹ Total net amount is computed as the gross amount less any participations.

² Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Group had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments.

³ Collateral for derivatives accounted for as guarantees is not significant.

⁴ Prior period has been corrected.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Group's banking subsidiaries in Switzerland, the Group's share in the deposit insurance guarantee program for the period July 1, 2013 to June 30, 2014 is CHF 0.6 billion. These deposit insurance guarantees were reflected in other guarantees.

PAF2 transaction

The Group's results are impacted by the risk of counterparty defaults and the potential for changes in counterparty credit spreads related to derivative trading activities of the Group. In 1Q12, the Group entered into the PAF2 transaction to hedge the counterparty credit risk of a referenced portfolio of derivatives and their credit spread volatility. The hedge covered approximately USD 12 billion notional amount of expected positive exposure from counterparties of the Group, and was 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 was retained by the Group and actively managed through normal credit procedures. The mezzanine layer was hedged by transferring the risk of default and counterparty credit spread movements to eligible employees in the form of PAF2 awards, as part of their deferred compensation granted in the annual compensation process.

The model used to value the PAF2 awards is the standard Gaussian copula valuation model used for synthetic collateralized

debt obligation (CDO) trades with adjustments necessary to incorporate the specific nature of the PAF2 transaction. The key model inputs are notional value, correlation assumption, credit spreads, liquidity and recovery rates of the portfolio, the Group's own credit spread and the maturity of the trade. In the model, the credit spreads of the counterparties determine the respective probability of default. Such probability is used to compute the expected value of the cash flows contingent on survival and on default of the counterparties in the reference portfolio. The credit spreads are sourced using observable data from CDS on the specific reference entity. Where a specific reference entity curve does not exist for a reference name in the portfolio, a proxy curve is used. The expected value of the counterparty exposure on default determines the equivalent notional value for the given name. This is computed from the effective positive exposure which is the weighted average over time of the expected exposure used by the Group for counterparty risk management. As of the end of 4Q13, the carrying value of the PAF2 awards was CHF 652 million. The amount of the PAF2 awards compensation expense for 4Q13 was CHF 57 million and is included in the amount reflected in the "Deferred compensation expense" table in Note 22 – Employee deferred compensation, which includes deferred compensation expense for a smaller plan unrelated to the hedging aspects of this transaction.

The Group had 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. The value of the senior layer was calculated using the same model as for the PAF2 awards. The Group also had a credit support facility with this entity that allowed the Group to provide credit support in connection with other assets that are commonly financed through the issuance of commercial paper (CP) and, in connection with the CDS, to provide immediately available funding to this entity in certain circumstances. Among others, such circumstances included: (i) a disruption of the CP market such that the entity could not issue or roll a CP to fund the CDS payment or repay a maturing CP; (ii) the interest payable on the CP exceeded certain thresholds and the Group instructed the entity to draw on the facility instead of issuing a CP; (iii) a CP was issued by the entity to fund a CDS payment and subsequently the short-term rating of the facility provider was downgraded; or (iv) to repay any outstanding CP at the maturity date of the facility. Any funded amount could be settled by the assignment of the rights and obligations of the CDS to the Group. The credit support facility was accounted for on an accrual basis.

In December 2012, the BCBS published updated regulatory guidance that made the PAF2 transaction as it was structured ineligible for counterparty credit spread hedging under the Basel III framework. As a result of this new guidance, the Group had the right to exercise a regulatory call to restructure or terminate the CDS and the credit support facility layer at par and terminate the mezzanine layer at fair value. In October 2013, the Group exercised the call to terminate the CDS and the credit support layer at par. As of the end of 4Q13, the mezzanine layer remained in place.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking's sale of US residential mortgage loans, the Group has provided certain representations and warranties relating to the loans sold. The Group has provided these representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac (GSEs); institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that the Group has purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; loan-to-value ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were breached, the Group may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether the Group will incur a loss in connection with repurchases and make whole payments depends on: the extent to which claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether the Group can successfully claim against parties that sold loans to the Group and made representations and warranties to the Group; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

With respect to its outstanding repurchase claims, the Group is unable to estimate reasonably possible losses in excess of the amounts accrued because of the heterogeneity of its portfolio, the complexity of legal and factual determinations related to each claim, the limited amount of discovery and/or other factors.

The following tables present the total amount of residential mortgage loans sold during the period from January 1, 2004 to December 31, 2013 by counterparty type and the development of outstanding repurchase claims and provisions for outstanding repurchase claims in 4Q13, 3Q13 and 4Q12, including realized losses from the repurchase of residential mortgage loans sold.

Residential mortgage loans sold

January 1, 2004 to December 31, 2013 (USD billion)

Government-sponsored enterprises	8.2
Private investors ¹	23.5
Non-agency securitizations	133.8 ²
Total residential mortgage loans sold	165.5

¹ Primarily banks.

² The outstanding balance of residential mortgage loans sold was USD 26.2 billion as of the end of 4Q13. The difference of the total balance of mortgage loans sold and the outstanding balance as of the end of 4Q13 is attributable to borrower payments of USD 88.9 billion and losses of USD 18.7 billion due to loan defaults.

Residential mortgage loans sold – outstanding repurchase claims

	4Q13				3Q13			
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total
Outstanding repurchase claims (USD million)								
Balance at beginning of period	66	419	72	557	81	420	1,194	1,695
New claims	21	2	541	564	12	22	9	43
Claims settled through repurchases	0	(1)	0	(1) ¹	0	0	0	0
Other settlements	(5)	0	0	(5) ²	(18)	(23)	0	(41) ²
Total claims settled	(5)	(1)	0	(6)	(18)	(23)	0	(41)
Claims rescinded	(5)	0	0	(5)	(9)	0	0	(9)
Transfers to/from arbitration and litigation, net ³	0	0	(530)	(530)	0	0	(1,131) ⁴	(1,131)
Balance at end of period	77	420	83	580	66	419	72	557
<hr/>								
	4Q12				3Q12			
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total
Outstanding repurchase claims (USD million)								
Balance at beginning of period					62	467	1,147	1,676
New claims					14	3	754	771
Claims settled through repurchases					(1)	0	(2)	(3) ¹
Other settlements					(3)	(6)	(19)	(28) ²
Total claims settled					(4)	(6)	(21)	(31)
Claims rescinded					(5)	0	0	(5)
Transfers to/from arbitration and litigation, net ³					0	0	(485)	(485)
Balance at end of period					67	464	1,395	1,926
<hr/>								
	2013				2012			
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total
Outstanding repurchase claims (USD million)								
Balance at beginning of period	67	464	1,395	1,926	68	432	243	743
New claims	69	139	1,039	1,247	58	57	2,032	2,147
Claims settled through repurchases	(4)	(1)	(2)	(7) ¹	(7)	0	(7)	(14) ¹
Other settlements	(31)	(178)	(7)	(216) ²	(15)	(7)	(32)	(54) ²
Total claims settled	(35)	(179)	(9)	(223)	(22)	(7)	(39)	(68)
Claims rescinded	(24)	(4)	0	(28)	(37)	(18)	0	(55)
Transfers to/from arbitration and litigation, net ³	0	0	(2,342) ⁴	(2,342)	0	0	(841)	(841)
Balance at end of period	77	420	83	580	67	464	1,395	1,926

¹ Settled at a repurchase price of USD 0 million and USD 2 million in 4Q13 and 4Q12, respectively.

² Settled at USD 3 million, USD 20 million and USD 21 million in 4Q13, 3Q13 and 4Q12, respectively.

³ Refer to "Note 29 – Litigation" for repurchase claims that are in arbitration or litigation.

⁴ Transfers to arbitration and litigation disclosed in 3Q13 include portfolios of claims of approximately USD 0.6 billion for which formal legal proceedings had commenced in prior periods.

¹ Settled at a repurchase price of USD 6 million and USD 15 million in 2013 and 2012, respectively.

² Settled at USD 48 million and USD 41 million in 2013 and 2012, respectively.

³ Refer to "Note 29 – Litigation" for repurchase claims that are in arbitration or litigation.

⁴ Transfers to arbitration and litigation disclosed in 2013 include portfolios of claims of approximately USD 0.3 billion for which formal legal proceedings had commenced in prior periods.

Provisions for outstanding repurchase claims

	4Q13	3Q13	4Q12	2013	2012
Provisions for outstanding repurchase claims (USD million)¹					
Balance at beginning of period	88	98	53	55	59
Increase/(decrease) in provisions, net	61	10	25	145	52
Realized losses ²	(3) ³	(20) ⁴	(23) ⁵	(54) ⁴	(56) ³
Balance at end of period	146⁴	88⁶	55⁶	146⁴	55⁶

¹ Excludes provisions for repurchase claims related to residential mortgage loans sold that are in arbitration or litigation. Refer to "Note 29 – Litigation" for further information.

² Includes indemnifications paid to resolve loan repurchase claims.

³ Primarily related to government-sponsored enterprises and non-agency securitizations.

⁴ Primarily related to government-sponsored enterprises and private investors.

⁵ Primarily related to non-agency securitizations.

⁶ Primarily related to government-sponsored enterprises.

Representations and warranties relating to residential mortgage loans sold to non-agency securitization vehicles are more limited in scope than those relating to residential mortgage loans sold to GSEs, and it can be more difficult to establish causation and standing in making a repurchase claim for breach of representations and warranties on residential mortgage loans sold in non-agency securitizations. The Group is involved in litigation relating to representations and warranties on residential mortgage loans sold.

▶ Refer to "Note 29 – Litigation" for further information.

Repurchase claims on residential mortgage loans sold that are subject to arbitration or litigation proceedings, or become so during the reporting period, are not included in the Guarantees and commitments disclosure of repurchase claims and related loss contingencies and provisions but are addressed in litigation and related loss contingencies and provisions.

Repurchase claims relating to residential mortgage loans sold may increase in the future based on the large number of defaults in residential mortgages, including those sold or securitized by the Group.

Disposal-related contingencies and other indemnifications

The Group has certain guarantees for which its maximum contingent liability cannot be quantified. These guarantees include disposal-related contingencies in connection with the sale of assets or businesses, and other indemnifications. These guarantees are not reflected in the "Guarantees" table.

▶ Refer to "Disposal-related contingencies and other indemnifications" in V – Consolidated financial statements – Credit Suisse Group – Note 31 – Guarantees and commitments in the Credit Suisse Annual Report 2012 for a description of these guarantees.

Other commitments

Other commitments of the Group are classified as follows: irrevocable commitments under documentary credits, irrevocable loan commitments, forward reverse repurchase agreements and other commitments.

▶ Refer to "Other commitments" in V – Consolidated financial statements – Credit Suisse Group – Note 31 – Guarantees and commitments in the Credit Suisse Annual Report 2012 for a description of these commitments.

Other commitments

end of	4Q13						4Q12			
	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount ¹	Collateral received	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount ¹	Collateral received
Other commitments (CHF million)										
Irrevocable commitments under documentary credits	5,484	28	5,512	5,452	3,381	6,217	41	6,258	6,061	3,219
Irrevocable loan commitments ²	27,250	69,740	96,990	92,732	47,996	32,794	67,425	100,219	94,748	32,765
Forward reverse repurchase agreements	26,893	0	26,893	26,893	26,893	45,556	0	45,556	45,556	45,556
Other commitments	2,481	1,410	3,891	3,891	350	949	1,612	2,561	2,561	131
Total other commitments	62,108	71,178	133,286	128,968	78,620	85,516	69,078	154,594	148,926	81,671

¹ Total net amount is computed as the gross amount less any participations.

² Irrevocable loan commitments do not include a total gross amount of CHF 90,254 million and CHF 78,887 million of unused credit limits as of the end of 4Q13 and 4Q12, respectively, which were revocable at the Group's sole discretion upon notice to the client. The prior period has been adjusted to the current presentation.

Note 26 Transfers of financial assets and variable interest entities

In the normal course of business, the Group enters into transactions with, and makes use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and is generally structured to isolate the SPE's assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist the Group and its clients in securitizing financial assets and creating investment products. The Group also uses SPEs for other client-driven activity, such as to facilitate financings, and Group tax or regulatory purposes.

TRANSFERS OF FINANCIAL ASSETS

Securitizations

The majority of the Group's securitization activities involve mortgages and mortgage-related securities and are predominantly transacted using SPEs. In a typical securitization, the SPE purchases assets financed by proceeds received from the SPE's issuance of debt and equity instruments, certificates, CP and other notes of indebtedness. These assets and liabilities are recorded on the balance sheet of the SPE and not reflected on the Group's consolidated balance sheet, unless either the Group sold the assets to the entity and the accounting requirements for sale were not met or the Group consolidates the SPE.

The Group purchases commercial and residential mortgages for the purpose of securitization and sells these mortgage loans to SPEs. These SPEs issue commercial mortgage-backed securities (CMBS), RMBS and asset-backed securities (ABS) that are collateralized by the assets transferred to the SPE and that pay a return based on the returns on those assets. Investors in these mortgage-backed securities or ABS typically have recourse to the assets in the SPEs, unless a third-party guarantee has been received to further enhance the creditworthiness of the assets. The investors and the SPEs have no recourse to the Group's assets. The Group is typically an underwriter of, and makes a market in, these securities.

The Group also transacts in re-securitizations of previously issued RMBS securities. Typically, certificates issued out of an existing securitization vehicle are sold into a newly created and separate securitization vehicle. Often, these re-securitizations are initiated in order to repackage an existing security to give the investor a higher rated tranche.

The Group also uses SPEs for other asset-backed financings relating to client-driven activity and for Group tax or regulatory purposes. Types of structures included in this category include CDOs, leveraged finance, repack and other types of transactions, including life insurance structures, emerging market structures set up for financing, loan participation or loan origination purposes, and other alternative structures created for the purpose of investing in venture capital-like investments. CDOs are collateralized by the assets transferred to the CDO vehicle and pay a return based on the returns on those assets. Leveraged finance structures are used to assist in the syndication of certain loans held by the Group, while repack structures are designed to give a client collateralized exposure to specific cash flows or credit risk backed by collateral purchased from the Group. In these asset-backed financing structures investors typically only have recourse to the collateral of the SPE and do not have recourse to the Group's assets.

When the Group transfers assets into an SPE, it must assess whether that transfer is accounted for as a sale of the assets. Transfers of assets may not meet sale requirements if the assets have not been legally isolated from the Group and/or if the Group's continuing involvement is deemed to give it effective control over the assets. If the transfer is not deemed a sale, it is instead accounted for as a secured borrowing, with the transferred assets as collateral.

Gains and losses on securitization transactions depend, in part, on the carrying values of mortgages and CDOs involved in the transfer and are allocated between the assets sold and any beneficial interests retained according to the relative fair values at the date of sale.

The Group does not retain material servicing responsibilities from securitization activities.

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2013 and 2012 securitizations of financial assets that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Group and the SPEs used in any securitizations in which the Group still has continuing involvement, regardless of when the securitization occurred.

Securitizations

in	2013	2012
Gains and cash flows (CHF million)		
CMBS		
Net gain ¹	4	56
Proceeds from transfer of assets	5,574	6,156
Cash received on interests that continue to be held	70	57
RMBS		
Net gain/(loss) ¹	(8)	3
Proceeds from transfer of assets	24,523	15,143
Purchases of previously transferred financial assets or its underlying collateral	(10)	(25)
Servicing fees	4	3
Cash received on interests that continue to be held	486	554
Other asset-backed financings		
Net gain ¹	15	83
Proceeds from transfer of assets	915	591
Purchases of previously transferred financial assets or its underlying collateral ²	(213)	(621)
Cash received on interests that continue to be held	633	1,350

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans.

² Represents market making activity and voluntary repurchases at fair value where no repurchase obligations were present.

Continuing involvement in transferred financial assets

The Group may have continuing involvement in the financial assets that are transferred to an SPE which may take several forms, including, but not limited to, servicing, recourse and guarantee arrangements, agreements to purchase or redeem transferred assets, derivative instruments, pledges of collateral and beneficial interests in the transferred assets.

► Refer to "Transfer of financial assets" in V – Consolidated financial statements – Credit Suisse Group – Note 32 – Transfer of financial assets and variable interest entities in the Credit Suisse Annual Report 2012 for a detailed description of continuing involvement in transferred financial assets.

The following table provides the outstanding principal balance of assets to which the Group continued to be exposed after the transfer of the financial assets to any SPE and the total assets of the SPE as of the end of 4Q13 and 4Q12, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	4Q13	4Q12
CHF million		
CMBS		
Principal amount outstanding	37,308	30,050
Total assets of SPE	48,715	45,407
RMBS		
Principal amount outstanding	45,571	58,112
Total assets of SPE	48,741	60,469
Other asset-backed financings		
Principal amount outstanding	27,854	32,805
Total assets of SPE	27,854	32,805

Principal amount outstanding relates to assets transferred from the Group and does not include principal amounts for assets transferred from third parties.

Fair value of beneficial interests

The fair value measurement of the beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Group may utilize to hedge the inherent risks.

Key economic assumptions at the time of transfer

► Refer to “Note 27 – Financial instruments” for information on fair value hierarchy levels.

Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer	4Q13		4Q12	
	CMBS	RMBS	CMBS	RMBS
CHF million, except where indicated				
Fair value of beneficial interests	633	2,993	761	2,219
of which level 2	476	2,879	654	2,090
of which level 3	156	114	107	129
Weighted-average life, in years	7.3	7.7	8.4	5.0
Prepayment speed assumption (rate per annum), in % ¹	- ²	2.0–31.0	- ²	0.1–34.9
Cash flow discount rate (rate per annum), in % ³	1.6–11.6	0.0–45.9	0.8–10.7	0.1–25.7
Expected credit losses (rate per annum), in %	0.0–7.5	0.0–45.8	0.5–9.0	0.0–25.1

Transfers of assets in which the Group does not have beneficial interests are not included in this table.

¹ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

² To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

³ The rate was based on the weighted-average yield on the beneficial interests.

Key economic assumptions as of the reporting date

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of the end of 4Q13 and 4Q12.

Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

	4Q13			4Q12		
	CMBS ¹	RMBS	Other asset-backed financing activities ²	CMBS ¹	RMBS	Other asset-backed financing activities ²
CHF million, except where indicated						
Fair value of beneficial interests	1,132	2,354	284	274	1,929	692
of which non-investment grade	26	359	204	90	342	686
Weighted-average life, in years	6.5	8.6	3.7	4.0	5.2	3.6
Prepayment speed assumption (rate per annum), in % ³	-	1.0–23.5	-	-	0.1–27.6	-
Impact on fair value from 10% adverse change	-	(26.6)	-	-	(38.5)	-
Impact on fair value from 20% adverse change	-	(48.6)	-	-	(74.3)	-
Cash flow discount rate (rate per annum), in % ⁴	1.1–37.1	1.7–22.4	1.0–23.1	1.1–50.2	0.2–42.8	0.7–51.7
Impact on fair value from 10% adverse change	(25.5)	(65.0)	(2.4)	(14.8)	(62.8)	(1.0)
Impact on fair value from 20% adverse change	(50.0)	(124.9)	(4.9)	(19.9)	(93.5)	(1.8)
Expected credit losses (rate per annum), in %	0.2–36.6	0.1–17.3	0.7–21.0	0.9–49.5	0.9–42.8	0.3–51.4
Impact on fair value from 10% adverse change	(10.9)	(42.2)	(0.4)	(14.4)	(55.9)	(0.8)
Impact on fair value from 20% adverse change	(21.5)	(79.6)	(0.7)	(19.2)	(80.3)	(1.6)

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

² CDOs within this category are generally structured to be protected from prepayment risk.

³ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

⁴ The rate was based on the weighted-average yield on the beneficial interests.

These sensitivities are hypothetical and do not reflect economic hedging activities. Changes in fair value based on a 10% or 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the beneficial interests is calculated without changing any other assumption. In practice, changes in one assumption may result in changes in other assumptions (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of the end of 4Q13 and 4Q12.

► Refer to "Note 28 – Assets pledged and collateral" for further information.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

end of	4Q13	4Q12
CHF million		
CMBS		
Other assets	432	467
Liability to SPE, included in Other liabilities	(432)	(467)
Other asset-backed financings		
Trading assets	216	1,171
Other assets	157	913
Liability to SPE, included in Other liabilities	(373)	(2,084)

VARIABLE INTEREST ENTITIES

As a normal part of its business, the Group engages in various transactions that include entities that are considered VIEs and are grouped into three primary categories: CDOs, CP conduits and financial intermediation.

► Refer to "Variable interest entities" in V – Consolidated financial statements – Credit Suisse Group – Note 32 – Transfer of financial assets and variable interest entities in the Credit Suisse Annual Report 2012 for a detailed description of VIEs, CDOs, CP conduit or financial intermediation.

Collateralized debt obligations

The Group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The Group may act as underwriter, placement agent or asset manager and may warehouse assets prior to the closing of a transaction.

Commercial paper conduit

The Group continues to act as the administrator and provider of liquidity and credit enhancement facilities for one asset-backed CP conduit, Alpine, a client-focused multi-seller conduit vehicle. Alpine publishes portfolio and asset data and submits its portfolio to a rating agency for public ratings based on the cash flows of the portfolio taken as a whole. This CP conduit purchases assets, primarily loans and receivables, from clients and finances such purchases through the issuance of CP backed by these assets. For an asset to qualify for acquisition by the CP conduit, it must be rated at least investment grade after giving effect to the related asset-specific credit enhancement primarily provided by the client seller of the asset. The clients provide credit support to investors of the CP conduit in the form of over-collateralization and other asset-specific enhancements. Further, an unaffiliated investor retains a limited first-loss position in Alpine's entire portfolio. Alpine is a separate legal entity that is wholly owned by the Group. However, its assets are available to satisfy only the claims of its creditors. In addition, the Group, as administrator and liquidity and credit enhancement facilities provider, has significant exposure to and power over the activities of Alpine. Alpine is considered a VIE for accounting purposes and the Group is deemed the primary beneficiary and consolidates this entity.

The overall average maturity of the conduit's outstanding CP was approximately 19 days and 27 days as of 4Q13 and 4Q12, respectively. As of 4Q13 and 4Q12, Alpine had the highest short-term ratings from Moody's and Dominion Bond Rating Service and was rated A-1 by Standard & Poor's and F-1 by Fitch. The majority of Alpine's purchased assets were highly rated loans or receivables in the consumer sector, including residential mortgages and advance financing receivables, and auto and equipment loans or leases. As of 4Q13 and 4Q12, those assets had an average rating of AA, based on the lowest of each asset's external or internal rating, and an average maturity of 2.1 years and 2.9 years as of 4Q13 and 4Q12, respectively.

Financial intermediation

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients.

Financial intermediation consists of securitizations, funds, loans and other vehicles.

Consolidated VIEs

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Group consolidates all VIEs related to financial intermediation for which it was the primary beneficiary.

The consolidated VIEs tables provide the carrying amounts and classifications of the assets and liabilities of consolidated VIEs as of the end of 4Q13 and 4Q12.

Consolidated VIEs in which the Group was the primary beneficiary

end of	CDO	CP Conduit	Financial intermediation				Total
			Securi- tizations	Funds	Loans	Other	
4Q13 (CHF million)							
Cash and due from banks	702	1	2	100	87	60	952
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	1,959	0	0	0	0	1,959
Trading assets	869	51	3	1,687	665	335	3,610
Investment securities	0	100	0	0	0	0	100
Other investments	0	0	0	0	1,491	492	1,983
Net loans	0	2,012	885	0	779	531	4,207
Premises and equipment	0	0	0	0	447	66	513
Other assets	7,516	1,473	3,353	0	308	1,680	14,330
of which loans held-for-sale	7,479	0	3,093	0	56	0	10,628
Total assets of consolidated VIEs	9,087	5,596	4,243	1,787	3,777	3,164	27,654
Customer deposits	0	0	0	0	0	265	265
Trading liabilities	9	0	0	0	8	76	93
Short-term borrowings	0	4,280	0	7	0	(1)	4,286
Long-term debt	9,067	17	3,187	179	93	449	12,992
Other liabilities	34	16	67	2	153	438	710
Total liabilities of consolidated VIEs	9,110	4,313	3,254	188	254	1,227	18,346
4Q12 (CHF million)							
Cash and due from banks	1,534	27	0	125	44	20	1,750
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	117	0	0	0	0	117
Trading assets	1,064	196	14	1,861	565	997	4,697
Investment securities	0	23	0	0	0	0	23
Other investments	0	0	0	0	1,712	577	2,289
Net loans	0	4,360	859	0	405	429	6,053
Premises and equipment	0	0	0	0	509	72	581
Other assets	7,369	1,637	3,111	4	572	1,843	14,536
of which loans held-for-sale	7,324	0	3,110	0	71	0	10,505
Total assets of consolidated VIEs	9,967	6,360	3,984	1,990	3,807	3,938	30,046
Customer deposits	0	0	0	0	0	247	247
Trading liabilities	20	0	0	0	4	101	125
Short-term borrowings	0	5,776	0	3	0	3,803	9,582
Long-term debt	9,944	14	3,608	500	38	428	14,532
Other liabilities	45	6	97	7	168	905	1,228
Total liabilities of consolidated VIEs	10,009	5,796	3,705	510	210	5,484	25,714

Non-consolidated VIEs

The non-consolidated VIEs tables provide the carrying amounts and classification of the assets and liabilities of variable interests recorded in the Group's consolidated balance sheets, maximum exposure to loss and total assets of the non-consolidated VIEs.

Certain VIEs have not been included in the following table, including VIEs structured by third parties in which the Group's interest is in the form of securities held in the Group's inventory,

certain single-asset financing vehicles not sponsored by the Group to which the Group provides financing but has very little risk of loss due to over-collateralization and guarantees, failed sales where the Group does not have any other holdings and other entities out of scope.

► Refer to "Variable interest entities" in V – Consolidated financial statements – Credit Suisse Group – Note 32 – Transfer of financial assets and variable interest entities in the Credit Suisse Annual Report 2012 for further information on non-consolidated VIEs.

Non-consolidated VIEs

end of	Financial intermediation					Total
	CDO	Secur- tizations	Funds	Loans	Other	
4Q13 (CHF million)						
Trading assets	183	4,920	979	725	713	7,520
Net loans	2	613	2,812	2,856	1,282	7,565
Other assets	0	0	47	0	6	53
Total variable interest assets	185	5,533	3,838	3,581	2,001	15,138
Maximum exposure to loss	186	7,496	4,026	7,433	2,090	21,231
Non-consolidated VIE assets	10,211	101,524	55,509	31,144	19,450	217,838
4Q12 (CHF million)						
Trading assets	100	3,210	1,143	868	600	5,921
Net loans	8	111	2,148	3,572	1,668	7,507
Other assets	0	17	49	0	4	70
Total variable interest assets	108	3,338	3,340	4,440	2,272	13,498
Maximum exposure to loss	108	14,123	3,575	4,906	3,039	25,751
Non-consolidated VIE assets	5,163	103,990	52,268	22,304	15,491	199,216

Note 27 Financial instruments

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

- Concentration of credit risk;
- Fair value measurement (including fair value hierarchy, transfers between levels; level 3 reconciliation; qualitative and quantitative disclosures of valuation techniques and nonrecurring fair value changes)
- Fair value option; and
- Disclosures about fair value of financial instruments not carried at fair value.

CONCENTRATIONS OF CREDIT RISK

Credit risk concentrations arise when a number of counterparties are engaged in similar business activities, are located in the same geographic region or when there are similar economic features that would cause their ability to meet contractual obligations to be similarly impacted by changes in economic conditions.

► Refer to "Note 33 – Financial instruments" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information on the Group's concentrations of credit risk.

FAIR VALUE MEASUREMENT

A significant portion of the Group's financial instruments are carried at fair value. Deterioration of financial markets could significantly impact the fair value of these financial instruments and the results of operations.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, certain CP, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain OTC derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment, depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and CDO securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance 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 a counterparty, and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as CVA) is considered when measuring the fair value of assets and the impact of changes in the Group's own credit spreads (known as DVA) is considered when measuring the fair value of its liabilities. For OTC derivatives, the impact of changes in both the Group's and the counterparty's credit standing is considered when measuring their fair value, based on current CDS prices. The adjustments also take into account contractual factors designed to reduce the Group's credit exposure to a counterparty, such as collateral held and master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the Group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

ASU 2011-04 permits a reporting entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date. This change to the fair value measurement guidance is consistent with industry practice. As such, the Group continues to apply bid and offer adjustments to net portfolios of cash securities and/or derivative instruments to adjust the value of the net position from a mid-market price to the appropriate bid or offer level that would be realized under normal market conditions for the net long or net short position for a specific market risk. In addition, the Group reflects the net exposure to credit risk for its derivative instruments where the Group has legally enforceable agreements with its counterparties that mitigate credit risk exposure in the event of default. Valuation adjustments are recorded in a reasonable and consistent manner that results in an allocation to the relevant disclosures in the notes to the financial statements as if the valuation adjustment had been allocated to the individual unit of account.

Fair value hierarchy

The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.
- Level 2: Inputs 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 liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) inputs other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs that are unobservable for the asset or liability. These inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Group's own data. The Group's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

Assets and liabilities measured at fair value on a recurring basis

end of 4Q13	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	527	0	0	527
Interest-bearing deposits with banks	0	311	0	0	311
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	96,383	204	0	96,587
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Securities received as collateral	21,098	1,702	0	0	22,800
Debt	41,829	63,218	5,069	0	110,116
of which foreign governments	40,199	6,980	230	0	47,409
of which corporates	14	24,268	2,128	0	26,410
of which RMBS	0	23,343	436	0	23,779
of which CMBS	0	5,255	417	0	5,672
of which CDO	0	3,305	1,567	0	4,872
Equity	70,322	5,778	595	0	76,695
Derivatives	6,610	563,649	5,217	(543,873)	31,603
of which interest rate products	1,065	444,056	1,574	–	–
of which foreign exchange products	8	60,807	484	–	–
of which equity/index-related products	5,278	28,763	1,240	–	–
of which credit derivatives	0	25,662	1,138	–	–
Other	3,691	4,479	2,829	0	10,999
Trading assets	122,452	637,124	13,710	(543,873)	229,413
Debt	1,788	1,098	0	0	2,886
of which foreign governments	1,386	2	0	0	1,388
of which corporates	0	606	0	0	606
of which CDO	0	490	0	0	490
Equity	2	97	2	0	101
Investment securities	1,790	1,195	2	0	2,987
Private equity	0	0	3,345	0	3,345
of which equity funds	0	0	2,236	0	2,236
Hedge funds	0	289	392	0	681
of which debt funds	0	174	329	0	503
Other equity investments	283	55	1,632	0	1,970
of which private	0	15	1,630	0	1,645
Life finance instruments	0	0	1,600	0	1,600
Other investments	283	344	6,969	0	7,596
Loans	0	11,459	7,998	0	19,457
of which commercial and industrial loans	0	6,302	5,309	0	11,611
of which financial institutions	0	4,484	1,322	0	5,806
Other intangible assets (mortgage servicing rights)	0	0	42	0	42
Other assets	4,861	21,530	6,159	(1,032)	31,518
of which loans held-for-sale	0	12,770	5,615	0	18,385
Total assets at fair value	150,484	770,575	35,084	(544,905)	411,238
Less other investments – equity at fair value attributable to noncontrolling interests	(246)	(149)	(2,781)	0	(3,176)
Less assets consolidated under ASU 2009-17 ²	0	(8,996)	(2,458)	0	(11,454)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	150,238	761,430	29,845	(544,905)	396,608

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 4Q13	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	1,450	0	0	1,450
Customer deposits	0	3,197	55	0	3,252
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	75,990	114	0	76,104
Debt	409	1,592	0	0	2,001
of which corporates	0	1,558	0	0	1,558
Equity	20,689	110	0	0	20,799
Obligation to return securities received as collateral	21,098	1,702	0	0	22,800
Debt	19,037	5,311	2	0	24,350
of which foreign governments	18,863	603	0	0	19,466
of which corporates	1	4,130	2	0	4,133
Equity	15,476	309	17	0	15,802
Derivatives	5,879	572,444	5,545	(547,385)	36,483
of which interest rate products	896	439,446	1,129	–	–
of which foreign exchange products	14	71,547	938	–	–
of which equity/index-related products	4,691	30,622	1,896	–	–
of which credit derivatives	0	25,942	1,230	–	–
Trading liabilities	40,392	578,064	5,564	(547,385)	76,635
Short-term borrowings	0	5,888	165	0	6,053
Long-term debt	0	53,589	9,780	0	63,369
of which treasury debt over two years	0	9,081	0	0	9,081
of which structured notes over two years	0	20,679	6,217	0	26,896
of which non-recourse liabilities	0	9,509	2,552	0	12,061
Other liabilities	0	19,511	2,861	(399)	21,973
of which failed sales	0	638	1,143	0	1,781
Total liabilities at fair value	61,490	739,391	18,539	(547,784)	271,636

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 4Q12	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	569	0	0	569
Interest-bearing deposits with banks	0	627	0	0	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	113,664	0	0	113,664
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Securities received as collateral	29,677	368	0	0	30,045
Debt	55,592	74,391	5,888	0	135,871
of which foreign governments	53,918	11,032	79	0	65,029
of which corporates	1	25,932	3,192	0	29,125
of which RMBS	0	30,392	724	0	31,116
of which CMBS	0	4,335	1,023	0	5,358
of which CDO	0	2,620	447	0	3,067
Equity	66,664	7,746	485	0	74,895
Derivatives	3,428	823,016	6,650	(799,886)	33,208
of which interest rate products	703	698,297	1,859	–	–
of which foreign exchange products	1	62,717	754	–	–
of which equity/index-related products	2,538	25,820	1,920	–	–
of which credit derivatives	0	29,274	1,294	–	–
Other	7,203	2,736	2,486	0	12,425
Trading assets	132,887	907,889	15,509	(799,886)	256,399
Debt	2,066	1,168	169	0	3,403
of which foreign governments	1,583	1	21	0	1,605
of which corporates	0	720	125	0	845
of which CDO	0	447	23	0	470
Equity	4	90	1	0	95
Investment securities	2,070	1,258	170	0	3,498
Private equity	0	0	3,958	0	3,958
of which equity funds	0	0	2,633	0	2,633
Hedge funds	0	470	165	0	635
of which debt funds	0	349	84	0	433
Other equity investments	271	69	2,243	0	2,583
of which private	0	61	2,245	0	2,306
Life finance instruments	0	0	1,818	0	1,818
Other investments	271	539	8,184	0	8,994
Loans	0	13,381	6,619	0	20,000
of which commercial and industrial loans	0	6,191	4,778	0	10,969
of which financial institutions	0	5,934	1,530	0	7,464
Other intangible assets (mortgage servicing rights)	0	0	43	0	43
Other assets	5,439	26,912	5,164	(240)	37,275
of which loans held-for-sale	0	14,899	4,463	0	19,362
Total assets at fair value	170,344	1,065,207	35,689	(800,126)	471,114
Less other investments – equity at fair value attributable to noncontrolling interests	(240)	(99)	(3,292)	0	(3,631)
Less assets consolidated under ASU 2009-17 ²	0	(8,769)	(2,745)	0	(11,514)
Assets at fair value excluding noncontrolling interests and assets not risk-weighted under the Basel framework	170,104	1,056,339	29,652	(800,126)	455,969

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² Assets of consolidated VIEs that are not risk-weighted under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 4Q12	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	3,413	0	0	3,413
Customer deposits	0	4,618	25	0	4,643
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	108,784	0	0	108,784
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Obligation to return securities received as collateral	29,677	368	0	0	30,045
Debt	25,782	7,014	196	0	32,992
of which foreign governments	25,623	1,476	0	0	27,099
of which corporates	0	5,030	196	0	5,226
Equity	17,912	389	6	0	18,307
Derivatives	3,173	834,228	5,154	(803,038)	39,517
of which interest rate products	628	693,430	1,357	–	–
of which foreign exchange products	1	76,963	1,648	–	–
of which equity/index-related products	2,305	27,684	1,003	–	–
of which credit derivatives	0	28,952	819	–	–
Trading liabilities	46,867	841,631	5,356	(803,038)	90,816
Short-term borrowings	0	4,389	124	0	4,513
Long-term debt	218	55,068	10,098	0	65,384
of which treasury debt over two years	0	10,565	0	0	10,565
of which structured notes over two years	0	22,543	6,189	0	28,732
of which non-recourse liabilities	218	11,006	2,551	0	13,775
Other liabilities	0	24,399	2,848	(376)	26,871
of which failed sales	0	2,523	1,160	0	3,683
Total liabilities at fair value	76,762	1,042,670	18,451	(803,414)	334,469

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

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.

In 2013, transfers to level 1 out of level 2 were from trading assets and trading liabilities. The transfers were primarily in exchange traded derivatives 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 as of the end of 2013.

Transfers between level 1 and level 2

in	2013		2012	
	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2
Assets (CHF million)				
Debt	499	92	318	23,632
Equity	437	183	209	650
Derivatives	5,090	2	5,510	20
Trading assets	6,026	277	6,037	24,302
Liabilities (CHF million)				
Debt	11	18	87	34
Equity	248	17	100	226
Derivatives	4,433	11	6,441	72
Trading liabilities	4,692	46	6,628	332

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

2013	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	0	0	0
Debt	5,888	1,418	(1,977)	6,363
of which corporates	3,192	571	(552)	1,759
of which RMBS	724	467	(690)	1,012
of which CMBS	1,023	86	(310)	497
of which CDO	447	55	(357)	3,072
Equity	485	303	(237)	405
Derivatives	6,650	1,442	(2,208)	0
of which interest rate products	1,859	244	(363)	0
of which equity/index-related products	1,920	223	(1,020)	0
of which credit derivatives	1,294	923	(633)	0
Other	2,486	288	(487)	3,266
Trading assets	15,509	3,451	(4,909)	10,034
Investment securities	170	0	(230)	165
Equity	6,366	106	(63)	1,526
Life finance instruments	1,818	0	0	189
Other investments	8,184	106	(63)	1,715
Loans	6,619	320	(1,561)	800
of which commercial and industrial loans	4,778	305	(315)	727
of which financial institutions	1,530	15	(6)	71
Other intangible assets (mortgage servicing rights)	43	0	0	12
Other assets	5,164	3,552	(2,998)	4,781
of which loans held-for-sale ²	4,463	3,539	(2,918)	4,456
Total assets at fair value	35,689	7,429	(9,761)	17,507
Liabilities (CHF million)				
Customer deposits	25	0	0	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	0	0	0
Trading liabilities	5,356	1,503	(1,537)	66
of which interest rate derivatives	1,357	75	(134)	0
of which foreign exchange derivatives	1,648	13	(21)	0
of which equity/index-related derivatives	1,003	360	(676)	0
of which credit derivatives	819	1,001	(590)	0
Short-term borrowings	124	43	(99)	0
Long-term debt	10,098	2,322	(2,375)	0
of which structured notes over two years	6,189	453	(1,226)	0
of which non-recourse liabilities	2,551	1,836	(670)	0
Other liabilities	2,848	227	(149)	213
of which failed sales	1,160	176	(82)	154
Total liabilities at fair value	18,451	4,095	(4,160)	279
Net assets/(liabilities) at fair value	17,238	3,334	(5,601)	17,228

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

² Includes unrealized gains recorded in trading revenues of CHF 238 million primarily related to subprime exposures in securitized products business and market movements across the wider loans held-for-sale portfolio.

Sales	Issuances	Settlements	Trading revenues		Other revenues		Foreign currency translation impact	Balance at end of period
			On transfers in / out ¹	On all other	On transfers in / out ¹	On all other		
0	362	(153)	0	4	0	0	(9)	204
(7,043)	0	0	165	465	0	0	(210)	5,069
(3,022)	0	0	109	157	0	0	(86)	2,128
(1,162)	0	0	11	91	0	0	(17)	436
(866)	0	0	(4)	15	0	0	(24)	417
(1,810)	0	0	36	197	0	0	(73)	1,567
(431)	0	0	20	68	(1)	0	(17)	595
0	1,766	(2,446)	230	(53)	0	0	(164)	5,217
0	279	(663)	8	249	0	0	(39)	1,574
0	207	(538)	184	330	0	0	(66)	1,240
0	627	(631)	38	(461)	0	0	(19)	1,138
(2,656)	0	(65)	8	83	0	0	(94)	2,829
(10,130)	1,766	(2,511)	423	563	(1)	0	(485)	13,710
(82)	0	0	0	9	0	0	(30)	2
(3,220)	0	0	0	(3)	0	791	(134)	5,369
(365)	0	0	0	1	0	0	(43)	1,600
(3,585)	0	0	0	(2)	0	791	(177)	6,969
(1,673)	6,767	(2,920)	0	(21)	0	0	(333)	7,998
(1,280)	3,541	(2,171)	1	(85)	0	0	(192)	5,309
(207)	651	(650)	0	(48)	0	0	(34)	1,322
0	0	0	0	0	0	(12)	(1)	42
(4,213)	1,034	(1,148)	5	199	0	0	(217)	6,159
(3,964)	1,034	(1,147)	5	348	0	0	(201)	5,615
(19,683)	9,929	(6,732)	428	752	(1)	779	(1,252)	35,084
0	51	(3)	0	(13)	0	0	(5)	55
0	119	0	0	0	0	0	(5)	114
(197)	1,561	(2,556)	235	1,302	0	0	(169)	5,564
0	107	(508)	10	254	0	0	(32)	1,129
0	15	(662)	(16)	(21)	0	0	(18)	938
0	632	(380)	210	831	0	0	(84)	1,896
0	655	(856)	39	186	0	0	(24)	1,230
0	318	(216)	0	3	0	0	(8)	165
0	5,006	(5,330)	25	321	0	(1)	(286)	9,780
0	3,602	(2,534)	(18)	(36)	0	(1)	(212)	6,217
0	818	(2,128)	24	151	0	0	(30)	2,552
(393)	10	(86)	(17)	70	26	217	(105)	2,861
(308)	0	0	0	72	0	0	(29)	1,143
(590)	7,065	(8,191)	243	1,683	26	216	(578)	18,539
(19,093)	2,864	1,459	185	(931)	(27)	563	(674)	16,545

Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)

2012	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,204	0	0	0
Securities received as collateral	193	0	(188)	0
Debt	10,028	2,312	(5,035)	7,479
of which corporates	5,076	1,113	(3,609)	5,210
of which RMBS	1,786	831	(958)	937
of which CMBS	1,517	188	(262)	664
of which CDO	727	158	(121)	483
Equity	467	419	(100)	377
Derivatives	9,587	1,465	(2,175)	0
of which interest rate products	2,547	168	(686)	0
of which equity/index-related products	2,732	681	(844)	0
of which credit derivatives	2,171	592	(544)	0
Other	2,196	179	(366)	2,842
Trading assets	22,278	4,375	(7,676)	10,698
Investment securities	102	0	0	94
Equity	7,076	4	(61)	880
Life finance instruments	1,969	0	0	102
Other investments	9,045	4	(61)	982
Loans	6,842	605	(642)	509
of which commercial and industrial loans	4,559	537	(391)	275
of which financial institutions	2,179	64	(248)	218
Other intangible assets (mortgage servicing rights)	70	0	0	11
Other assets	7,469	2,509	(2,949)	3,007
of which loans held-for-sale	6,901	2,471	(2,948)	2,801
Total assets at fair value	47,203	7,493	(11,516)	15,301
Liabilities (CHF million)				
Customer deposits	0	0	0	0
Obligation to return securities received as collateral	193	0	(188)	0
Trading liabilities	7,343	1,294	(1,783)	94
of which interest rate derivatives	1,588	230	(754)	0
of which foreign exchange derivatives	2,836	3	(178)	0
of which equity/index-related derivatives	1,022	132	(262)	0
of which credit derivatives	1,520	700	(571)	0
Short-term borrowings	236	23	(96)	0
Long-term debt	12,715	2,616	(4,044)	0
of which structured notes over two years	7,576	789	(1,668)	0
of which non-recourse liabilities	3,585	1,701	(2,225)	0
Other liabilities	3,891	246	(315)	321
of which failed sales	1,909	136	(47)	302
Total liabilities at fair value	24,378	4,179	(6,426)	415
Net assets/(liabilities) at fair value	22,825	3,314	(5,090)	14,886

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

			Trading revenues		Other revenues		Foreign currency translation impact	Balance at end of period
Sales	Issuances	Settlements	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other		
0	0	(1,174)	0	(28)	0	0	(2)	0
0	0	0	0	0	0	0	(5)	0
(8,826)	0	0	72	129	(4)	0	(267)	5,888
(4,745)	0	0	49	278	(4)	0	(176)	3,192
(1,924)	0	0	18	60	0	0	(26)	724
(809)	0	0	(4)	(228)	0	0	(43)	1,023
(851)	0	0	(4)	67	0	0	(12)	447
(611)	0	0	0	(63)	0	0	(4)	485
0	1,007	(3,262)	60	163	0	0	(195)	6,650
0	303	(976)	47	515	0	0	(59)	1,859
0	346	(844)	(31)	(56)	0	0	(64)	1,920
0	161	(914)	43	(179)	0	0	(36)	1,294
(2,290)	0	0	2	(3)	0	0	(74)	2,486
(11,727)	1,007	(3,262)	134	226	(4)	0	(540)	15,509
(17)	0	0	0	0	0	0	(9)	170
(1,918)	0	0	0	2	0	567	(184)	6,366
(274)	0	0	0	72	0	0	(51)	1,818
(2,192)	0	0	0	74	0	567	(235)	8,184
(1,286)	4,490	(3,473)	15	(250)	0	0	(191)	6,619
(469)	3,084	(2,773)	15	76	0	0	(135)	4,778
(745)	1,078	(672)	(1)	(293)	0	0	(50)	1,530
(16)	0	0	0	0	0	(20)	(2)	43
(3,356)	298	(2,319)	128	580	0	0	(203)	5,164
(3,182)	298	(2,319)	127	486	0	0	(172)	4,463
(18,594)	5,795	(10,228)	277	602	(4)	547	(1,187)	35,689
0	25	0	0	0	0	0	0	25
0	0	0	0	0	0	0	(5)	0
(346)	853	(2,599)	151	505	0	0	(156)	5,356
0	115	(194)	75	340	0	0	(43)	1,357
0	1	(1,037)	24	48	0	0	(49)	1,648
0	537	(315)	(16)	(61)	0	0	(34)	1,003
0	88	(939)	79	(36)	0	0	(22)	819
0	288	(332)	(3)	14	0	0	(6)	124
0	4,015	(6,043)	182	989	(4)	0	(328)	10,098
0	1,925	(2,867)	32	604	(4)	0	(198)	6,189
0	1,473	(2,312)	144	275	0	0	(90)	2,551
(1,322)	2	(219)	(15)	74	0	279	(94)	2,848
(1,260)	0	0	0	153	0	0	(33)	1,160
(1,668)	5,183	(9,193)	315	1,582	(4)	279	(589)	18,451
(16,926)	612	(1,035)	(38)	(980)	0	268	(598)	17,238

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	2013			2012		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	(746)	536	(210) ¹	(1,018)	268	(750) ¹
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(2,850)	414	(2,436)	(1,209)	(82)	(1,291)

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within level 3. As a result, the unrealized gains and losses for assets and liabilities within level 3 presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Group employs various economic hedging techniques in order to manage risks, including risks in level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in levels 1 and/or 2. The realized and unrealized gains and losses for assets and liabilities in level 3 presented in the table above do not reflect the related realized or unrealized gains and losses arising on economic hedging instruments classified in levels 1 and/or 2.

Transfers in and out of level 3

Transfers into level 3 assets during 2013 were CHF 7,429 million, primarily from loans held-for-sale and trading assets. The transfers were primarily in the corporate credit, private equity and prime services businesses due to limited observability of pricing data and reduced pricing information from external providers. Transfers out of level 3 assets during 2013 were CHF 9,761 million, primarily in trading assets, loans held-for-sale and loans. The transfers out of level 3 assets were primarily in the Brazil trading, private equity, corporate credit, prime services, rates and equity derivatives businesses due to improved observability of pricing data and increased availability of pricing information from external providers.

Transfers into level 3 assets during 4Q13 were CHF 1,646 million, primarily from trading assets and loans held-for-sale. The transfers were primarily in the corporate credit business due to limited observability of pricing data and reduced pricing information from external providers. Transfers out of level 3 assets during 4Q13 were CHF 1,750 million, primarily in trading assets and loans held-for-sale. The transfers out of level 3 assets were primarily in the private equity and equity derivatives businesses due to improved observability of pricing data and increased availability of pricing information from external providers.

Qualitative disclosures of valuation techniques

Overview

The Group has implemented and maintains a valuation control framework, which is supported by policies and procedures that define the principles for controlling the valuation of the Group's financial instruments. Product Control and Risk Management create, review and approve significant valuation policies and procedures. The framework includes three main internal processes: (i) valuation governance; (ii) independent price verification and significant unobservable inputs review; and (iii) a cross-functional pricing model review. Through this framework, the Group determines the reasonableness of the fair value of its financial instruments.

On a monthly basis, meetings are held for each business line with senior representatives of the Front Office and Product Control to discuss independent price verification results, valuation adjustments, and other significant valuation issues. On a quarterly basis, a review of significant changes in the fair value of financial instruments is undertaken by Product Control and conclusions are reached regarding the reasonableness of those changes. Additionally, on a quarterly basis, meetings are held for each business line with senior representatives of the Front Office, Product Control, Risk Management, and Financial Accounting to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee (VARMC) and the Audit Committee. The VARMC, which is comprised of Executive Board members and the heads of the business and control functions, meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the Group. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the Group's Executive Board through the VARMC.

One of the key components of the governance process is the segregation of duties between the Front Office and Product Control. The Front Office is responsible for measuring inventory at fair value on a daily basis, while Product Control is responsible for independently reviewing and validating those valuations on a periodic basis. The Front Office values the inventory using, wherever

possible, observable market data which may include executed transactions, dealer quotes, or broker quotes for the same or similar instruments. Product Control validates this inventory using independently sourced data that also includes executed transactions, dealer quotes, and broker quotes.

Product Control utilizes independent pricing service data as part of their review process. Independent pricing service data is analyzed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors to ensure they are active market participants, review of statistical data and utilization of pricing challenges. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results. The purpose of the review is to judge the quality and reliability of the data for fair value measurement purposes and its appropriate level of usage within the Product Control independent valuation review.

For certain financial instruments the fair value is estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices, rates, or other inputs. In addition, there may be uncertainty about a valuation, which results from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a consequence of other elements affecting the valuation technique or model. Model calibration is performed when significant new market information becomes available or at a minimum on a quarterly basis as part of the business review of significant unobservable inputs for level 3 instruments. For models that have been deemed to be significant to the overall fair value of the financial instrument, model validation is performed as part of the periodic review of the related model.

The Group performs a sensitivity analysis of its significant level 3 financial instruments. This sensitivity analysis estimates a fair value range by changing the related significant unobservable inputs value. This sensitivity analysis is an internal mechanism to monitor the impact of reasonable alternative inputs or prices for level 3 financial instruments. Where a model-based technique is used to determine the fair value of the level 3 financial instrument, an alternative input value is utilized to derive an estimated fair value range. Where a price-based technique is used to determine the fair value of the level 3 financial instruments, Front Office professional judgment is used to estimate a fair value range.

The following information on the valuation techniques and significant unobservable inputs of the various financial instruments, and the sensitivity of fair value measurements to changes in significant unobservable inputs, should be read in conjunction with the tables “Quantitative information about level 3 assets at fair value” and “Quantitative information about level 3 liabilities at fair value”.

Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions

Securities purchased under resale agreements and securities sold under repurchase agreements are measured at fair value

using discounted cash flow analysis. Future cash flows are discounted using observable market interest rate repurchase/resale curves for the applicable maturity and underlying collateral of the instruments. As such, the significant majority of both securities purchased under resale agreements and securities sold under repurchase agreements are included in level 2 of the fair value hierarchy. Structured resale and repurchase agreements include embedded derivatives, which are measured using the same techniques as described below for stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships. If the value of the embedded derivative is determined using significant unobservable inputs, those structured resale and repurchase agreements are classified within level 3 of the fair value hierarchy. Significant unobservable input is funding spread.

Securities purchased under resale agreements are usually fully collateralized or over collateralized by government securities, money market instruments, corporate bonds, or other debt instruments. In the event of counterparty default, the collateral service agreement provides the Group with the right to liquidate the collateral held.

Debt securities

Foreign governments and corporates

Government debt securities typically have quoted prices in active markets and are categorized as level 1 instruments. For debt securities for which market prices are not available, valuations are based on yields reflecting credit rating, historical performance, delinquencies, loss severity, the maturity of the security, recent transactions in the market or other modeling techniques, which may involve judgment. Those securities where the price or model inputs are observable in the market are categorized as level 2 instruments, while those securities where prices are not observable and significant model inputs are unobservable are categorized as level 3 of the fair value hierarchy.

Corporate bonds are priced to reflect current market levels either through recent market transactions or broker or dealer quotes. Where a market price for the particular security is not directly available, valuations are obtained based on yields reflected by other instruments in the specific or similar entity's capital structure and adjusting for differences in seniority and maturity, benchmarking to a comparable security where market data is available (taking into consideration differences in credit, liquidity and maturity), or through the application of cash flow modeling techniques utilizing observable inputs, such as current interest rate curves and observable CDS spreads. Significant unobservable inputs may include price, buyback probability, correlation and credit spread. For securities using market comparable price, the differentiation between level 2 and level 3 is based upon the relative significance of any yield adjustments as well as the accuracy of the comparison characteristics (i.e., the observable comparable security may be in the same country but a different industry and may have a different seniority level – the lower the comparability the more likely the security will be level 3).

CMBS, RMBS and CDO securities

Fair values of RMBS, CMBS and CDO may be available through quoted prices, which are often based on the prices at which similarly structured and collateralized securities trade between dealers and to and from customers. Fair values of RMBS, CMBS and CDO for which there are significant unobservable inputs are valued using capitalization rate. 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 the Front Office's own assumptions about how market participants would price the asset. Collateralized bond and loan obligations are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure. Valuation models are used to value both cash and synthetic CDOs.

Equity securities

The majority of the Group's positions in equity securities are traded on public stock exchanges for which quoted prices are readily and regularly available and are therefore categorized as level 1 instrument. Level 2 and level 3 equities include fund-linked products, convertible bonds or equity securities with restrictions that are not traded in active markets. Significant unobservable inputs may include earnings before interest, taxes, depreciation and amortization (EBITDA) multiple, discount rate and capitalization rate.

Derivatives

Derivatives held for trading purposes or used in hedge accounting relationships include both OTC and exchange-traded derivatives. The fair values of exchange-traded derivatives measured using observable exchange prices are included in level 1 of the fair value hierarchy. For exchange-traded derivatives where the volume of trading is low, the observable exchange prices may not be considered executable at the reporting date. These derivatives are valued in the same manner as similar observable OTC derivatives and are included in level 2 of the fair value hierarchy. If the similar OTC derivative used for valuing the exchange-traded derivative is not observable, then the exchange-traded derivative is included in level 3 of the fair value hierarchy.

The fair values of OTC derivatives are determined on the basis of either industry standard models or internally developed proprietary models. Both model types use various observable and

unobservable inputs in order to determine fair value. The inputs include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the marketplace, while more complex derivatives may use unobservable inputs that rely on specific proprietary modeling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products). For inputs that cannot be derived from other sources, estimates from historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorized as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorized as level 3 of the fair value hierarchy.

Our valuation of derivatives does not include an adjustment for the cost of funding uncollateralized OTC derivatives due to a lack of clear observability in the marketplace.

Interest rate derivatives

OTC vanilla interest rate products, such as interest rate swaps, swaptions, and caps and floors are valued by discounting the anticipated future cash flows. The future cash flows and discounting are derived from market standard yield curves and industry standard volatility inputs. Where applicable, exchange-traded prices are also used to value exchange-traded futures and options and can be used in yield curve construction. For more complex products, inputs include, but are not limited to correlation, volatility, volatility skew, prepayment rate, credit spread, basis spread and mean reversion.

Foreign exchange derivatives

Foreign exchange derivatives include vanilla products such as spot, forward and option contracts where the anticipated discounted future cash flows are determined from foreign exchange forward curves and industry standard optionality modeling techniques. Where applicable, exchange-traded prices are also used for futures and option prices. For more complex products inputs include, but are not limited to prepayment rate and correlation.

Equity and index-related derivatives

Equity derivatives include vanilla options and swaps in addition to different types of exotic options. Inputs for equity derivatives can include correlation, volatility, skew and buyback probability.

Generally, the interrelationship between the volatility and correlation is positively correlated.

Credit derivatives

Credit derivatives include index and single name CDS in addition to more complex structured credit products. Vanilla products are

valued using industry standard models and inputs that are generally market observable including credit spread and recovery rate.

Complex structured credit derivatives are valued using proprietary models requiring unobservable inputs such as recovery rate, credit spread, correlation and price. These inputs are generally implied from available market observable data. Fair values determined by price may include discounted cash flow models using the inputs prepayment rate, default rate, loss severity and discount rate.

Other trading assets

Other trading assets primarily include RMBS loans and life settlement and premium finance instruments. Life settlement and premium finance instruments are valued using proprietary models with several inputs. The significant unobservable inputs of the fair value for life settlement and premium finance instruments is the estimate of market implied life expectancy, while for RMBS loans it is market comparable price.

For life settlement and premium finance instruments, individual life expectancy rates are typically obtained by multiplying a base mortality curve for the general insured population provided by a professional actuarial organization together with an individual-specific multiplier. Individual specific multipliers are determined based on data from third-party life expectancy data providers, which examine the insured individual's medical conditions, family history and other factors to arrive at a life expectancy estimate.

For RMBS loans, the use of market comparable price varies depending upon each specific loan. For some loans, similar to unobservable RMBS securities, 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 other RMBS loans, the loans are categorized by specific characteristics, such as loan-to-value ratio, average account balance, loan type (single or multi-family), lien, seasoning, coupon, FICO score, locality, delinquency status, cash flow velocity, roll rates, loan purpose, occupancy, servicers advance agreement type, modification status, Federal Housing Administration insurance, property value and documentation quality. Loans with unobservable prices are put into consistent buckets which are then compared to market observable comparable prices in order to assess the reasonableness of those unobservable prices.

Other investments

Private equity, hedge funds and other equity investments

Other equity investments principally includes equity investments in the form of a) direct investments in third-party hedge funds, private equity funds and funds of funds, b) equity-method investments where the Group has the ability to significantly influence the operating and financial policies of the investee, and c) direct investments in non-marketable equity securities.

Direct investments in third-party hedge funds, private equity funds and funds of funds are measured at fair value based on their

published net asset values (NAVs). Most of these investments are classified as level 3 of the fair value hierarchy, as there are restrictions imposed upon the redemption of the funds at their NAV in the near term. In some cases, NAVs may be adjusted where there is sufficient evidence that the NAV published by the investment manager is not current with observed market movements, it is probable that these investments will be sold for an amount other than NAV or there exist other circumstances that would require an adjustment to the published NAV. Although rarely adjusted, significant judgment is involved in making any adjustments to the published NAVs.

Direct investments in non-marketable equity securities consist of both real estate investments and non-real estate investments. Equity-method investments and direct investments in non-marketable equity securities are initially measured at their transaction price, as this is the best estimate of fair value. Thereafter, these investments are individually measured at fair value based upon a number of factors that include any recent rounds of financing involving third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. Unobservable inputs may include credit spread, contingent probability and EBITDA multiple. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. As a result, these investments are included in level 3 of the fair value hierarchy.

Life finance instruments

Life finance instruments include Single Premium Immediate Annuities (SPIA) and other premium finance instruments. Life finance instruments are valued in a similar manner as described for life settlement and premium finance instruments under the other trading assets section above.

Loans

The Group's loan portfolio which is measured at fair value primarily consists of commercial and industrial loans and loans to financial institutions. Within these categories, loans measured at fair value include commercial loans, real estate loans, corporate loans, leverage finance loans and emerging market loans. Fair value is based on recent transactions and quoted prices, where available. Where recent transactions and quoted prices are not available, fair value may be determined by relative value benchmarking (which includes pricing based upon another position in the same capital structure, other comparable loan issues, generic industry credit spreads, implied credit spreads derived from CDS for the specific borrower, and enterprise valuations) or calculated based on the exit price of the collateral, based on current market conditions.

Both the funded and unfunded portion of revolving credit lines on the corporate lending portfolio are valued using a CDS pricing model, which requires estimates of significant inputs including credit spreads, recovery rates, credit conversion factors, and weighted average life of the loan. Significant unobservable inputs may include credit spread and price.

The Group's other assets and liabilities include mortgage loans held in conjunction with securitization activities and assets and liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP. The fair value of mortgage loans held in conjunction with securitization activities is determined on a whole-loan basis and is consistent with the valuation of RMBS loans discussed in "Other trading assets" above. Whole-loan valuations are calculated based on the exit price reflecting the current market conditions. The fair value of assets and liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP are determined based on the quoted prices for securitized bonds, where available, or on cash flow analyses for securitized bonds, when quoted prices are not available.

Accrual based Private Banking & Wealth Management loans, for which an estimated fair value is disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below, include consumer loans relating to mortgages, loans collateralized by securities or consumer finance, as well as corporate and institutional loans relating to real estate, commercial and industrial loans, and loans to financial institutions, governments and public institutions. Fair values for these loans are determined by using a discounted cash flow model. Future cash flows are discounted using risk-adjusted discount rates which are derived from observable market interest rates for the applicable maturity and currency and from counterparty-related credit spreads.

Deposits

Accrual based deposits with a stated maturity, for which an estimated fair value is disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below, are generally fair valued by using a discounted cash flow model incorporating the Group's credit spreads. The estimated fair value of accrual accounted deposits without a stated maturity approximates the carrying amount; however, the value does not include an estimate of the value attributed to the long-term relationships with its customers that in the aggregate adds significant value to the Group's stable deposit base.

Short-term borrowings and long-term debt

The Group's short-term borrowings and long-term debt include structured notes (hybrid financial instruments that are both bifurcated and non-bifurcated) and vanilla debt. The fair value of structured notes is based on quoted prices, where available. When quoted prices are not available, fair value is determined by using a discounted cash flow model incorporating the Group's credit spreads, the value of derivatives embedded in the debt and the residual term of the issuance based on call options. Derivatives structured into the issued debt are valued consistently with the Group's stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships as discussed above. The fair value of structured debt is heavily influenced by the combined

call options and performance of the underlying derivative returns. Significant unobservable inputs for long-term debt include buyback probability, gap risk, correlation, volatility and price.

Generally, the interrelationships between volatility, skew, correlation, gap risk and credit spreads inputs are positively correlated.

Other liabilities

Failed sales

These liabilities represent the financing of assets that did not achieve sale accounting treatment under US GAAP. Failed sales are valued in a manner consistent with the related underlying financial instruments.

Short-term financial instruments

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below. These instruments include: cash and due from banks, cash collateral receivables and payables and other receivables and payables arising in the ordinary course of business. For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realization, as well as the minimal credit risk inherent in these instruments.

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 assets with a significant unobservable input of buyback probability, EBITDA multiple, market implied life expectancy (for life finance instruments), correlation, recovery rate, price, volatility, volatility skew, contingent probability and market implied life expectancy (for life settlement and premium finance instruments), in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets instruments with a significant unobservable input of capitalization rate, default rate, discount rate, funding spread, loss severity, prepayment rate and credit spread, in general, an increase in the significant unobservable input would decrease the fair value.

For level 3 liabilities an increase in the related significant unobservable inputs would have the inverse impact on fair value. An increase in the significant unobservable inputs basis spread, mean reversion and skew would decrease the fair value. An increase in the significant unobservable input gap risk would increase the fair value.

Interrelationships between significant unobservable inputs

Except as noted above, there are no material interrelationships between the significant unobservable inputs for the financial instruments. As the significant unobservable inputs move independently, generally an increase or decrease in one significant unobservable input will have no impact on the other significant unobservable inputs.

Quantitative disclosures of valuation techniques

The following tables provide the representative range of minimum and maximum values and the associated weighted averages of

each significant unobservable input for level 3 assets and liabilities by the related valuation technique most significant to the related financial instrument.

Quantitative information about level 3 assets at fair value

end of 4Q13	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	204	Discounted cash flow	Funding spread, in bp	90	350	178
Debt	5,069					
of which corporates	2,128					
of which	129	Option model	Correlation, in %	(83)	96	14
of which	592	Market comparable	Buyback probability, in % ²	50	100	62
of which	807	Discounted cash flow	Price, in %	0	112	91
of which RMBS	436	Discounted cash flow	Credit spread, in bp	22	957	348
			Discount rate, in %	2	33	9
			Prepayment rate, in %	0	27	7
			Default rate, in %	0	25	5
			Loss severity, in %	0	100	48
of which CMBS	417	Discounted cash flow	Capitalization rate, in %	5	12	9
			Discount rate, in %	1	30	9
			Prepayment rate, in %	0	20	10
			Default rate, in %	0	18	1
			Loss severity, in %	0	40	3
of which CDO	1,567					
of which	118	Vendor price	Price, in %	0	100	94
of which	278	Discounted cash flow	Discount rate, in %	2	24	6
			Prepayment rate, in %	0	30	7
			Default rate, in %	1	15	3
			Loss severity, in %	25	100	68
of which	423	Market comparable	Price, in %	85	101	98

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 4Q13	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Equity	595					
of which	270	Market comparable	EBITDA multiple	3	12	7
of which	35	Discounted cash flow	Capitalization rate, in %	7	7	7
			Discount rate, in %	15	15	15
Derivatives	5,217					
of which interest rate products	1,574	Option model	Correlation, in %	15	100	82
			Prepayment rate, in %	5	31	24
			Volatility, in %	2	31	6
			Volatility skew, in %	(9)	2	(1)
			Credit spread, in bp	95	2,054	218
of which equity/index-related products	1,240	Option model	Correlation, in %	(83)	96	14
			Volatility, in %	2	252	26
of which credit derivatives	1,138	Discounted cash flow	Credit spread, in bp	1	2,054	298
			Recovery rate, in %	0	77	25
			Discount rate, in %	4	29	14
			Default rate, in %	1	16	6
			Loss severity, in %	10	100	59
			Correlation, in %	34	97	83
			Prepayment rate, in %	0	17	5
Other	2,829					
of which	2,139	Market comparable	Price, in %	0	146	34
of which	589	Discounted cash flow	Market implied life expectancy, in years	3	19	9
Trading assets	13,710					
Investment securities	2	–	–	–	–	–
Private equity	3,345	– ²	– ²	– ²	– ²	– ²
Hedge funds	392	– ²	– ²	– ²	– ²	– ²
Other equity investments	1,632					
of which private	1,630					
of which	384	Discounted cash flow	Credit spread, in bp	897	3,175	1,207
			Contingent probability, in %	59	59	59
of which	813	Market comparable	EBITDA multiple	1	10	8
			Market implied life expectancy, in years	1	21	9
Life finance instruments	1,600	Discounted cash flow				
Other investments	6,969					
Loans	7,998					
of which commercial and industrial loans	5,309					
of which	4,526	Discounted cash flow	Credit spread, in bp	50	2,488	504
of which	326	Market comparable	Price, in %	0	100	69
of which financial institutions	1,322	Discounted cash flow	Credit spread, in bp	98	884	302
Other intangible assets (mortgage servicing rights)	42	–	–	–	–	–
Other assets	6,159					
of which loans held-for-sale	5,615					
of which	1,954	Vendor price	Price, in %	0	160	99
of which	1,042	Discounted cash flow	Credit spread, in bp	75	2,389	467
			Recovery rate, in %	1	1	0
of which	2,420	Market comparable	Price, in %	0	105	59
Total level 3 assets at fair value	35,084					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Disclosure not required as balances are carried at unadjusted NAV. Refer to "Fair value measurements of investments in certain entities that calculate NAV per share" for further information.

Quantitative information about level 3 assets at fair value (continued)

end of 4Q12	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Debt	5,888				
of which corporates	3,192				
of which	754	Option model	Correlation, in %	(87)	97
			Buyback probability, in % ¹	50	100
of which	797	Market comparable	Price, in %	0	146
of which	1,231	Discounted cash flow	Credit spread, in bp	0	2,439
of which RMBS	724	Discounted cash flow	Discount rate, in %	2	50
			Prepayment rate, in %	0	55
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which CMBS	1,023	Discounted cash flow	Capitalization rate, in %	5	12
			Internal rate of return, in %	9	15
			Discount rate, in %	2	35
			Prepayment rate, in %	0	10
			Default rate, in %	0	40
			Loss severity, in %	0	90
of which CDO	447				
of which	193	Vendor price	Price, in %	0	102
of which	123	Discounted cash flow	Discount rate, in %	2	35
			Prepayment rate, in %	0	40
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which	78	Market comparable	Price, in %	80	93

¹ Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

end of 4Q12	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Equity	485				
of which	237	Market comparable	EBITDA multiple	3	12
of which	26	Discounted cash flow	Capitalization rate, in %	7	7
Derivatives	6,650				
of which interest rate products	1,859	Option model	Correlation, in %	17	100
			Prepayment rate, in %	2	45
			Volatility, in %	(5)	31
			Credit spread, in bp	34	157
of which equity/index-related products	1,920	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
of which credit derivatives	1,294	Discounted cash flow	Credit spread, in bp	1	5,843
			Recovery rate, in %	0	75
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Loss severity, in %	0	100
			Correlation, in %	30	97
			Prepayment rate, in %	0	40
Other	2,486				
of which	1,891	Market comparable	Price, in %	0	103
of which	564	Discounted cash flow	Life expectancy, in years	4	20
Trading assets	15,509				
Investment securities	170	–	–	–	–
Private equity	3,958	– ¹	– ¹	– ¹	– ¹
Hedge funds	165	– ¹	– ¹	– ¹	– ¹
Other equity investments	2,243				
of which private	2,245				
of which	759	Discounted cash flow	Credit spread, in bp	1,070	2,049
			Contingent probability, in %	50	50
of which	903	Market comparable	EBITDA multiple	2	13
Life finance instruments	1,818	Discounted cash flow	Life expectancy, in years	1	23
Other investments	8,184				
Loans	6,619				
of which commercial and industrial loans	4,778	Discounted cash flow	Credit spread, in bp	0	2,763
of which financial institutions	1,530	Discounted cash flow	Credit spread, in bp	0	888
Other intangible assets (mortgage servicing rights)	43	–	–	–	–
Other assets	5,164				
of which loans held-for-sale	4,463				
of which	2,031	Vendor price	Price, in %	0	103
of which	328	Discounted cash flow	Credit spread, in bp	20	1,458
of which	2,009	Market comparable	Price, in %	0	115
Total level 3 assets at fair value	35,689				

¹ Disclosure not required as balances are carried at unadjusted NAV. Refer to "Fair value measurements of investments in certain entities that calculate NAV per share" for further information.

Quantitative information about level 3 liabilities at fair value

end of 4Q13	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Customer deposits	55	–	–	–	–	–
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	114	Discounted cash flow	Funding spread, in bp	90	90	90
Trading liabilities	5,564					
of which interest rate derivatives	1,129	Option model	Basis spread, in bp	(5)	148	74
			Correlation, in %	17	99	62
			Mean reversion, in % ²	5	10	6
			Prepayment rate, in %	5	31	23
of which foreign exchange derivatives	938	Option model	Correlation, in %	(10)	70	48
			Prepayment rate, in %	19	31	25
of which equity/index-related derivatives	1,896	Option model	Correlation, in %	(83)	96	14
			Skew, in %	79	152	118
			Volatility, in %	2	252	26
			Buyback probability, in % ³	50	100	62
of which credit derivatives	1,230	Discounted cash flow	Credit spread, in bp	1	2,052	252
			Discount rate, in %	4	29	14
			Default rate, in %	1	15	6
			Recovery rate, in %	14	77	43
			Loss severity, in %	6	100	62
			Correlation, in %	34	98	55
			Prepayment rate, in %	0	17	2
Short-term borrowings	165	–	–	–	–	–
Long-term debt	9,780					
of which structured notes over two years	6,217	Option model	Correlation, in %	(83)	99	16
			Volatility, in %	5	252	28
			Buyback probability, in % ³	50	100	62
			Gap risk, in % ⁴	0	5	0
of which non-recourse liabilities	2,552					
of which	2,105	Vendor price	Price, in %	0	217	104
of which	301	Market comparable	Price, in %	0	93	13
Other liabilities	2,861					
of which failed sales	1,143					
of which	829	Market comparable	Price, in %	0	100	63
of which	195	Discounted cash flow	Credit spread, in bp	813	1,362	1,185
			Recovery rate, in %	23	23	23
Total level 3 liabilities at fair value	18,539					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Management's best estimate of the speed at which interest rates will revert to the long-term average.

³ Estimate of the probability of structured notes being put back to the Group at the option of the investor over the remaining life of the financial instruments.

⁴ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Quantitative information about level 3 liabilities at fair value (continued)

end of 4Q12	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Customer deposits	25	–	–	–	–
Trading liabilities	5,356				
of which interest rate derivatives	1,357	Option model	Basis spread, in bp	(28)	54
			Correlation, in %	17	100
			Mean reversion, in % ¹	(33)	5
			Prepayment rate, in %	4	45
of which foreign exchange derivatives	1,648	Option model	Correlation, in %	(10)	70
			Prepayment rate, in %	4	22
of which equity/index-related derivatives	1,003	Option model	Correlation, in %	(87)	97
			Skew, in %	56	128
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	4
of which credit derivatives	819	Discounted cash flow	Credit spread, in bp	0	5,843
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Recovery rate, in %	0	77
			Loss severity, in %	0	100
			Correlation, in %	0	47
			Prepayment rate, in %	0	40
Short-term borrowings	124	–	–	–	–
Long-term debt	10,098				
of which structured notes over two years	6,189	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	12
of which non-recourse liabilities	2,551				
of which	2,255	Vendor price	Price, in %	0	103
of which	230	Market comparable	Price, in %	0	87
Other liabilities	2,848				
of which failed sales	1,160				
of which	646	Market comparable	Price, in %	0	100
of which	290	Discounted cash flow	Credit spread, in bp	0	1,532
Total level 3 liabilities at fair value	18,451				

¹ Management's best estimate of the speed at which interest rates will revert to the long-term average.

² Estimate of the probability of structured notes being put back to the Group at the option of the investor over the remaining life of the financial instruments.

³ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Qualitative discussion of the ranges of significant unobservable inputs

The following sections provide further information about the ranges of significant unobservable inputs included in the tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Discount rate

The discount rate is the rate of interest used to calculate the present value of the expected cash flows of a financial instrument. There are multiple factors that will impact the discount rate for any given financial instrument including the coupon on the instrument, the term and the underlying risk of the expected cash flows. Two instruments of similar term and expected cash flows may have significantly different discount rates because the coupons on the instruments are different.

Default rate and loss severity

For financial instruments backed by residential real estate or other assets, diversity in the portfolio is reflected in a wide range for loss severity due to varying levels of default. The lower end of the range represents high performing or government guaranteed collateral with a low probability of default or guaranteed timely payment of principal and interest while the higher end of the range relates collateral with a greater risk of default.

Credit spread and recovery rate

For financial instruments where credit spread is the significant unobservable input, the wide range represents positions with varying levels of risk. The lower end of the credit spread range typically represents shorter-dated instruments and/or those with better perceived credit risk. The higher end of the range typically comprises longer-dated financial instruments or those referencing non-performing, distressed or impaired reference credits. Similarly, the spread between the reference credit and an index can vary significantly based on the risk of the instrument. The spread will be positive for instruments that have a higher risk of default than the index (which is based on a weighted average of its components) and negative for instruments that have a lower risk of default than the index.

Similarly, recovery rates can vary significantly depending upon the specific assets and terms of each transaction. Transactions with higher seniority or more valuable collateral will have higher recovery rates while those transactions which are more subordinated or with less valuable collateral will have lower recovery rates.

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. Generally, same-asset correlation inputs have a narrower range than cross-asset correlation inputs. However, due to the complex and unique nature of these instruments, the ranges for correlation inputs can vary widely across portfolios.

Prepayment rate

Prepayment rates may vary from collateral pool to collateral pool, and are driven by a variety of collateral-specific factors, including the type and location of the underlying borrower, the remaining tenor of the obligation and the level and type (e.g., fixed or floating) of interest rate being paid by the borrower.

Volatility and skew

Volatility and skew are impacted by the underlying risk, term and strike price of the derivative. In the case of interest rate derivatives, volatility rates may vary significantly between different underlying currencies and expiration dates on the options. Similarly, equity derivatives' volatility may vary greatly depending upon the underlying reference name on the derivative.

Market implied life expectancy

Market implied life expectancy is the primary significant unobservable input on such products as life settlement, premium finance and SPIA and represents the estimated mortality rate for the underlying insured for each contract. This estimate may vary depending upon multiple factors including the age and specific health characteristics of each insured.

Fair value measurements of investments in certain entities that calculate NAV per share

Investments in funds held in trading assets and liabilities primarily include positions held in equity funds of funds as an economic hedge for structured notes and derivatives issued to clients that reference the same underlying risk and liquidity terms of the fund. A majority of these funds have limitations imposed on the amount of withdrawals from the fund during the redemption period due to illiquidity of the investments. In other instances, the withdrawal amounts may vary depending on the redemption notice period and are usually larger for the longer redemption notice periods. In addition, penalties may apply if redemption is within a certain time period from initial investment.

Investment in funds held in other investments principally involves private securities and, to a lesser extent, publicly traded securities and fund of funds. Several of these investments have redemption restrictions subject to the discretion of the Board of Directors of the fund and/or redemption is permitted without restriction, but is limited to a certain percentage of total assets or only after a certain date.

Furthermore, for those investments held in both trading assets and other investments that are nonredeemable, the underlying assets of such funds are expected to be liquidated over the life of the fund, which are generally up to ten years.

The following table pertains to investments in certain entities that calculate NAV per share or its equivalent, primarily private equity and hedge funds. These investments do not have a readily determinable fair value and are measured at fair value using NAV.

Fair value, unfunded commitments and term of redemption conditions

end of	4Q13				4Q12			
	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)								
Debt funds	1	18	19	0	127	38	165	0
Equity funds	28	3,096 ¹	3,124	0	52	3,810 ²	3,862	0
Equity funds sold short	0	(17)	(17)	0	0	(111)	(111)	0
Total funds held in trading assets and liabilities	29	3,097	3,126	0	179	3,737	3,916	0
Debt funds	320	183	503	6	69	364	433	157
Equity funds	0	25	25	0	3	43	46	0
Others	0	153	153	31	3	153	156	46
Hedge funds	320	361 ³	681	37	75	560 ⁴	635	203
Debt funds	53	0	53	2	97	0	97	17
Equity funds	2,236	0	2,236	464	2,633	0	2,633	724
Real estate funds	350	0	350	110	382	0	382	131
Others	706	0	706	250	846	0	846	198
Private equities	3,345	0	3,345	826	3,958	0	3,958	1,070
Equity method investments	349	0	349	0	385	0	385	0
Total funds held in other investments	4,014	361	4,375	863	4,418	560	4,978	1,273
Total fair value	4,043⁵	3,458⁶	7,501	863⁷	4,597⁵	4,297⁶	8,894	1,273⁷

¹ 55% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 19% is redeemable on an annual basis with a notice period primarily of more than 60 days, 17% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 9% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

² 57% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 17% is redeemable on an annual basis with a notice period primarily of more than 60 days, 13% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 13% is redeemable on a quarterly basis with a notice period primarily of more than 45 days.

³ 45% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 33% is redeemable on demand with a notice period primarily of less than 30 days, and 21% is redeemable on an annual basis with a notice period of more than 60 days.

⁴ 66% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 19% is redeemable on demand with a notice period primarily of less than 30 days, and 11% is redeemable on an annual basis with a notice period of more than 60 days.

⁵ Includes CHF 1,819 million and CHF 1,958 million attributable to noncontrolling interests in 4Q13 and 4Q12, respectively.

⁶ Includes CHF 107 million and CHF 107 million attributable to noncontrolling interests in 4Q13 and 4Q12, respectively.

⁷ Includes CHF 405 million and CHF 418 million attributable to noncontrolling interests in 4Q13 and 4Q12, respectively.

Nonrecurring fair value changes

Certain assets and liabilities are measured at fair value on a non-recurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances, for example, when there is evidence of impairment. The Group typically uses nonfinancial assets measured at fair value on a recurring or nonrecurring basis in a manner that reflects their highest and best use.

Nonrecurring fair value changes

end of	4Q13	4Q12
Assets held-for-sale recorded at fair value on a nonrecurring basis (CHF billion)		
Assets held-for-sale recorded at fair value on a nonrecurring basis	0.3	0.5
of which level 3	0.3	0.5

FAIR VALUE OPTION

The Group has availed itself of the simplification in accounting offered under the fair value option, primarily in Investment Banking and Private Banking & Wealth Management's Asset Management business. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. That is, for instruments for which there was an inability to achieve hedge accounting and for which the Group is economically hedged, the Group has elected the fair value option. Similarly, where the Group manages an activity on a fair value basis but previously has been unable to achieve fair value accounting, the Group has utilized the fair value option to align its risk management reporting to its financial accounting.

► Refer to "Note 33 – Financial instruments" in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012 for further information on the Group's election of the fair value option for certain of its financial statement captions.

Difference between the aggregate fair value and the aggregate unpaid principal balances on loans and financial instruments

end of	4Q13			4Q12		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-interest-earning loans	956	3,262	(2,306)	920	3,810	(2,890)
Financial instruments (CHF million)						
Interest-bearing deposits with banks	311	307	4	627	615	12
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	96,587	96,217	370	113,664	113,196	468
Loans	19,457	19,653	(196)	20,000	20,278	(278)
Other assets ¹	20,749	25,756	(5,007)	22,060	29,787	(7,727)
Due to banks and customer deposits	(690)	(680)	(10)	(531)	(493)	(38)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(76,104)	(76,012)	(92)	(108,784)	(108,701)	(83)
Short-term borrowings	(6,053)	(5,896)	(157)	(4,513)	(4,339)	(174)
Long-term debt	(63,369)	(62,991)	(378)	(65,384)	(66,998)	1,614
Other liabilities	(1,780)	(3,285)	1,505	(3,683)	(6,186)	2,503

¹ Primarily loans held-for-sale.

Gains and losses on financial instruments

in	2013	2012
	Net gains/ (losses)	Net gains/ (losses)
Financial instruments (CHF million)		
Cash and due from banks	0	(13) ²
of which related to credit risk	0	(13)
Interest-bearing deposits with banks	10 ¹	12 ¹
of which related to credit risk	(3)	3
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,143 ¹	1,183 ¹
Other trading assets	0	10 ²
Other investments	126 ³	144 ³
of which related to credit risk	11	34
Loans	1,470 ¹	925 ¹
of which related to credit risk	26	318
Other assets	2,058 ¹	2,641 ¹
of which related to credit risk	604	355
Due to banks and customer deposits	0	(22) ¹
of which related to credit risk	(5)	8
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(67) ¹	(114) ¹
Short-term borrowings	(256) ²	(350) ²
Long-term debt	(2,759) ²	(7,905) ²
of which related to credit risk ⁴	(384)	(2,552)
Other liabilities	441 ²	826 ²
of which related to credit risk	112	912

¹ Primarily recognized in net interest income.

² Primarily recognized in trading revenues.

³ Primarily recognized in other revenues.

⁴ Changes in fair value related to credit risk are due to the change in the Group's own credit spreads. Other changes in fair value are attributable to changes in foreign currency exchange rates and interest rates, as well as movements in the reference price or index for structured notes. Changes in fair value on Credit Suisse vanilla debt and on debit valuation adjustments on structured notes related to credit risk were CHF (268) million and CHF (111) million in 2013, respectively, and CHF (1,663) million and CHF (931) million in 2012, respectively.

FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE

The following table provides the carrying value and fair value of financial instruments which are not carried at fair value in the consolidated balance sheet. The disclosure excludes all non-financial instruments such as lease transactions, real estate, premises and equipment, equity method investments and pension and benefit obligations.

Carrying value and fair value of financial instruments not carried at fair value

end of	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
4Q13 (CHF million)					
Financial assets					
Central banks funds sold, securities purchased under resale agreements and securities borrowing transactions	63,435	0	62,891	544	63,435
Loans	223,902	0	225,641	3,940	229,581
Other financial assets ¹	142,656	72,134	69,310	1,568	143,012
Financial liabilities					
Due to banks and deposits	351,476	212,418	138,980	9	351,407
Central banks funds purchased, securities sold under repurchase agreements and securities lending transactions	17,928	0	17,928	0	17,928
Short-term borrowings	14,140	0	14,148	0	14,148
Long-term debt	66,673	0	64,043	3,774	67,817
Other financial liabilities ²	96,611	1,129	94,414	1,085	96,628
4Q12 (CHF million)					
Financial assets					
Central banks funds sold, securities purchased under resale agreements and securities borrowing transactions	69,791	0	69,764	27	69,791
Loans	218,281	0	221,030	4,482	225,512
Other financial assets ¹	132,147	63,900	66,798	1,772	132,470
Financial liabilities					
Due to banks and deposits	331,270	200,838	130,313	9	331,160
Central banks funds purchased, securities sold under repurchase agreements and securities lending transactions	23,937	0	23,939	0	23,939
Short-term borrowings	14,128	0	14,131	0	14,131
Long-term debt	82,750	0	79,846	4,546	84,392
Other financial liabilities ²	89,361	0	88,121	1,171	89,292

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities.

² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

Note 28 Assets pledged and collateral

The Group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning they have the right to be sold or repledged. The encumbered assets are disclosed on the consolidated balance sheet.

Assets pledged

end of	4Q13	4Q12
Assets pledged (CHF million)		
Total assets pledged or assigned as collateral	142,952	151,419
of which encumbered	92,300	90,745

Collateral

The Group receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A substantial portion of the collateral and securities received by the Group was sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

Collateral

end of	4Q13	4Q12
Collateral (CHF million)		
Fair value of collateral received with the right to sell or repledge	359,517	402,793
of which sold or repledged	267,896	292,514

Note 29 Litigation

The Group is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. The Group's material proceedings, related provisions and estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions are described in *Note 37 – Litigation in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2012* and updated in subsequent quarterly reports (including below). Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

The Group accrues litigation provisions (including estimated fees and expenses of external lawyers and other service providers) and takes a charge to income in connection with certain proceedings when losses, additional losses or ranges of loss are probable and reasonably estimable. The Group reviews its legal proceedings each quarter to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgment and the advice of counsel. The establishment of additional provisions or releases of litigation provisions may be necessary in the future as developments in such proceedings warrant.

It is inherently difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount of any loss or loss range for many of the Group's legal proceedings. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, the Group's defenses and its experience in similar matters, as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. Factual and legal determinations, many of which are complex, must be made before a loss, additional losses or ranges of loss can be reasonably estimated for any proceeding.

Most matters pending against the Group seek damages of an indeterminate amount. While certain matters specify the damages claimed, such claimed amount may not represent the Group's reasonably possible losses. For certain of the proceedings, the Group has disclosed the amount of damages claimed and certain other quantifiable information that is publicly available.

The Group's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. The Group does not believe that it can estimate an aggregate range of reasonably possible losses for certain of its proceedings

because of their complexity, the novelty of some of the claims, the early stage of the proceedings, the limited amount of discovery that has occurred and/or other factors. The Group's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for the proceedings discussed in Note 37 referenced above and updated in quarterly reports and below for which the Group believes an estimate is possible is zero to CHF 2.4 billion.

In 4Q13, the Group recorded net litigation provisions of CHF 1,469 million. After taking into account its litigation provisions, the Group believes, based on currently available information and advice of counsel, that the results of its legal proceedings, in the aggregate, will not have a material adverse effect on the Group's financial condition. However, in light of the inherent uncertainties of such proceedings, including those brought by regulators or other governmental authorities, the ultimate cost to the Group of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period, depending, in part, upon the operating results for such period.

Mortgage-related matters

The amounts disclosed below do not reflect actual realized plaintiff losses to date or anticipated future litigation exposure. Rather, unless otherwise stated, these amounts reflect the original unpaid principal balance amounts as alleged in these actions and do not include any reduction in principal amounts since issuance.

On December 18, 2013, the New Jersey Attorney General, on behalf of the State of New Jersey, filed a civil action in the Superior Court of New Jersey, Chancery Division, Mercer County, against Credit Suisse Securities (USA) LLC (CSS LLC) and affiliated entities in their roles as issuer, sponsor, depositor and/or underwriter of RMBS transactions prior to 2008. The action, which references 13 RMBS issued, sponsored, deposited and underwritten by CSS LLC and its affiliates in 2006 and 2007, alleges that CSS LLC and its affiliates misled investors and engaged in fraud or deceit in connection with the offer and sale of RMBS, seeks an unspecified amount of damages, and is at an early procedural point.

Class actions

On January 27, 2014, the US District Court for the Southern District of New York entered a final judgment and order of dismissal with prejudice, discontinuing the *Tsereteli v. Residential Asset Securitization Trust 2006-A8* class action, as a result of a settlement in the amount of USD 11 million.

Individual investor actions

On October 29, 2013, following a settlement, CSS LLC and its affiliates and employees filed a stipulation of discontinuance with prejudice to discontinue claims against CSS LLC and its affiliates and employees brought by Stichting Pensioenfonds ABP in the Supreme Court for the State of New York, New York County (SCNY). On November 18, 2013, as a result of settlement, the US District Court for the Southern District of New York entered a stipulation of voluntary dismissal with prejudice, discontinuing Federal Housing Finance Agency (FHFA) v. JPMorgan Chase & Co., one of the FHFA's five actions against CSS LLC and its affiliates and employees, and other financial institutions, relating to approximately USD 870 million of RMBS at issue against the Credit Suisse defendants in that case. On November 26, 2013, the Indiana state court presiding in the action brought by the Federal Home Loan Bank of Indianapolis dismissed with prejudice claims pertaining to certain defendants, including one of the RMBS offerings on which CSS LLC and certain of its affiliates were sued, reducing the RMBS at issue relating to claims against CSS LLC and its affiliates in that case by approximately USD 100 million. On December 5, 2013, the Washington state court presiding in the action brought by the Federal Home Loan Bank of Chicago dismissed with prejudice one of the actions against CSS LLC and other financial institutions, reducing the RMBS at issue relating to claims against CSS LLC by USD 20 million. On December 26, 2013, Commerzbank AG London Branch filed an action against CSS LLC and certain of its affiliates and other financial institutions in the SCNY, relating to approximately USD 148 million of the RMBS at issue (approximately 6% of the USD 2.3 billion at issue against all defendants in the operative pleading). On January 6, 2014, following a settlement, CSS LLC and its affiliates filed a stipulation of discontinuance with prejudice to discontinue claims against CSS LLC and its affiliates relating to approximately USD 35 million of RMBS at issue brought by Sealink Funding Limited in the SCNY. On January 24, 2014, the SCNY dismissed with prejudice certain claims in the action against CSS LLC and its affiliates brought by Allstate Insurance Company, reducing the RMBS at issue for CSS LLC and its affiliates from approximately USD 232 million to approximately USD 187 million. On March 21, 2014, CSS LLC and certain affiliates and employees entered into an agreement with the FHFA to settle all claims in two of three remaining actions filed by the FHFA in the SDNY for USD 885 million, which amount was partially covered by existing provisions. The actions settled on March 21, 2014 related to approximately USD 16.6 billion of RMBS at issue against the Credit Suisse defendants.

Repurchase litigations

On January 3, 2014, the SCNY dismissed with prejudice the consolidated actions brought by Home Equity Asset Trust 2006-5, Home Equity Asset Trust 2006-6 and Home Equity Asset Trust 2006-7 against DLJ Mortgage Capital, Inc., in which the plaintiffs had alleged damages of not less than USD 319 million.

Monoline insurer disputes

On November 15, 2013, CIFG Assurance North America, Inc. (CIFG) filed an action against CSS LLC in the SCNY, relating to financial guaranty insurance issued by CIFG on a credit default swap guaranteeing payment on approximately USD 396 million of notes of a collateralized debt obligation. CIFG alleges material misrepresentation in the inducement of an insurance contract and fraud relating to alleged affirmative misrepresentations and material omissions made to induce CIFG to guarantee the securities.

Tax and securities law matters

Credit Suisse has been responding to subpoenas and other requests for information from the United States Department of Justice (DOJ), the US Securities and Exchange Commission (SEC) and other authorities involving historical Private Banking services provided on a cross-border basis to US persons. US authorities are investigating possible violations of US tax and securities laws. In particular, the DOJ is investigating whether US clients violated their US tax obligations and whether Credit Suisse and certain of its employees assisted such clients. The SEC has investigated whether certain of our relationship managers triggered obligations for Credit Suisse or the relationship managers in Switzerland to register with the SEC as a broker-dealer or investment advisor. A limited number of current or former employees have been indicted and two former employees have pleaded guilty (in one case, as to conduct while employed at other financial institutions that did not involve Credit Suisse and in the other case as to conduct while employed at a former Credit Suisse subsidiary prior to 2006 and other financial institutions after 2006). Credit Suisse received a grand jury target letter from the DOJ. We understand that certain US authorities are also investigating other Swiss and non-US financial institutions. We have been conducting an internal investigation and are continuing to cooperate with the authorities both in the US and Switzerland to resolve this matter in a responsible manner that complies with our legal obligations. Our provision of Swiss-based information to these US authorities has been in accordance with permission granted by Swiss authorities. The Group has established a loss contingency provision of CHF 895 million with respect to the tax and securities law matters described in this subsection. The Group had previously disclosed a provision of CHF 470 million with respect to these matters, including CHF 175 million in connection with the settlement with the SEC described in the following paragraph.

On February 21, 2014, Credit Suisse AG reached a settlement with the SEC that resolves the SEC's investigation regarding registration as an investment advisor and broker-dealer. In a settled administrative and cease-and-desist proceeding, the SEC charged Credit Suisse AG with violating Section 15(a) of the US Securities Exchange Act of 1934 (Exchange Act) and Section 203(a) of the US Investment Advisers Act of 1940 (Advisers Act). Specifically, the SEC's Order finds that from at least 2002 through its exit from the US cross-border securities business which Credit Suisse AG began in 2008, Credit Suisse AG, through actions of certain of its relationship managers, violated the federal securities laws by

providing certain cross-border brokerage and investment advisory services to US clients at a time when Credit Suisse AG was not registered with the SEC as a broker-dealer or investment advisor. As part of the settlement of the investigation, Credit Suisse AG agreed, among other things, to cease-and-desist from committing or causing any future violations of section 15(a) of the Exchange Act or Section 203(a) of the Advisers Act and to pay approximately

USD 196 million, inclusive of disgorgement of approximately USD 82 million, prejudgment interest of approximately USD 64 million, and a civil money penalty in the amount of USD 50 million. Credit Suisse AG also agreed to the appointment of an independent consultant who will review its cross-border compliance policies with respect to the US securities laws and will verify that Credit Suisse AG has exited the US cross-border business.

Note 30 Subsidiary guarantee information

Certain wholly-owned finance subsidiaries of the Group, including Credit Suisse Group (Guernsey) I Limited and Credit Suisse Group (Guernsey) III Limited, each of which is a Guernsey incorporated non-cellular company limited by shares, may issue contingent convertible securities fully and unconditionally guaranteed by the Group. There are various legal and regulatory requirements, including the satisfaction of a solvency test under Guernsey law, applicable to some of the Group's subsidiaries that limit their ability to pay dividends or distributions and make loans and advances to the Group.

On March 26, 2007, the Group and the Bank issued full, unconditional and several guarantees of Credit Suisse (USA), Inc.'s outstanding SEC-registered debt securities. In accordance with the guarantees, if Credit Suisse (USA), Inc. fails to make

any timely payment under the agreements governing such debt securities, the holders of the debt securities may demand payment from either the Group or the Bank, without first proceeding against Credit Suisse (USA), Inc. The guarantee from the Group is subordinated to senior liabilities. Credit Suisse (USA), Inc. is an indirect, wholly owned subsidiary of the Group.

In 4Q13, as part of an announced program to evolve the Group's legal entity structure to meet developing and future regulatory requirements and Fed regulation on establishing Intermediate Holding Companies in the US for non-US banks, several existing legal entities were re-parented as subsidiaries of Credit Suisse (USA), Inc. In the tables below, prior periods have been restated to conform to the current presentation to reflect the impact of these transactions.

Condensed consolidating statements of operations

in 4Q13	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	1,503	2,440	3,943	20	110	4,073
Interest expense	(927)	(1,380)	(2,307)	(23)	4	(2,326)
Net interest income	576	1,060	1,636	(3)	114	1,747
Commissions and fees	988	2,418	3,406	2	17	3,425
Trading revenues	149	167	316	(23)	2	295
Other revenues	464	202	666	(465) ²	471	672
Net revenues	2,177	3,847	6,024	(489)	604	6,139
Provision for credit losses	2	33	35	0	18	53
Compensation and benefits	854	1,932	2,786	12	9	2,807
General and administrative expenses	1,257	1,970	3,227	(31)	27	3,223
Commission expenses	51	335	386	1	2	389
Total other operating expenses	1,308	2,305	3,613	(30)	29	3,612
Total operating expenses	2,162	4,237	6,399	(18)	38	6,419
Income/(loss) from continuing operations before taxes	13	(423)	(410)	(471)	548	(333)
Income tax expense/(benefit)	(82)	(3)	(85)	5	17	(63)
Income/(loss) from continuing operations	95	(420)	(325)	(476)	531	(270)
Income from discontinued operations, net of tax	(3)	1	(2)	0	0	(2)
Net income/(loss)	92	(419)	(327)	(476)	531	(272)
Net income/(loss) attributable to noncontrolling interests	180	(162)	18	0	186	204
Net income/(loss) attributable to shareholders	(88)	(257)	(345)	(476)	345	(476)
of which from continuing operations	(85)	(258)	(343)	(476)	345	(474)
of which from discontinued operations	(3)	1	(2)	0	0	(2)

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 4Q13	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	92	(419)	(327)	(476)	531	(272)
Gains/(losses) on cash flow hedges	0	5	5	6	0	11
Foreign currency translation	(370)	(1,409)	(1,779)	0	1,201	(578)
Unrealized gains/(losses) on securities	(4)	(3)	(7)	0	(4)	(11)
Actuarial gains/(losses)	114	(192)	(78)	0	914	836
Net prior service credit/(cost)	0	0	0	0	(15)	(15)
Other comprehensive income/(loss), net of tax	(260)	(1,599)	(1,859)	6	2,096	243
Comprehensive income/(loss)	(168)	(2,018)	(2,186)	(470)	2,627	(29)
Comprehensive income/(loss) attributable to noncontrolling interests	123	(32)	91	0	52	143
Comprehensive income/(loss) attributable to shareholders	(291)	(1,986)	(2,277)	(470)	2,575	(172)

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations

in 4Q12	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	1,855	2,855	4,710	13	117	4,840
Interest expense	(1,165)	(1,649)	(2,814)	(13)	(75)	(2,902)
Net interest income	690	1,206	1,896	0	42	1,938
Commissions and fees	1,113	2,281	3,394	1	60	3,455
Trading revenues	171	(308)	(137)	0	(10)	(147)
Other revenues	130	309	439	242 ²	(221)	460
Net revenues	2,104	3,488	5,592	243	(129)	5,706
Provision for credit losses	(1)	38	37	0	33	70
Compensation and benefits	785	1,855	2,640	5	4	2,649
General and administrative expenses	760	1,326	2,086	(24)	44	2,106
Commission expenses	76	351	427	0	6	433
Total other operating expenses	836	1,677	2,513	(24)	50	2,539
Total operating expenses	1,621	3,532	5,153	(19)	54	5,188
Income/(loss) from continuing operations before taxes	484	(82)	402	262	(216)	448
Income tax expense	175	(90)	85	(1)	1	85
Income/(loss) from continuing operations	309	8	317	263	(217)	363
Income from discontinued operations, net of tax	6	(37)	(31)	0	0	(31)
Net income/(loss)	315	(29)	286	263	(217)	332
Net income/(loss) attributable to noncontrolling interests	30	(235)	(205)	0	274	69
Net income/(loss) attributable to shareholders	285	206	491	263	(491)	263
of which from continuing operations	279	243	522	263	(491)	294
of which from discontinued operations	6	(37)	(31)	0	0	(31)

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 4Q12	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	315	(29)	286	263	(217)	332
Gains/(losses) on cash flow hedges	0	0	0	12	0	12
Foreign currency translation	(587)	(305)	(892)	0	6	(886)
Unrealized gains/(losses) on securities	0	(11)	(11)	0	6	(5)
Actuarial gains/(losses)	(15)	26	11	0	(243)	(232)
Net prior service credit/(cost)	(1)	1	0	0	300	300
Other comprehensive income/(loss), net of tax	(603)	(289)	(892)	12	69	(811)
Comprehensive income/(loss)	(288)	(318)	(606)	275	(148)	(479)
Comprehensive income/(loss) attributable to noncontrolling interests	(76)	(339)	(415)	0	378	(37)
Comprehensive income/(loss) attributable to shareholders	(212)	21	(191)	275	(526)	(442)

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations

in 2013	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	6,553	12,468	19,021	62	473	19,556
Interest expense	(3,899)	(7,407)	(11,306)	(60)	(75)	(11,441)
Net interest income	2,654	5,061	7,715	2	398	8,115
Commissions and fees	3,756	9,302	13,058	4	164	13,226
Trading revenues	(507)	3,271	2,764	(23)	(2)	2,739
Other revenues	1,361	432	1,793	2,288 ²	(2,305)	1,776
Net revenues	7,264	18,066	25,330	2,271	(1,745)	25,856
Provision for credit losses	4	89	93	0	74	167
Compensation and benefits	3,380	7,807	11,187	59	10	11,256
General and administrative expenses	2,843	5,811	8,654	(135)	80	8,599
Commission expenses	227	1,499	1,726	1	11	1,738
Total other operating expenses	3,070	7,310	10,380	(134)	91	10,337
Total operating expenses	6,450	15,117	21,567	(75)	101	21,593
Income/(loss) from continuing operations before taxes	810	2,860	3,670	2,346	(1,920)	4,096
Income tax expense	14	1,163	1,177	20	79	1,276
Income/(loss) from continuing operations	796	1,697	2,493	2,326	(1,999)	2,820
Income from discontinued operations, net of tax	66	79	145	0	0	145
Net income/(loss)	862	1,776	2,638	2,326	(1,999)	2,965
Net income/(loss) attributable to noncontrolling interests	575	285	860	0	(221)	639
Net income/(loss) attributable to shareholders	287	1,491	1,778	2,326	(1,778)	2,326
of which from continuing operations	221	1,412	1,633	2,326	(1,778)	2,181
of which from discontinued operations	66	79	145	0	0	145

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2013	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	862	1,776	2,638	2,326	(1,999)	2,965
Gains/(losses) on cash flow hedges	0	2	2	16	0	18
Foreign currency translation	(648)	(1,567)	(2,215)	0	1,194	(1,021)
Unrealized gains/(losses) on securities	(2)	(16)	(18)	0	(14)	(32)
Actuarial gains/(losses)	138	(181)	(43)	0	1,087	1,044
Net prior service credit/(cost)	0	0	0	0	(95)	(95)
Other comprehensive income/(loss), net of tax	(512)	(1,762)	(2,274)	16	2,172	(86)
Comprehensive income/(loss)	350	14	364	2,342	173	2,879
Comprehensive income/(loss) attributable to noncontrolling interests	471	353	824	0	(299)	525
Comprehensive income/(loss) attributable to shareholders	(121)	(339)	(460)	2,342	472	2,354

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	7,584	13,960	21,544	81	465	22,090
Interest expense	(4,472)	(10,262)	(14,734)	(79)	(134)	(14,947)
Net interest income	3,112	3,698	6,810	2	331	7,143
Commissions and fees	3,940	8,609	12,549	(12)	187	12,724
Trading revenues	1,638	(309)	1,329	1	(134)	1,196
Other revenues	861	1,629	2,490	1,319 ²	(1,261)	2,548
Net revenues	9,551	13,627	23,178	1,310	(877)	23,611
Provision for credit losses	(5)	93	88	0	82	170
Compensation and benefits	3,601	8,618	12,219	56	28	12,303
General and administrative expenses	2,130	5,074	7,204	(101)	143	7,246
Commission expenses	252	1,433	1,685	1	16	1,702
Total other operating expenses	2,382	6,507	8,889	(100)	159	8,948
Total operating expenses	5,983	15,125	21,108	(44)	187	21,251
Income/(loss) from continuing operations before taxes	3,573	(1,591)	1,982	1,354	(1,146)	2,190
Income tax expense/(benefit)	1,333	(886)	447	5	13	465
Income/(loss) from continuing operations	2,240	(705)	1,535	1,349	(1,159)	1,725
Income from discontinued operations, net of tax	17	(57)	(40)	0	0	(40)
Net income/(loss)	2,257	(762)	1,495	1,349	(1,159)	1,685
Net income/(loss) attributable to noncontrolling interests	281	(881)	(600)	0	936	336
Net income/(loss) attributable to shareholders	1,976	119	2,095	1,349	(2,095)	1,349
of which from continuing operations	1,959	176	2,135	1,349	(2,095)	1,389
of which from discontinued operations	17	(57)	(40)	0	0	(40)

¹ Includes eliminations and consolidation adjustments.

² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	2,257	(762)	1,495	1,349	(1,159)	1,685
Gains/(losses) on cash flow hedges	0	7	7	30	0	37
Foreign currency translation	(575)	(658)	(1,233)	1	118	(1,114)
Unrealized gains/(losses) on securities	2	(45)	(43)	0	28	(15)
Actuarial gains/(losses)	20	38	58	0	(108)	(50)
Net prior service credit/(cost)	(2)	1	(1)	0	249	248
Other comprehensive income/(loss), net of tax	(555)	(657)	(1,212)	31	287	(894)
Comprehensive income/(loss)	1,702	(1,419)	283	1,380	(872)	791
Comprehensive income/(loss) attributable to noncontrolling interests	186	(997)	(811)	0	1,022	211
Comprehensive income/(loss) attributable to shareholders	1,516	(422)	1,094	1,380	(1,894)	580

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets

end of 4Q13	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	4,787	63,290	68,077	795	(180)	68,692
Interest-bearing deposits with banks	81	3,304	3,385	0	(1,870)	1,515
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	127,153	32,860	160,013	0	9	160,022
Securities received as collateral	23,479	(679)	22,800	0	0	22,800
Trading assets	73,580	156,156	229,736	0	(323)	229,413
Investment securities	2	1,625	1,627	1,481	(121)	2,987
Other investments	5,116	5,091	10,207	42,570	(42,448)	10,329
Net loans	19,955	211,202	231,157	3,185	12,712	247,054
Premises and equipment	891	4,004	4,895	0	196	5,091
Goodwill	658	6,463	7,121	0	878	7,999
Other intangible assets	78	132	210	0	0	210
Brokerage receivables	25,667	26,377	52,044	0	1	52,045
Other assets	18,104	43,452	61,556	243	1,266	63,065
Assets of discontinued operations held-for-sale	11	1,573	1,584	0	0	1,584
Total assets	299,562	554,850	854,412	48,274	(29,880)	872,806
Liabilities and equity (CHF million)						
Due to banks	251	22,896	23,147	3,242	(3,281)	23,108
Customer deposits	1	321,850	321,851	0	11,238	333,089
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	98,600	(4,568)	94,032	0	0	94,032
Obligation to return securities received as collateral	23,479	(679)	22,800	0	0	22,800
Trading liabilities	14,304	62,508	76,812	0	(177)	76,635
Short-term borrowings	42,842	(22,649)	20,193	0	0	20,193
Long-term debt	31,300	95,341	126,641	2,784	617	130,042
Brokerage payables	55,749	17,405	73,154	0	0	73,154
Other liabilities	11,284	39,795	51,079	84	284	51,447
Liabilities of discontinued operations held-for-sale	19	1,121	1,140	0	0	1,140
Total liabilities	277,829	533,020	810,849	6,110	8,681	825,640
Total shareholders' equity	18,583	21,409	39,992	42,164	(39,992)	42,164
Noncontrolling interests	3,150	421	3,571	0	1,431	5,002
Total equity	21,733	21,830	43,563	42,164	(38,561)	47,166
Total liabilities and equity	299,562	554,850	854,412	48,274	(29,880)	872,806

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets

end of 4Q12	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	4,523	56,853	61,376	19	368	61,763
Interest-bearing deposits with banks	82	3,637	3,719	0	(1,774)	1,945
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	130,175	53,271	183,446	0	9	183,455
Securities received as collateral	34,980	(4,935)	30,045	0	0	30,045
Trading assets	87,974	168,628	256,602	0	(203)	256,399
Investment securities	22	1,917	1,939	0	1,559	3,498
Other investments	6,252	5,564	11,816	35,088	(34,882)	12,022
Net loans	22,945	204,553	227,498	4,459	10,266	242,223
Premises and equipment	1,062	4,354	5,416	0	202	5,618
Goodwill	581	6,929	7,510	0	879	8,389
Other intangible assets	77	166	243	0	0	243
Brokerage receivables	20,672	25,096	45,768	0	0	45,768
Other assets	15,993	56,789	72,782	173	(43)	72,912
Total assets	325,338	582,822	908,160	39,739	(23,619)	924,280
Liabilities and equity (CHF million)						
Due to banks	164	30,410	30,574	3,753	(3,313)	31,014
Customer deposits	1	297,689	297,690	0	10,622	308,312
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	130,411	2,310	132,721	0	0	132,721
Obligation to return securities received as collateral	34,980	(4,935)	30,045	0	0	30,045
Trading liabilities	23,332	67,759	91,091	0	(275)	90,816
Short-term borrowings	22,157	(7,319)	14,838	0	3,803	18,641
Long-term debt	35,485	111,512	146,997	437	700	148,134
Brokerage payables	44,401	20,275	64,676	0	0	64,676
Other liabilities	12,927	44,440	57,367	51	219	57,637
Total liabilities	303,858	562,141	865,999	4,241	11,756	881,996
Total shareholders' equity	17,970	16,797	34,767	35,498	(34,767)	35,498
Noncontrolling interests	3,510	3,884	7,394	0	(608)	6,786
Total equity	21,480	20,681	42,161	35,498	(35,375)	42,284
Total liabilities and equity	325,338	582,822	908,160	39,739	(23,619)	924,280

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of cash flows

in 2013	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	6,126	15,912	22,038	400²	(364)	22,074
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	(1)	444	443	0	95	538
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	(594)	17,714	17,120	0	0	17,120
Purchase of investment securities	0	(676)	(676)	(1,402)	1,401	(677)
Proceeds from sale of investment securities	23	153	176	0	0	176
Maturities of investment securities	0	673	673	0	159	832
Investments in subsidiaries and other investments	232	(1,570)	(1,338)	(2,458)	2,004	(1,792)
Proceeds from sale of other investments	2,139	1,026	3,165	481	91	3,737
(Increase)/decrease in loans	2,456	(10,306)	(7,850)	1,228	(2,504)	(9,126)
Proceeds from sales of loans	0	1,483	1,483	0	0	1,483
Capital expenditures for premises and equipment and other intangible assets	(238)	(657)	(895)	0	(8)	(903)
Proceeds from sale of premises and equipment and other intangible assets	0	9	9	0	0	9
Other, net	(87)	202	115	0	7	122
Net cash provided by/(used in) investing activities of continuing operations	3,930	8,495	12,425	(2,151)	1,245	11,519
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	95	22,252	22,347	(500)	616	22,463
Increase/(decrease) in short-term borrowings	22,124	(16,122)	6,002	0	0	6,002
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(29,400)	(6,947)	(36,347)	0	0	(36,347)
Issuances of long-term debt	687	37,227	37,914	2,292	(1,116)	39,090
Repayments of long-term debt	(3,482)	(52,830)	(56,312)	0	1,177	(55,135)
Issuances of common shares	0	0	0	976	0	976
Sale of treasury shares	0	0	0	58	9,706	9,764
Repurchase of treasury shares	0	0	0	(217)	(9,985)	(10,202)
Dividends paid	0	(305)	(305)	(154)	(105)	(564)
Excess tax benefits related to share-based compensation	0	0	0	1	(1)	0
Other, net	258	923	1,181	75	(1,724)	(468)
Net cash provided by/(used in) financing activities of continuing operations	(9,718)	(15,802)	(25,520)	2,531	(1,432)	(24,421)
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(74)	(1,141)	(1,215)	(4)	3	(1,216)
Net cash provided by/(used in) discontinued operations (CHF million)						
Net cash provided by/(used in) discontinued operations	0	(1,027)	(1,027)	0	0	(1,027)
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	264	6,437	6,701	776	(548)	6,929
Cash and due from banks at beginning of period	4,523	56,853	61,376	19	368	61,763
Cash and due from banks at end of period	4,787	63,290	68,077	795	(180)	68,692

¹ Includes eliminations and consolidation adjustments.

² Consists of dividend payments from Group companies of CHF 161 million and CHF 208 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

Condensed consolidating statements of cash flows

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	(4,312)	(7,671)	(11,983)	357²	(1,042)	(12,668)
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	(2)	317	315	0	(131)	184
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	22,780	24,153	46,933	0	19	46,952
Purchase of investment securities	0	(276)	(276)	0	(204)	(480)
Proceeds from sale of investment securities	0	936	936	0	0	936
Maturities of investment securities	0	1,442	1,442	0	184	1,626
Investments in subsidiaries and other investments	34	(1,981)	(1,947)	(3,584)	3,492	(2,039)
Proceeds from sale of other investments	1,922	996	2,918	110	76	3,104
(Increase)/decrease in loans	1,075	(11,326)	(10,251)	1,154	(1,925)	(11,022)
Proceeds from sales of loans	0	1,090	1,090	0	0	1,090
Capital expenditures for premises and equipment and other intangible assets	(364)	(863)	(1,227)	0	(15)	(1,242)
Proceeds from sale of premises and equipment and other intangible assets	16	10	26	0	0	26
Other, net	235	3,441	3,676	28	(21)	3,683
Net cash provided by/(used in) investing activities of continuing operations	25,696	17,939	43,635	(2,292)	1,475	42,818
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	78	(14,532)	(14,454)	(1,015)	2,902	(12,567)
Increase/(decrease) in short-term borrowings	5,508	(17,151)	(11,643)	0	3,803	(7,840)
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(20,167)	(19,791)	(39,958)	0	0	(39,958)
Issuances of long-term debt	879	36,338	37,217	10	1,178	38,405
Repayments of long-term debt	(5,094)	(49,371)	(54,465)	(1,149)	(322)	(55,936)
Issuances of common shares	0	0	0	1,930	0	1,930
Sale of treasury shares	0	0	0	367	7,988	8,355
Repurchase of treasury shares	0	0	0	(495)	(8,364)	(8,859)
Dividends paid	0	(321)	(321)	(944)	(31)	(1,296)
Excess tax benefits related to share-based compensation	0	42	42	0	(42)	0
Other, net	(1,714)	5,317	3,603	3,180	(6,389)	394
Net cash provided by/(used in) financing activities of continuing operations	(20,510)	(59,469)	(79,979)	1,884	723	(77,372)
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(105)	(1,070)	(1,175)	57	(124)	(1,242)
Net cash provided by/(used in) discontinued operations (CHF million)						
Net cash provided by/(used in) discontinued operations	6	(352)	(346)	0	0	(346)
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	775	(50,623)	(49,848)	6	1,032	(48,810)
Cash and due from banks at beginning of period	3,748	107,476	111,224	13	(664)	110,573
Cash and due from banks at end of period	4,523	56,853	61,376	19	368	61,763

¹ Includes eliminations and consolidation adjustments.

² Consists of dividend payments from Group companies of CHF 166 million and CHF 46 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

List of abbreviations

A

ABS	Asset-Backed Securities
ADS	American Depositary Share
AMA	Advanced Measurement Approach
AMF	Asset Management Finance LLC
AOCI	Accumulated other comprehensive income/(loss)
ASC	Accounting Standards Codification
ASU	Accounting Standards Update

B

BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements
bp	Basis point

C

CCA	Contingent Capital Awards
CDO	Collateralized debt obligation
CDS	Credit default swaps
CET1	Common equity tier 1
CFG	Customized Fund Investment Group
CFTC	Commodity Futures Trading Commission
CIFG	CIFG Assurance North America, Inc.
CMBS	Commercial mortgage-backed securities
CP	Commercial paper
CPR	Constant prepayment rate
CRD	Capital Requirement Directive IV
CSS LLC	Credit Suisse Securities (USA) LLC
CVA	Credit valuation adjustment

D

DOJ	US Department of Justice
DVA	Debit valuation adjustment

E

EBITDA	Earnings before interest, taxes, depreciation and amortization
ECB	European Central Bank
EMEA	Europe, Middle East and Africa
ETF	Exchange-traded funds
EU	European Union

F

FASB	Financial Accounting Standards Board
Fed	US Federal Reserve
FHFA	Federal Housing Finance Agency
FINMA	Swiss Financial Market Supervisory Authority FINMA
FMIA	Financial Market Infrastructure Act
FSB	Financial Stability Board

G

G-7	Group of seven leading industry nations
G-SIB	Global systemically important banks
GSE	Government-sponsored enterprise

I

IPO	Initial public offering
ISDA	International Swaps and Derivatives Association, Inc.
ISU	Incentive Share Unit

K

KPI	Key performance indicator
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L

LCR	Liquidity coverage ratio
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M

MACCS	Mandatory and contingent convertible securities
M&A	Mergers and acquisitions

N

NAV	Net asset value
NRV	Negative replacement value
NSFR	Net stable funding ratio

O

OTC	Over-the-counter
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P

PAF2	2011 Partner Asset Facility
PRV	Positive replacement value
PSA	Prepayment speed assumption

Q

QoQ	Quarter on quarter
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R

RMBS	Residential mortgage-backed securities
RWA	Risk-weighted assets

S

SCNY	Supreme Court of the State of New York, New York County
SEC	US Securities and Exchange Commission
SEI	Significant economic interest
SISU	Scaled Incentive Share Unit
SNB	Swiss National Bank
SPE	Special purpose entity
SPIA	Single Premium Immediate Annuity

T

TRS	Total return swap
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U

UK	United Kingdom
UHNWI	Ultra-high-net-worth individual
US	United States of America
US GAAP	US generally accepted accounting principles

V

VaR	Value-at-risk
VARMC	Valuation and Risk Management Committee
VIE	Variable interest entity
VIX	Chicago Board Options Exchange Market Volatility Index

Y

YoY	Year on year
Ytd	Year to date

Investor information

Share data

	in / end of			
	2013	2012	2011	2010
Share price (common shares, CHF)				
Average	26.74	21.23	31.43	45.97
Minimum	22.90	16.01	19.65	37.04
Maximum	30.29	27.20	44.99	56.40
End of period	27.27	22.26	22.07	37.67
Share price (American Depository Shares, USD)				
Average	28.85	22.70	35.36	44.16
Minimum	24.56	16.20	21.20	36.54
Maximum	33.84	29.69	47.63	54.57
End of period	30.84	24.56	23.48	40.41
Market capitalization				
Market capitalization (CHF million)	43,526	29,402	27,021	44,683
Market capitalization (USD million)	49,224	32,440	28,747	47,933
Dividend per share (CHF)				
Dividend per share	0.70 ¹	0.75 ^{2,4}	0.75 ^{3,4}	1.30 ⁴

¹ Proposal of the Board of Directors to the Annual General Meeting on May 9, 2014; to be paid out of reserves from capital contributions.

² The distribution was payable in cash of CHF 0.10 per share and in the form of new shares with an approximate value of CHF 0.65 per share.

³ The distribution was payable in cash or, subject to any legal restrictions applicable in shareholders' home jurisdictions, in new shares of Credit Suisse Group at the option of the shareholder.

⁴ Paid out of reserves from capital contributions.

Ticker symbols / stock exchange listings

	Common shares	ADS ¹
Ticker symbols		
Bloomberg	CSGN VX	CS US
Reuters	CSGN.VX	CS.N
Telekurs	CSGN,380	CS,065
Stock exchange listings		
Swiss security number	1213853	570660
ISIN number	CH0012138530	US2254011081
CUSIP number	–	225 401 108

¹ One American Depository Share (ADS) represents one common share.

Bond ratings

as of February 4, 2014	Moody's	Standard & Poor's	Fitch Ratings
Credit Suisse Group ratings			
Short-term	–	–	F1
Long-term	A2	A-	A
Outlook	Stable	Stable	Stable
Credit Suisse (the Bank) ratings			
Short-term	P-1	A-1	F1
Long-term	A1	A	A
Outlook	Stable	Stable	Stable

Share performance



Financial calendar and contacts

Financial calendar

First quarter 2014 results	Wednesday, April 16, 2014
Annual General Meeting	Friday, May 9, 2014

Investor relations

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Additional information

Results and financial information	www.credit-suisse.com/results
Printed copies	Credit Suisse AG Publikationenbestellungen/TLSA 221 P.O. Box 8070 Zurich Switzerland

US share register and transfer agent

	Deutsche Bank
ADS depository bank	Trust Company Americas
Address	Credit Suisse c/o American Stock Transfer & Trust Co. Peck Slip Station P.O. Box 2050 New York, NY 10272-2050 United States
US and Canada phone	+1 800 301 35 17
Phone from outside US and Canada	+1 718 921 81 37
E-mail	DB@amstock.com

Swiss share register and transfer agent

Address	Credit Suisse Group AG Share Register RXS 8070 Zurich Switzerland
Phone	+41 44 332 26 60
E-Mail	robert.rohner@credit-suisse.com

Foreign currency translation rates

	4Q13	3Q13	End of 4Q12	4Q13	3Q13	Average in 4Q12	2013	Average in 2012
1 USD / 1 CHF	0.89	0.90	0.92	0.90	0.93	0.93	0.93	0.93
1 EUR / 1 CHF	1.23	1.22	1.21	1.23	1.23	1.21	1.23	1.20
1 GBP / 1 CHF	1.47	1.46	1.48	1.47	1.43	1.49	1.45	1.48
100 JPY / 1 CHF	0.85	0.92	1.06	0.90	0.94	1.14	0.95	1.17

Cautionary statement regarding forward-looking information

This report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;

- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in “Risk factors” in I – Information on the company in our Annual Report 2012.



Our 2012 annual publication suite consisting of Annual Report and Corporate Responsibility Report, which also contains the Company Profile 2012, is available on our website www.credit-suisse.com/investors



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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934**

April 3, 2014

Commission File Number 001-15244

CREDIT SUISSE GROUP AG

(Translation of registrant's name into English)

Paradeplatz 8, 8001 Zurich, Switzerland
(Address of principal executive office)

Commission File Number 001-33434

CREDIT SUISSE AG

(Translation of registrant's name into English)

Paradeplatz 8, 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.

This report is being filed by Credit Suisse Group AG and Credit Suisse AG and is hereby incorporated by reference into the Registration Statement on Form F-3 (file no. 333-180300) and the Registration Statement on Form S-8 (file no. 333-101259).



CREDIT SUISSE GROUP AG

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Media Release

Proposals for the Annual General Meeting on May 9, 2014

The Board of Directors of Credit Suisse Group AG today published the agenda for the Annual General Meeting on May 9, 2014.

- **Proposal for a cash distribution to shareholders for the 2013 financial year of CHF 0.70**
- **Proposal to increase the conditional capital for the purpose of delivering shares in the context of employee stock option programs from CHF 441,983.92 (equivalent to 11,049,598 registered shares) by CHF 1,200,000 (equivalent to 30,000,000 shares) to a maximum of CHF 1,641,983.92 (equivalent to 41,049,598 registered shares)**
- **Consultative vote on the 2013 Compensation Report**
- **Proposal on the amendments to the Articles of Association to implement the new Ordinance against Excessive Compensation with respect to Listed Stock Corporations**
- **Walter B. Kielholz and Peter Brabeck-Letmathe will be stepping down from the Board of Directors at the General Meeting on May 9, 2014, after 15 years and 17 years of service, respectively**
- **All other members of the Board of Directors will be standing for re-election**
- **The Board proposes Severin Schwan and Sebastian Thrun for election to the Board of Directors as new members**
- **Election of the members of the Compensation Committee**

The proposal for the cash distribution to shareholders for the 2013 financial year was previously announced on February 6, 2014.

The 2013 Annual Report is available online.

Zurich, April 3, 2014 The Board of Directors of Credit Suisse Group AG today announced its proposals for the Annual General Meeting on May 9, 2014, including the proposal to appoint Severin Schwan and Sebastian Thrun to the Board of Directors.

With regard to the appointments of Severin Schwan and Sebastian Thrun, Urs Rohner, Chairman of the Board of Directors, said the following: "Severin Schwan has been the CEO of Roche since 2008. He is an outstanding leader with a wealth of global experience, and with deep roots in Switzerland. Sebastian Thrun is an excellent scientist, teacher and entrepreneur. He is the founder and CEO of Udacity, an online university, as well as a Google Fellow, and the founder and head of the Google X research unit. He has been a research professor in the field of artificial intelligence and robotics at Stanford University since 2003."



Media Release

April 3, 2014

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Urs Rohner added: "We are pursuing ambitious growth targets across our markets globally. Technology is fundamentally changing our clients' needs and the market environment, affording us great opportunities in private banking and investment banking worldwide, and in our home market of Switzerland. With Severin Schwan and Sebastian Thrun, two leaders have been nominated to join the Board of Directors, and their extensive experience will help us drive Credit Suisse's strategy, which is focused on clients and innovation. I look forward to working with them to shape the future of Credit Suisse."

Urs Rohner commented as follows on Walter Kielholz and Peter Brabeck stepping down from the Board of Directors: "As prominent leaders on a strong Board of Directors, Walter Kielholz and Peter Brabeck have greatly influenced the development of Credit Suisse for the last decade and a half. Thanks to their strategic foresight, global networks, and consummate knowledge of the financial industry and the corporate world, they have made a vital contribution to the evolution of Credit Suisse as an integrated bank and to its strategic development since the financial crisis. In an era in which the global economy and the requirements for banks have changed dramatically, Walter Kielholz and Peter Brabeck assumed responsibility for Credit Suisse. The bank has a great deal to thank them for. I personally have always considered it a great privilege to work with Walter Kielholz and Peter Brabeck, and I would like to wish them all the best in their new endeavors."

Distribution against Reserves from Capital Contributions

As previously announced, the Board of Directors proposes a distribution against reserves from capital contributions of CHF 0.70 per registered share in cash for the 2013 financial year.

Increase in Conditional Capital for Employee Shares

The Board of Directors proposes that the existing conditional capital for the purpose of delivering shares in the context of employee stock option programs be increased from CHF 441,983.92 (equivalent to 11,049,598 registered shares) by CHF 1,200,000 (equivalent to 30,000,000 shares) to a maximum of CHF 1,641,983.92 (equivalent to 41,049,598 registered shares).

Consultative Vote on the 2013 Compensation Report

Consistent with the practice in prior years, the 2013 Compensation Report, which is part of Credit Suisse Group AG's Annual Report, will be presented to the Annual General Meeting for a consultative vote.

Amendments to the Articles of Association

To implement the new Ordinance against Excessive Compensation with respect to Listed Stock Corporations issued by the Swiss Federal Council, the Board of Directors proposes amendments to the Articles of Association. These are outlined in the Report of the Board of Directors on the Amendments to the Articles of Association published in addition to the Invitation to the Annual General Meeting of Shareholders.

Elections to the Board of Directors

Walter B. Kielholz and Peter Brabeck-Letmathe will be stepping down from the Board of Directors at this year's Annual General Meeting. Walter Kielholz has been a member of the Board of Directors since 1999, serving as Chairman from 2003 to 2009. Peter Brabeck has been a member of the Board of Directors since 1997, and served as Vice-Chairman between 2000 and 2005, as well as from 2008 onward.

At the Annual General Meeting on May 9, 2014, the Board of Directors of Credit Suisse Group AG proposes the election of Severin

Schwan and Sebastian Thrun to the Board of Directors for a term of



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office of one year. Chairman Urs Rohner and all other members of the Board of Directors are standing for re-election for a term of office of one year. The proposal of the Board of Directors regarding the individual election of each member of the Board of Directors and its Chairman for a term of office of one year is in line with the requirements of the above-mentioned ordinance.

Elections to the Compensation Committee

In a further move to implement the above-mentioned ordinance, the Annual General Meeting will also elect the members of the Compensation Committee. The Board of Directors proposes the election of Jean Lanier, Andreas Koopmann, Iris Bohnet and Kai Nargolwala to the Compensation Committee.

Invitation to the Annual General Meeting and Publication of Agenda

The invitation and agenda for the Annual General Meeting, the Report of the Board of Directors on the Amendments to the Articles of Association, and a letter to shareholders from the Chairman of the Board of Directors are available on the Credit Suisse website at: www.credit-suisse.com/agm

2013 Annual Reports

The 2013 Annual Report and the 2013 Corporate Responsibility Report, which also includes the 2013 Company Profile, are available on the Credit Suisse website. Printed copies may be ordered free of charge from: www.credit-suisse.com/annualreporting

Information

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Credit Suisse AG

Credit Suisse AG is one of the world's leading financial services providers and is part of the Credit Suisse group of companies (referred to here as "Credit Suisse"). As an integrated bank, Credit Suisse offers clients its combined expertise in the areas of private banking, investment banking and asset management. Credit Suisse provides advisory services, comprehensive solutions and innovative products to companies, institutional clients and high net worth private clients globally, as well as to retail clients in Switzerland. Credit Suisse is headquartered in Zurich and operates in over 50 countries worldwide. The Group employs approximately 46,000 people. The registered shares (CSGN) of Credit Suisse's parent company, Credit Suisse Group AG, are listed in Switzerland and, in the form of American Depositary Shares (CS), in New York. Further information about Credit Suisse can be found at www.credit-suisse.com.

Cautionary statement regarding forward-looking information

This press release contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as "believes," "anticipates," "expects," "intends" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our

operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2014 and beyond;

- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs, and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;



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- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in “Risk factors” in I – Information on the company in our Annual Report 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

CREDIT SUISSE GROUP AG and CREDIT SUISSE AG
(Registrants)

By: /s/ Christian Schmid
Christian Schmid
Managing Director

/s/ Zsolt Zsigray
Zsolt Zsigray
Vice President

Date: April 3, 2014

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012.
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 001-15244

Credit Suisse Group AG

(Exact name of Registrant as specified in its charter)

Canton of Zurich, Switzerland

(Jurisdiction of incorporation or organization)

Paradeplatz 8, CH 8001 Zurich, Switzerland

(Address of principal executive offices)

David R. Mathers

Chief Financial Officer

Paradeplatz 8, CH 8001 Zurich, Switzerland

david.mathers@credit-suisse.com

Telephone: +41 44 333 6607

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Commission file number: 001-33434

Credit Suisse AG

(Exact name of Registrant as specified in its charter)

Canton of Zurich, Switzerland

(Jurisdiction of incorporation or organization)

Paradeplatz 8, CH 8001 Zurich, Switzerland

(Address of principal executive offices)

David R. Mathers

Chief Financial Officer

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david.mathers@credit-suisse.com

Telephone: +41 44 333 6607

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act	Name of each exchange on which registered
Credit Suisse Group AG	
American Depositary Shares each representing one Share	New York Stock Exchange
Shares par value CHF 0.04*	New York Stock Exchange*
Credit Suisse AG	
Fixed to Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Floating Rate Tier 1 Capital Notes	New York Stock Exchange
7.9% Tier 1 Capital Notes	New York Stock Exchange
Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net)	NYSE Arca
Exchange Traded Notes due April 20, 2020 Linked to the Cushing® 30 MLP Index	NYSE Arca
Exchange Traded Notes due October 6, 2020 Linked to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
Exchange Traded Notes due March 13, 2031 Linked on a Leveraged Basis to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
Market Neutral Equity ETN Linked to the HS Market Neutral Index Powered by HOLT™ due September 22, 2031	NYSE Arca
VelocityShares Daily Inverse VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily Inverse VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily 2x VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily 2x VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares™ 3x Long Gold ETN Linked to the S&P GSCI® Gold Index ER due October 14, 2031	NYSE Arca
VelocityShares™ 3x Long Silver ETN Linked to the S&P GSCI® Silver Index ER due October 14, 2031	NYSE Arca
VelocityShares™ 2x Long Platinum ETN Linked to the S&P GSCI® Platinum Index ER due October 14, 2031	NYSE Arca
VelocityShares™ 3x Inverse Gold ETN Linked to the S&P GSCI® Gold Index ER due October 14, 2031	NYSE Arca
VelocityShares™ 3x Inverse Silver ETN Linked to the S&P GSCI® Silver Index ER due October 14, 2031	NYSE Arca
VelocityShares™ 2x Inverse Platinum ETN Linked to the S&P GSCI® Platinum Index ER due October 14, 2031	NYSE Arca
VelocityShares™ 3x Long Brent Crude ETN Linked to the S&P GSCI® Brent Crude Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Long Crude Oil ETN Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Long Natural Gas ETN Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Inverse Brent Crude ETN Linked to the S&P GSCI® Brent Crude Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Inverse Crude Oil ETN Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Inverse Natural Gas ETN Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032	NYSE Arca
Credit Suisse Gold Shares Covered Call Exchange Traded Notes (ETNs) due February 2, 2033 Linked to the Credit Suisse NASDAQ Gold FLOWS™ 103 Index	The Nasdaq Stock Market

* Not for trading, but only in connection with the registration of the American Depositary Shares

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2012: 1,293,793,091 shares of Credit Suisse Group AG

Indicate by check mark if the Registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the Registrants are not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether Registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filers Accelerated filers Non-accelerated filers

Indicate by check mark which basis of accounting the Registrants have used to prepare the financial statements included in this filing:

U.S. GAAP International Other
Financial Reporting Standards
as issued by the
International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

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If this is an annual report, indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act)

Yes No

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Definitions

For the purposes of this Form 20-F and the attached Annual Report 2012, unless the context otherwise requires, the terms "Credit Suisse Group," "Credit Suisse," "the Group," "we," "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries and the term "the Bank" means Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

The business of the Bank is substantially similar to the Group and, except where noted or the context otherwise requires, information relating to the Group is also relevant to the Bank.

Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Annual Report 2012.

Sources

Throughout this Form 20-F and the attached Annual Report 2012, we describe the position and ranking of our various businesses in certain industry and geographic markets. The sources for such descriptions come from a variety of conventional publications generally accepted as relevant business indicators by members of the financial services industry. These sources include: Standard & Poor's, Thomson Financial, Dealogic, the Loan Pricing Corporation, Institutional Investor, Lipper, Moody's Investors Service and Fitch Ratings.

Cautionary statement regarding forward-looking information

For Credit Suisse and the Bank, please see Cautionary statement regarding forward-looking information on the inside page of the back cover of the attached Annual Report 2012.

Part I

Item 1. Identity of directors, senior management and advisers.

Not required because this Form 20-F is filed as an annual report.

Item 2. Offer statistics and expected timetable.

Not required because this Form 20-F is filed as an annual report.

Item 3. Key information.

A – Selected financial data.

For Credit Suisse and the Bank, please see Appendix – Selected five-year information – Group on page A-2 and – Bank on page A-3 of the attached Annual Report 2012. In addition, please see IX – Additional information – Other information – Foreign currency translation rates on page 540 of the attached Annual Report 2012.

B – Capitalization and indebtedness.

Not required because this Form 20-F is filed as an annual report.

C – Reasons for the offer and use of proceeds.

Not required because this Form 20-F is filed as an annual report.

D – Risk factors.

For Credit Suisse and the Bank, please see I – Information on the company – Risk factors on pages 37 to 45 of the attached Annual Report 2012.

Item 4. Information on the company.

A – History and development of the company.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 22 to 23, and IV – Corporate Governance and Compensation – Corporate Governance – Overview – Company on pages 154 to 156 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 3 – Business developments and subsequent events in V – Consolidated financial statements – Credit Suisse Group on pages 244 to 245 of the attached Annual Report 2012 and, for the Bank, please see Note 3 – Business developments and subsequent events in VII – Consolidated financial statements – Credit Suisse (Bank) on page 414 of the attached Annual Report 2012.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 10 to 36 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 245 to 248 of the attached Annual Report 2012 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 415 to 416 of the attached Annual Report 2012.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 22 to 23 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on pages 53 to 54 of the attached Annual Report 2012. For a list of Credit Suisse's significant subsidiaries, please see Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 364 to 366 of the attached Annual Report 2012 and, for a list of the Bank's significant subsidiaries, please see Note 36 – Significant sub-

subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 490 to 492 of the attached Annual Report 2012.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on page 539 of the attached Annual Report 2012.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 514 to 533 of the attached Annual Report 2012. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Credit risk – Loans – Impaired loans on pages 142 to 143 and – Provision for credit losses on page 144 of the attached Annual Report 2012.

Item 4A. Unresolved staff comments.

None.

Item 5. Operating and financial review and prospects.

A – Operating results.

For Credit Suisse and the Bank, please see II – Operating and financial review on pages 48 to 94 of the attached Annual Report 2012. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 24 to 36 of the attached Annual Report 2012 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Foreign exchange exposure and interest rate management on page 120.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management and – Capital management on pages 96 to 120 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 270 to 271 and Note 35 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 355 of the attached Annual Report 2012 and, for the Bank, please see Note 23 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 433 and Note 34 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 489 of the attached Annual Report 2012.

C – Research and development, patents and licenses, etc.

Not applicable.

D – Trend information.

For Credit Suisse and the Bank, please see Item 5.A of this Form 20-F. In addition, for Credit Suisse and the Bank, please see I – Information on the Company – Our businesses on pages 13 to 21 of the attached Annual Report 2012.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations on pages 149 to 152 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 30 – Derivatives and hedging activities, Note 31 – Guarantees and commitments and Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 300 to 326 of the attached Annual Report 2012 and, for the Bank, please see Note 29 – Derivatives and hedging activities, Note 30 – Guarantees and commitments and Note 31 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 455 to 471 of the attached Annual Report 2012.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on page 152 of the attached Annual Report 2012.

Item 6. Directors, senior management and employees.**A – Directors and senior management.**

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors, – Board Committees, – Biographies of the Board Members, – Executive Board and – Biographies of the Executive Board Members on pages 161 to 183 of the attached Annual Report 2012.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 187 to 220 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 11 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 251, Note 27 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 278 to 286 and Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 290 to 300, and Note 3 – Compensation to members of the Executive Board and the Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 387 to 396 of the attached Annual Report 2012 and, for the Bank, please see Note 11 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 419, Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 440 to 444 and Note 28 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 447 to 455 of the attached Annual Report 2012.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance on pages 154 to 185 of the attached Annual Report 2012.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Employees on page 156. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Core Results on pages 55 to 67 of the attached Annual Report 2012.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 187 to 220 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 27 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 278 to 286, and Note 3 – Compensation to members of the Executive Board and Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 387 to 396 of the attached Annual Report 2012. For the Bank, please see Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 440 to 444 of the attached Annual Report 2012.

Item 7. Major shareholders and related party transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Shareholders on pages 157 to 161 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 3 – Business developments and subsequent events in V – Consolidated financial statements – Credit Suisse Group on pages 244 to 245, Note 5 – Own shares held by the company and by group companies and Note 6 – Significant shareholders in VI – Parent company financial statements – Credit Suisse Group on page 396 of the attached Annual Report 2012. Credit Suisse's major shareholders do not have different voting rights. The Bank has 43,996,652 shares outstanding and is a wholly-owned subsidiary of Credit Suisse.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 187 to 220 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 286 to 289 and Note 3 – Compensation to members of the Executive Board and the Board of Directors – Board of Directors loans in VI – Parent company financial statements – Credit Suisse Group on pages 387 to 396 of the attached Annual Report 2012 and, for the Bank, please see Note 27 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 445 to 446 of the attached Annual Report 2012.

C – Interests of experts and counsel.

Not applicable because this Form 20-F is filed as an annual report.

Item 8. Financial information.

A – Consolidated statements and other financial information.

Please see Item 18 of this Form 20-F.

For a description of Credit Suisse's legal and arbitration proceedings, please see Note 37 – Litigation in V – Consolidated financial statements – Credit Suisse Group on pages 357 to 363 of the attached Annual Report 2012. For a description of the Bank's legal and arbitration proceedings, please see Note 35 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 490 of the attached Annual Report 2012.

For a description of Credit Suisse's policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Dividends and dividend policy on pages 119 to 120 of the attached Annual Report 2012.

B – Significant changes.

None.

Item 9. The offer and listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Other information – Listing details on page 539 of the attached Annual Report 2012. Shares of the Bank are not listed.

B – Plan of distribution, D – Selling shareholders, E – Dilution, F – Expenses of the issue.

Not required because this Form 20-F is filed as an annual report.

Item 10. Additional information.

A – Share capital.

Not required because this Form 20-F is filed as an annual report.

B – Memorandum and Articles of Association.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview, – Shareholders and – Board of Directors on pages 154 to 177 and – Additional information – Changes of control and defense measures on page 183 and – Liquidation on page 185 of the attached Annual Report 2012. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 534 of the attached Annual Report 2012. Shares of the Bank are not listed.

C – Material contracts.

Neither Credit Suisse nor the Bank has any contract that would constitute a material contract for the two years immediately preceding this Form 20-F.

D – Exchange controls.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Exchange controls on page 534 of the attached Annual Report 2012.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 534 to 537 of the attached Annual Report 2012. The Bank does not have any public shareholders.

F – Dividends and paying agents.

Not required because this Form 20-F is filed as an annual report.

G – Statement by experts.

Not required because this Form 20-F is filed as an annual report.

H – Documents on display.

Credit Suisse and the Bank file annual reports on Form 20-F and furnish or file quarterly and other reports on Form 6-K and other information with the SEC pursuant to the requirements of the Securities Exchange Act of 1934, as amended. These materials are available to the public over the Internet at the SEC's website at www.sec.gov and from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (telephone 1-800-SEC-0330). SEC reports are also available for review at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005. Further, our reports on Form 20-F, Form 6-K and certain other materials are available on the Credit Suisse website at www.credit-suisse.com. Information contained on our website is not incorporated by reference into this Form 20-F.

In addition, Credit Suisse's parent company financial statements, together with the notes thereto, are set forth on pages 381 to 400 of the attached Annual Report 2012 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 495 to 512 of the attached Annual Report 2012 and incorporated by reference herein.

I – Subsidiary information.

Not applicable.

Item 11. Quantitative and qualitative disclosures about market risk.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 121 to 148 of the attached Annual Report 2012.

Item 12. Description of securities other than equity securities.

A – Debt Securities, B – Warrants and Rights, C – Other Securities.

Not required because this Form 20-F is filed as an annual report.

D – American Depositary Shares.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional information – American Depositary Share fees on page 185 of the attached Annual Report 2012. Shares of the Bank are not listed.

Part II

Item 13. Defaults, dividend arrearages and delinquencies.

None.

Item 14. Material modifications to the rights of security holders and use of proceeds.

None.

Item 15. Controls and procedures.

For Credit Suisse's management report and the related report from the Group's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in V – Consolidated financial statements – Credit Suisse Group on pages 379 to 380 of the attached Annual Report 2012. For the Bank's management report and the related report from the Bank's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 493 to 494 of the attached Annual Report 2012.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors – Board committees – Audit Committee on pages 165 to 166 of the attached Annual Report 2012.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Corporate governance framework on page 155 of the attached Annual Report 2012.

Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional Information – Internal and external auditors on pages 183 to 184 of the attached Annual Report 2012.

Item 16D. Exemptions from the listing standards for audit committee.

None.

Item 16E. Purchases of equity securities by the issuer and affiliated purchasers.

For Credit Suisse, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Share repurchases on page 119 of the attached Annual Report 2012. The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Item 16F. Change in registrants' certifying accountant.

None.

Item 16G. Corporate governance.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Complying with rules and regulations on pages 154 to 155 of the attached Annual Report 2012. Shares of the Bank are not listed.

Item 16H. Mine Safety Disclosure.

None.

Part III**Item 17. Financial statements.**

Not applicable.

Item 18. Financial statements.

Credit Suisse's consolidated financial statements, together with the notes thereto and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 221 to 380 of the attached Annual Report 2012 and incorporated by reference herein. The Bank's consolidated financial statements, together with the notes thereto (and any notes or portions thereof in the consolidated financial statements of Credit Suisse Group referred to therein) and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 401 to 494 of the attached Annual Report 2012 and incorporated by reference herein.

Item 19. Exhibits.

- 1.1 Articles of association (Statuten) of Credit Suisse Group AG as of February 6, 2013.
- 1.2 Articles of association (Statuten) of Credit Suisse AG as of May 2, 2011 (incorporated by reference to Exhibit 1.2 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2011 filed on March 23, 2012).
- 1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG as of October 24, 2012.
- 2.1 Pursuant to the requirement of this item, we agree to furnish to the SEC upon request a copy of any instrument defining the rights of holders of long-term debt of us or of our subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.
- 4.1 Agreement, dated February 13, 2011, among Comp petrol Establishment, Credit Suisse Group (Guernsey) II Limited and Credit Suisse Group AG (incorporated by reference to Exhibit 99.1 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).
- 4.2 Agreement, dated February 13, 2011, among Qatar Holding LLC, Credit Suisse Group (Guernsey) II Limited and Credit Suisse Group AG (incorporated by reference to Exhibit 99.2 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).
- 4.3 Amendment Agreement, dated July 18, 2012, among Comp petrol Establishment, Credit Suisse Group (Guernsey) II Limited, Credit Suisse Group AG and Credit Suisse AG, acting through its Guernsey Branch (incorporated by reference to Exhibit 99.3 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).
- 4.4 Purchase and Underwriting Agreement, dated as of July 17, 2012, between Credit Suisse AG and Comp petrol Establishment.
- 4.5 Purchase and Underwriting Agreement, dated as of July 18, 2012, between Credit Suisse AG and Qatar Holding LLC.
- 7.1 Computations of ratios of earnings to fixed charges of Credit Suisse and of the Bank are set forth under IX – Additional Information – Statistical information – Ratio of earnings to fixed charges – Group and – Ratio of earnings to fixed charges – Bank on page 533 of the attached Annual Report 2012 and incorporated by reference herein.
- 8.1 Significant subsidiaries of Credit Suisse are set forth in Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 364 to 366, and significant subsidiaries of the Bank are set forth in Note 36 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 490 to 492 in the attached Annual Report 2012 and incorporated by reference herein.
- 9.1 Consent of KPMG AG, Zurich with respect to Credit Suisse Group AG consolidated financial statements.
- 9.2 Consent of KPMG AG, Zurich with respect to the Credit Suisse AG consolidated financial statements.
- 12.1 Rule 13a-14(a) certification of the Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.2 Rule 13a-14(a) certification of the Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1 Certifications pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Credit Suisse Group AG and Credit Suisse AG.
- 101.1 Interactive Data Files (XBRL-Related Documents).

SIGNATURES

Each of the registrants hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CREDIT SUISSE GROUP AG

(Registrant)

Date: March 22, 2013

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer

CREDIT SUISSE AG

(Registrant)

Date: March 22, 2013

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer

Exhibit 9.1

Consent of the Independent Registered Public Accounting Firm to the Board of Directors of Credit Suisse Group AG

We consent to the incorporation by reference in the registration statement (No. 333-180300) on Form F-3 and in the registration statement (No. 333-101259) on Form S-8 of Credit Suisse Group AG of our reports dated March 22, 2013 with respect to the consolidated balance sheets of Credit Suisse Group AG and its subsidiaries (the "Group") as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes for each of the years in the three-year period ended December 31, 2012, and the effectiveness of internal control over financial reporting as of December 31, 2012, which reports appear in the December 31, 2012 annual report on Form 20-F of the Group.

KPMG AG

/s/ Simon Ryder
Simon Ryder
Licensed Audit Expert
Auditor in Charge

/s/ Anthony Anzevino
Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
March 22, 2013

Exhibit 9.2

Consent of the Independent Registered Public Accounting Firm to the Board of Directors of Credit Suisse AG

We consent to the incorporation by reference in the registration statement (No. 333-180300) on Form F-3 of Credit Suisse AG of our reports dated March 22, 2013 with respect to the consolidated balance sheets of Credit Suisse AG and its subsidiaries (the "Bank") as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes for each of the years in the three-year period ended December 31, 2012, and the effectiveness of internal control over financial reporting as of December 31, 2012, which reports appear in the December 31, 2012 annual report on Form 20-F of the Bank.

KPMG AG

/s/ Simon Ryder
Simon Ryder
Licensed Audit Expert
Auditor in Charge

/s/ Anthony Anzevino
Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
March 22, 2013

Exhibit 12.1

I, Brady W. Dougan, certify that:

1. I have reviewed this annual report on Form 20-F of Credit Suisse Group AG and Credit Suisse AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of each of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Dated: March 22, 2013

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG

Exhibit 12.2

I, David R. Mathers, certify that:

1. I have reviewed this annual report on Form 20-F of Credit Suisse Group AG and Credit Suisse AG;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of each of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

Dated: March 22, 2013

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG

Exhibit 13.1

Annual Certification

Pursuant to Section 906 of the Sarbanes – Oxley Act of 2002

Pursuant to subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code, each of the undersigned officers of Credit Suisse Group AG and Credit Suisse AG, incorporated in Switzerland (the “Companies”), does hereby certify, to such officer’s knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2012 of the Companies fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Companies for such period presented.

Dated: March 22, 2013

/s/ Brady W. Dougan

Name: Brady W. Dougan

Title: Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG

Dated: March 22, 2013

/s/ David R. Mathers

Name: David R. Mathers

Title: Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG



CREDIT SUISSE

Annual Report 2012

Credit Suisse Group AG & Credit Suisse AG

Financial highlights

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Net income (CHF million)					
Net income attributable to shareholders	1,349	1,953	5,098	(31)	(62)
of which from continuing operations	1,349	1,953	5,117	(31)	(62)
Earnings per share (CHF)					
Basic earnings per share	0.82	1.37	3.91	(40)	(65)
Diluted earnings per share	0.81	1.36	3.89	(40)	(65)
Return on equity (%)					
Return on equity attributable to shareholders	3.9	6.0	14.4	-	-
Core Results (CHF million) ¹					
Net revenues	23,606	25,429	30,625	(7)	(17)
Provision for credit losses	170	187	(79)	(9)	-
Total operating expenses	21,557	22,493	23,904	(4)	(6)
Income from continuing operations before taxes	1,879	2,749	6,800	(32)	(60)
Core Results statement of operations metrics (%) ¹					
Cost/income ratio	91.3	88.5	78.1	-	-
Pre-tax income margin	8.0	10.8	22.2	-	-
Effective tax rate	26.4	24.4	22.8	-	-
Net income margin ²	5.7	7.7	16.6	-	-
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,250.8	1,185.2	1,205.3	5.5	(1.7)
Net new assets	10.8	46.6	62.4	(76.8)	(25.3)
Balance sheet statistics (CHF million)					
Total assets	924,280	1,049,165	1,032,005	(12)	2
Net loans	242,223	233,413	218,842	4	7
Total shareholders' equity	35,498	33,674	33,282	5	1
Tangible shareholders' equity ³	26,866	24,795	24,385	8	2
Book value per share outstanding (CHF)					
Total book value per share	27.44	27.59	28.35	(1)	(3)
Tangible book value per share ³	20.77	20.32	20.77	2	(2)
Shares outstanding (million)					
Common shares issued	1,320.8	1,224.3	1,186.1	8	3
Treasury shares	(27.0)	(4.0)	(12.2)	-	(67)
Shares outstanding	1,293.8	1,220.3	1,173.9	6	4
Market capitalization					
Market capitalization (CHF million)	29,402	27,021	44,683	9	(40)
Market capitalization (USD million)	32,440	28,747	47,933	13	(40)
BIS statistics (Basel II.5) ⁴					
Risk-weighted assets (CHF million)	224,296	241,753	247,702	(7)	(2)
Tier 1 ratio (%)	19.4	15.2	14.2	-	-
Core tier 1 ratio (%)	15.5	10.7	9.7	-	-
Dividend per share (CHF)					
Dividend per share	0.75 ⁵	0.75 ⁶	1.30 ⁶	-	-
Number of employees (full-time equivalents)					
Number of employees	47,400	49,700	50,100	(5)	(1)

¹ Refer to "Credit Suisse reporting structure and Core Results" and "Core Results" in II – Operating and financial review for further information on Core Results. ² Based on amounts attributable to shareholders. ³ A non-GAAP financial measure. Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets as shown on our balance sheet from total shareholders' equity. ⁴ Under Basel II.5 since December 31, 2011. Previously reported under Basel II. Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information. ⁵ Proposal of the Board of Directors to the Annual General Meeting on April 26, 2013. Refer to "Capital trends and capital distribution proposal" in II – Operating and financial review – Core Results – Information and developments for further information. ⁶ Paid out of reserves from capital contributions.

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For the purposes of this report, unless the context otherwise requires, the terms "Credit Suisse Group", "Credit Suisse", "the Group", "we", "us" and "our" mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term "the Bank" when we are referring only to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries. Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of this report. Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report. In various tables, use of "-" indicates not meaningful or not applicable.

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Annual Report

The Annual Report 2012 is a detailed presentation of the Group's annual financial statements, company structure, corporate governance and compensation practices, treasury and risk management framework and a review of our operating and financial results.

Cover: Inside courtyard of Uetlihof 2, Credit Suisse, Zurich, Switzerland.



Corporate Responsibility Report and Company Profile

For a detailed presentation on how the Group assumes its diverse social and environmental responsibilities when conducting its business activities, refer to the Corporate Responsibility Report 2012. This publication is complemented by our **Responsibility Chronicle** that adds a multimedia dimension to the publication by providing a selection of reports, videos and picture galleries that focus on our international projects and initiatives. The Company Profile 2012 is enclosed in the Corporate Responsibility Report and contains key financial figures as well as strategic information. www.credit-suisse.com/responsibility



Brady W. Dougan, Chief Executive Officer (left) and Urs Rohner, Chairman of the Board of Directors.

Message from the Chairman and the Chief Executive Officer

Dear shareholders, clients and colleagues

2012 was a year of transition for the financial services industry, as banks sought to adapt to new regulatory requirements, changing macroeconomic conditions and evolving client needs. Especially following the escalation of the Eurozone debt crisis, there was further debate about the mode and pace of implementation of the Basel III regulatory framework and the Swiss “Too Big to Fail” legislation. In Switzerland, developments in the cross-border wealth management business were driven by the focus on finding a politically acceptable basis for the future of this business and ongoing efforts to resolve legacy tax matters, particularly with other European countries and the US.

In response to this changing industry landscape, we took swift and decisive action during 2012 – building on the strategic steps we have been taking since 2008. In 2012, we substantially strengthened our capital position, lowered our cost base, reduced balance sheet assets both in terms of total assets and risk-weighted assets, and adapted the organizational structure of our businesses. Throughout this transformation, we maintained our strong market share momentum across businesses, continued to invest in key markets and achieved consistent pre-tax income during 2012 on an underlying* basis.

We now have a business model that is focused on those areas of business, where we can create value for clients and shareholders in the new environment. We are confident that the combination of a leading global wealth and asset management business for both private and institutional clients and a focused investment bank, together with our universal bank in our Swiss home market, provides us with a broad-based business structure and balanced income streams.

Significant progress in transforming our bank

We took further significant steps in 2012 to adapt our organization to new regulatory requirements and the changing market environment, as well as to evolving client needs:

- We further reduced our Basel III risk-weighted assets by CHF 55 billion, ending 2012 with Group-wide risk-weighted assets of CHF 284 billion. With that we are close to our target of less than CHF 280 billion in risk-weighted assets by year-end 2013.
- We strengthened our capital position by adding CHF 12.3 billion in pro-forma Look-through Swiss Core Capital** and our capital program is on track to achieve the end-2018 requirement of a 10% Swiss Core Capital ratio by mid-2013.
- We lowered our cost base by CHF 2.0 billion compared to the adjusted* annualized run-rate for the first half of 2011 and we are underway to achieve our CHF 4.4 billion run-rate reduction target by end-2015.
- We adapted the business models and organizational structure of our businesses. We created an integrated Private Banking & Wealth Management division with a strong global footprint that will continue to be a key revenue driver for the bank. We transformed our Investment Banking division to be Basel III compliant and remain focused on our market-leading, high-return businesses.

Throughout this transformation, we generated solid revenues and an underlying* return on equity of 10% for the full year 2012, and we maintained our strong market share momentum.

Developments in our individual businesses

In Private Banking & Wealth Management, we made good progress in adapting our business to the new environment while continuing to achieve strong client momentum and improving profitability. We are confident that the organizational steps that we announced in November 2012 to better manage the alignment of the products, advice and services that we deliver to clients will further increase our productivity and efficiency. The integrated Private Banking & Wealth Management division, which is led by Hans-Ulrich Meister and Robert Shafir, comprises our Wealth Management Clients business and Asset Management business, as well as our Corporate & Institutional Clients business in Switzerland. With its strong global presence, our Wealth Management Clients business is in a good position to operate successfully in the new regulatory environment and to generate attractive returns despite ongoing margin pressure in the industry. Our Asset Management business is focused on liquid, scalable alternative investment products and multi-asset class solutions and on close collaboration with our other businesses. Asset Management has a particularly strong position in our Swiss home market.

In Investment Banking, we have transformed our business model and are one of the first global banks to be Basel III compliant. In 2012, we generated higher revenues and higher returns on significantly less risk-weighted assets and on a substantially reduced expense base. In November 2012, we announced the appointment of Gaël de Boissard, head of Fixed Income, to the Executive Board to lead the Investment Banking division with Eric Varvel, who is continuing to run the Equities and Investment Banking departments within the division. The new organizational structure for Investment Banking reflects the importance of the Equities and Underwriting & Advisory businesses. At the same time, it also recognizes the progress we have made in evolving our Fixed Income business to the new environment and the strength of this business for Credit Suisse. The streamlined organization builds on the strategic steps we have taken since 2008 and helps us to execute our business strategy, including continued market share growth, reallocation of capital toward a better balance between Private Banking & Wealth Management and Investment Banking, and further progress in reducing costs.

We have also adapted our Shared Services functions to the changing business priorities. Shared Services provides support in the areas of finance, operations, human resources, legal and compliance, risk management and IT. In 2012, we created a combined Finance, Operations and IT function that enables the bank to accelerate progress towards a common infrastructure, achieve greater coordination to partner with the business efficiently and improve client access to our industry-

leading products. We also transferred further services to our Centers of Excellence around the globe. We expect the strategic importance of these centers to increase further in future.

Our performance in 2012

For the full year 2012, we delivered underlying* Core pre-tax income of CHF 5,008 million, more than double the CHF 2,371 million in the prior year. Underlying* net income attributable to shareholders was CHF 3,577 million and underlying* return on equity was 10%. After taking account of significant non-operating items, including fair value charges on own debt of CHF 2,939 million due to the improvement of our own credit spreads, our reported Core pre-tax income was CHF 1,879 million, net income attributable to shareholders was CHF 1,349 million and return on equity was 3.9%.

In Private Banking & Wealth Management, net revenues of CHF 13,541 million were stable compared to 2011, despite the adverse impacts of continued low transaction levels and the low interest rate environment. Total operating expenses of CHF 9,584 million decreased 8% compared to the prior year, and 3% excluding the litigation provisions of CHF 478 million in 2011 in connection with the German and US tax matters. The lower expenses reflect the efficiency measures we implemented throughout 2012, including the integration of Clariden Leu. Private Banking & Wealth Management recorded net asset inflows of CHF 40.6 billion for the full year across all regions, particularly from emerging markets and the ultra-high-net-worth client segment. However, these inflows were partly offset by significant items, including an outflow of a single low-margin client mandate in the amount of CHF 14.7 billion in the first quarter of 2012, structural outflows of CHF 6.9 billion in Western Europe and outflows of CHF 7.5 billion relating to the integration of Clariden Leu. As a result, Private Banking & Wealth Management reported net new assets for the full year 2012 amounting to CHF 10.8 billion.

For 2012, Investment Banking net revenues were CHF 12,558 million, up 20% compared to the prior year. This increase was primarily due to higher fixed income revenues, which reflected a more favorable market environment and the strength of our repositioned franchise. Total operating expenses in Investment Banking declined by 4% compared to the prior year, primarily due to the benefits of our efficiency measures. In 2012, Investment Banking reduced risk-weighted assets by USD 55 billion to USD 187 billion compared to 2011 and is continuing to make substantial progress toward its target of reducing risk-weighted assets to below USD 175 billion by end- 2013. Investment Banking's normalized* return on Basel III allocated capital improved to 14% in 2012, excluding losses from the wind-down portfolio.

We continued to see the benefits of the integrated bank model in 2012, with 18.6% of Group-wide net revenues generated as a result of collaboration among our businesses.

Creating value for our stakeholders

We want to be a company that is close to our clients and provides them with the best service, generates superior returns for our shareholders, is considered a great employer by the over 47,000 people who work for us around the world and is a contributing member of the communities where we operate. We have adapted decisively to the structural changes in our operating environment and have addressed the needs of our stakeholders. We are confident that the actions we have taken in 2012 and the steps we will implement going forward position us as a strong and reliable partner to our clients, shareholders and employees.

We would like to thank our shareholders and clients for their loyalty to Credit Suisse and for the trust they placed in us in 2012. We particularly wish to thank all our employees for their continued commitment and their valuable contribution to the success of our business.

Yours sincerely,

Urs Rohner
Chairman of the
Board of Directors

Brady W. Dougan
Chief Executive Officer

March 2013

* Underlying, normalized and adjusted results are non-GAAP financial measures. The table below includes a reconciliation of certain of these measures. For further information on the calculation of underlying, normalized and adjusted measures, including reconciliations for historical periods, the cost run rate on an adjusted annualized basis and Investment Banking's normalized return on Basel III allocated capital for ongoing businesses, see the 4Q12 Results Presentation Slides.

** As of January 1, 2013, Basel III was implemented in Switzerland along with the "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with the current interpretation of such requirements, including relevant assumptions. Changes in the final implementation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown herein. In addition, we have calculated our 2012 pro forma Look-through Swiss Core Capital assuming the successful completion of the remaining CHF 0.8 billion of capital measures we announced in July 2012.

in	Core pre-tax income		Net income attributable to shareholders		Return on equity (%)	
	2012	2011	2012	2011	2012	2011
Overview of significant items (CHF million)						
Reported results	1,879	2,749	1,349	1,953	3.9	6.0
Fair value losses/(gains) from movement in own credit spreads	2,939	(1,616)	2,261	(1,151)	–	–
Realignment costs	680	847	477	640	–	–
Gain on sale of stake in Aberdeen Asset Management	(384)	(15)	(326)	(13)	–	–
Gain on sale of non-core business (Clariden Leu integration)	(41)	–	(37)	–	–	–
Impairment of Asset Management Finance LLC and other losses	68	–	41	–	–	–
Gain on sale of real estate	(533)	(72)	(445)	(60)	–	–
Gain on sale of Wincasa	(45)	–	(45)	–	–	–
Losses on planned sale of certain private equity investments	82	–	72	–	–	–
Litigation provisions	363 ¹	478 ²	230 ¹	428 ²	–	–
Underlying results	5,008	2,371	3,577	1,797	10.0	5.5

¹ Includes CHF 136 million (CHF 96 million after tax) related to significant Investment Banking litigation provisions in the third quarter of 2012 and CHF 227 million (CHF 134 million after tax) NCFE-related litigation provisions in the fourth quarter of 2012. ² Related to litigation provisions in connection with German and US tax matters.

Credit Suisse at a glance

Credit Suisse

As one of the world's leading financial services providers, we are committed to delivering our combined financial experience and expertise to corporate, institutional and government clients and to high-net-worth individuals worldwide, as well as to private clients in Switzerland. Founded in 1856, today we have a global reach with operations in over 50 countries and 47,400 employees from approximately 100 different nations. Our broad footprint helps us to generate a geographically balanced stream of revenues and net new assets and allows us to capture diverse growth opportunities around the world. We serve our diverse clients through our two divisions, which cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

Private Banking & Wealth Management

Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients we serve ultra-high-net-worth and high-net-worth individuals around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across diverse asset classes and investment styles, serving governments, institutions, corporations and individuals worldwide.

Investment Banking

Investment Banking provides a broad range of financial products and services, including global securities sales, trading and execution, prime brokerage and capital raising services, corporate advisory and comprehensive investment research, with a focus on businesses that are client-driven, flow-based and capital-efficient. Clients include corporations, governments, institutional investors, including hedge funds, and private individuals around the world. Credit Suisse delivers its investment banking capabilities via regional and local teams based in major global financial centers. Strongly anchored in Credit Suisse's integrated model, Investment Banking works closely with Private Banking & Wealth Management to provide clients with customized financial solutions.



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Strategy

An integrated global bank

We offer our clients in Switzerland and around the world a broad range of traditional and customized banking services and products. We believe that our ability to serve clients globally with solutions tailored to their needs gives us a strong advantage in today's rapidly changing and highly competitive marketplace.

We operate as an integrated bank, combining our strengths and expertise in our two global divisions, Private Banking & Wealth Management and Investment Banking. Our divisions are supported by our Shared Services functions, which provide corporate services and business solutions while ensuring a strong compliance culture. Our global structure comprises four regions: Switzerland; Europe, Middle East and Africa; Americas and Asia Pacific. With our local presence and global approach, we are well positioned to respond to changing client needs and our operating environment.

Progress across key strategic pillars

In 2012, we made significant progress in evolving our client-focused, capital-efficient strategy to meet emerging client needs and regulatory trends while delivering attractive returns to shareholders. We undertook considerable efforts to adapt our business portfolio, to optimize and strengthen our capital position and to reduce our cost base. As a result of these actions, we believe that Credit Suisse today is better positioned to perform in a challenging market environment and compete in our chosen businesses and markets around the world.

- ▶ Refer to "Cost savings and strategy implementation" in II – Operating and financial review – Core Results – Information and developments for further information on Group cost efficiencies.
- ▶ Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on capital trends.

Organizational alignment

In November 2012, we announced an alignment of our organization to further strengthen our focus and ensure a more comprehensive execution of our strategy. We integrated our former Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division,

including the majority of our securities trading and sales business in Switzerland, which was transferred from the Investment Banking division. We evolved certain responsibilities on our Executive Board so that the four heads of our two business divisions are each also responsible for one of our four regions. The modified management structure allows for efficient cross-regional and cross-divisional collaboration to better realize revenue opportunities with more effective alignment between legal entities and their management structure, which also meets regulatory expectations.

Private Banking & Wealth Management

Our Private Banking & Wealth Management division is comprised of our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients, we continue to focus on our international growth strategy, most notably fast growing and large onshore markets, as well as our ultra-high-net-worth individual client segment (UHNWI), while building on our strong position in the Swiss market and enhancing our efficiency. Further, we have realigned our organization in the Swiss market to balance growth in market share with operating efficiency. In our Corporate & Institutional Clients business, we further strengthened our focus on the specific client needs in our different businesses. In our Asset Management business, we strengthened our focus on liquid, scalable alternative investment products and multi-asset class solutions, while exiting subscale or less capital-efficient businesses and selectively optimizing our footprint.

Investment Banking

In the Investment Banking division, we remain committed to offering our clients a broad spectrum of equities, fixed income, and investment banking advisory products and services. We are focused on businesses where we have a competitive advantage and where we are able to operate profitably and with an attractive return on capital in the new regulatory environment. While the industry still faces substantial restructuring, we have substantially completed our transformation to a business model which is fully compliant with the Basel III regulatory framework. We will continue to redeploy capital to our market-leading, high-returning businesses while continuing to reduce risk weighted assets and our cost base to further improve returns.

Group cost efficiencies

In 2012, we continued to implement cost efficiency initiatives achieving our original cost savings target of CHF 2 billion one year early relative to the annualized first half 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses. We continue to adjust and optimize our footprint across businesses and regions and adapt Shared Services to changing business priorities.

As a result of the integration of our new Private Banking & Wealth Management division and other measures we are taking, in February 2013 we updated our overall cost savings targets relative to the annualized first half 2011 expense run rate to CHF 3.2 billion in 2013, CHF 3.8 billion by the end of 2014 and CHF 4.4 billion by the end of 2015, adjusted on the same basis as described above. We expect to incur CHF 1.6 billion of business realignment costs associated with these measures during the course of 2013 to 2015.

- ▶ Refer to “Cost savings and strategy implementation” in II – Operating and financial review – Core Results – Information and developments for further information on group cost efficiencies.

Group priorities

We expect our client-focused, capital-efficient strategy to benefit from a more constructive market environment while limiting our risk exposure in down markets. We have increased clarity on our future regulatory environment, and we are well advanced on implementation.

We target an annual after-tax return on equity (ROE) of 15% across market cycles. Building on the momentum we have established, we aim to further focus on our most profitable client businesses, gain market share and strengthen our geographic footprint, including our goal to achieve a 25% revenue contribution from emerging markets by 2014. To achieve our goals, we continue to focus on the following priorities:

Client focus

We put our clients' needs first. We aspire to be a consistent, reliable, flexible and long-term partner focused on clients with complex and multi-product needs, such as UNHWI, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds. By listening attentively to their needs and offering superior solutions, we empower our clients to make better financial decisions. Against the backdrop of significant changes within our industry, we strive to consistently enable our clients to realize their goals and thrive. We continue to strengthen the coverage of our key clients by dedicated teams

of senior executives who can deliver our integrated business model. We have a strong capital position and high levels of client satisfaction and brand recognition, and our strong client momentum is well recognized. We were named “Best Private Bank Globally”, “Best Investment Bank in Switzerland” and “Best Emerging Markets and Western Europe M&A House” in Euromoney's Awards for Excellence in 2012.

Employees

We continue our efforts to attract, develop and retain top talent in order to deliver an outstanding integrated value proposition to our clients. Our candidates go through a rigorous interview process, where we not only look for technical proficiency and intellect, but for people who can thrive in and contribute to our culture. We review our talent and identify the optimal development opportunities based on individual and organizational needs. We strongly promote cross-divisional and cross-regional development, as well as lateral recruiting and mobility. Valuing different perspectives, creating an inclusive environment and showing cross-cultural sensitivity are key to Credit Suisse's workplace culture. Through our business school, we train our leaders, specialists and client advisors in a wide range of subjects. We take a prudent and constructive approach to compensation, designed to reflect the performance of individuals and the firm and closely align the interests of employees with those of shareholders.

Collaboration

We help our clients thrive by delivering the best products and services across our organization and divisions. We have established a dedicated governance structure in order to drive, measure and manage collaboration among our businesses. We target collaboration revenues of 18% to 20% of net revenues, and in 2012 we recorded collaboration revenues of CHF 4.4 billion, representing 19% of net revenues. Since the inception of our collaboration program in 2006, we have built a strong track record of delivering customized value propositions. We believe this is a significant differentiator for Credit Suisse. We have observed increasing momentum in collaboration initiatives, including tailored solutions for entrepreneurs and high-net-worth clients by Investment Banking and managed investment products developed by Private Banking & Wealth Management. As we also benefit from our programs for cross-divisional management development and lateral recruiting, collaboration revenues, including cross-selling and client referrals, have proven to be a resilient source of both revenues and assets.

Capital and risk management

As prudent risk taking aligned with our strategic priorities is fundamental to our business, we maintain a conservative framework to manage liquidity and capital. In July 2012, we announced a number of comprehensive capital measures designed to accelerate the strengthening of our capital position in light of the current regulatory and market environment, including the implementation of the ◻Basel III framework and the Swiss ◻“Too Big to Fail” legislation. Our capital measures include, among others, capital raising from key strategic investors and current shareholders, strategic divestments and real estate sales. As of year-end 2012, our Look-through Swiss Core Capital ratio was 9.0%, and our ◻Basel II.5 tier 1 capital ratio improved to 19.4% from 15.2% in 2011. Our Basel II.5 leverage ratio improved to 5.8% from 4.6% in 2011. We continued to optimize our balance sheet and plan to further reduce it to achieve a 2013 target of below CHF 900 billion on a foreign-exchange neutral basis compared to the end of the third quarter 2012. We continue to deploy capital in a disciplined manner based on our economic capital model, assessing our aggregated risk taking in relation to our client needs and our financial resources.

As of January 1, 2013, the Basel Committee on Banking Supervision (BCBS) Basel III framework (Basel III) was implemented in Switzerland along with the Swiss “Too Big to Fail” legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the final implementation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Our ratio calculations use estimated ◻risk-weighted assets (RWA) as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

- ▶ Refer to “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on capital trends.

Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. In 2013 we are targeting a cost/income ratio of below 70%. In line with the announced evolution of our strategy, implemented efficiency measures are generating significant cost savings while helping to build an efficiency culture. We have increased deployment under our Centers of Excellence (CoE) program to over 14,000 roles, increasing efficiency, and have established initiatives to further leverage the service capabilities and talent at our CoE sites.

To track our progress and benchmark our performance we have defined a set of KPIs for growth, efficiency and performance, and capital to be achieved across market cycles, and these indicators were updated at year-end 2012.

- ▶ Refer to “Key performance indicators” in II – Operating and financial review – Core Results – Information and developments for a more detailed description of our businesses and our performance in 2012 against the defined targets.

Industry trends and competition

For the financial services industry, 2012 was a year of transition, with banks seeking to adapt to new regulatory requirements, changing macroeconomic conditions and evolving client needs. There was further debate about the process and timing of implementing the ◻Basel III regulatory framework and the Swiss ◻“Too Big to Fail” legislation. In Switzerland, developments in the cross-border wealth management business were driven by the focus on finding a political basis for operating this business in the future and ongoing efforts to resolve legacy tax matters, particularly with European countries and the US.

- ▶ Refer to “Our businesses – Private Banking & Wealth Management” and “Our businesses – Investment Banking” for further information.

Corporate responsibility and Code of Conduct

At Credit Suisse, we are convinced that our responsible approach to business is a decisive factor determining our long-term success. We therefore expect all our employees and members of the Board of Directors to observe the professional standards and ethical values set out in our Code of Conduct, including our commitment to complying with all applicable laws, regulations and policies in order to safeguard our reputation for integrity, fair dealing and measured risk-taking. At the same time, we strive to assume our corporate responsibilities in every aspect of our work based on our broad understanding of our role as a financial services provider, member of society and employer. Our approach also reflects our commitment to protecting the environment and the importance we assign to our dialogue with our stakeholders. To ensure that we supply the full breadth of information required by our stakeholders, we publish a Corporate Responsibility Report and additional information, which can be found at www.credit-suisse.com/responsibility. Our Code of Conduct is available on our website at www.credit-suisse.com/code.

Our businesses

Private Banking & Wealth Management

Business profile

Within the Private Banking & Wealth Management division, we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. Private Banking & Wealth Management comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses, and had total assets under management of CHF 1,250.8 billion as of the end of 2012.

Our **Wealth Management Clients** business is one of the largest in the international wealth management industry serving over two million clients, including ◉UHNWI and ◉high-net-worth individual clients around the globe and private clients in Switzerland. We offer our clients a distinct value proposition, combining global reach with a structured advisory process and access to a broad range of sophisticated products and services. As of the end of 2012, our Wealth Management Clients business had assets under management of CHF 798.5 billion. Our global network comprises 3,910 relationship managers in 42 countries with more than 330 offices and 22 ◉booking centers.

Our **Corporate & Institutional Clients** business offers expert advice and high-quality services to a wide range of clients, serving the needs of over 100,000 corporations and institutions, mainly in Switzerland, including large corporate clients, small and medium size enterprises (SME), institutional clients, financial institutions, shipping companies and commodity traders. More than 1,500 employees serve our clients out of 38 locations. While the Swiss home market remains our core focus, we are also building out our capabilities in international growth markets with dedicated teams in Luxembourg, Singapore and Hong Kong. As of the end of 2012, Corporate & Institutional Clients reported CHF 323.1 billion of client assets and CHF 60.6 billion of net loans.

Our **Asset Management** business offers investment solutions and services globally to a wide range of clients, including pension funds, governments, foundations and endowments, corporations and individuals. We invest across a broad range of asset classes with a focus on alternative investment strategies, emerging markets, asset allocation and traditional investment strategies. Our investment professionals deliver access to best-in-class products and holistic client solutions. Asset Management had CHF 371.6 billion of assets under management as of the end of 2012.

Key data – Private Banking & Wealth Management

	in / end of		
	2012	2011	2010
Key data			
Net revenues (CHF million)	13,541	13,447	14,580
Income before taxes (CHF million)	3,775	2,961	4,142
Assets under management (CHF billion)	1,250.8	1,185.2	1,205.3
Number of employees	27,300	28,100	28,700

Industry trends and competition

Notwithstanding the current economic uncertainty, the wealth management industry continues to have positive growth prospects. Assets of ultra- and high-net-worth individuals globally are projected to grow approximately 6% annually over the next five years. Structurally, the industry is undergoing significant change. Wealth creation continues to shift towards emerging markets, with higher growth rates fueled by entrepreneurial activity and comparatively strong economic development. Mature markets, with around two thirds of the world's wealth located in the US, Japan and Western Europe, are experiencing a generational transfer of wealth. New and proposed laws and international treaties, including tax treaties entered into by Switzerland, are leading to increased regulation of cross-border banking activities for certain clients.

Globally, regulatory requirements for investment advisory services are also increasing, including in the areas of suitability, appropriateness of advice, client information and documentation. We believe Credit Suisse will be well adapted for this new environment through application of our structured advisory process, which helps to ensure that our business conduct is compliant with all applicable regulatory standards.

We believe the market for corporate and institutional banking services continues to offer attractive business opportunities. However, the competition between banks is intense and the low-interest rate environment remains challenging, resulting in continuous pressure on margins. This business is also significantly affected by new capital requirements for banks. International financial institutions continue to review their market strategies in light of capital and leverage restrictions.

The asset management industry overall faced significant challenges affecting growth in 2012, with assets under management remaining flat compared to 2007 levels, even while global investable assets have increased. Within the asset management industry, allocations to alternative investments have continued to increase due to projected low returns from fixed-income products and increased volatility in equity markets.

Within alternatives, the hedge fund industry continued to see modest inflows in 2012, with the largest hedge fund managers capturing the majority of asset inflows. Private equity fundraising remained relatively flat in 2012 relative to 2011, remaining far below pre-crisis peaks. The regulatory environment continued to evolve in 2012 and is expected to continue to trend toward simpler, more regulated fund structures in conjunction with investors seeking better transparency and risk management.

For the wealth and asset management industry in general, gross margins remain under pressure due to continued low interest rates as well as clients choosing a more conservative asset mix and reducing their overall investment activity in the face of economic uncertainty and specific events such as the European sovereign debt crisis and the US “fiscal cliff”. We expect these challenging conditions to last for some time to come. Competition and cost pressure in the industry remain intense, with many competitors reevaluating their business models. Attracting and retaining the best talent continues to be a key factor for success. As a result of these structural industry trends, we expect industry consolidation and restructuring to continue. We believe Switzerland is well positioned as a financial center to continue its success in this changing marketplace, offering clients a politically stable and economically diversified investment environment combined with a long-standing heritage in wealth and asset management services.

For Swiss institutions, the Swiss franc remains strong historically, even given the actions by the Swiss National Bank (SNB) to maintain a minimum exchange rate against the euro. This strength can adversely affect operating performance for Swiss institutions as revenues are based on assets under management that are often denominated in currencies that have weakened against the Swiss franc but a substantial portion of the related expenses are incurred in Swiss francs.

Strategy

As of November 30, 2012 we integrated our former Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division. In addition, the majority of our securities trading and sales business in Switzerland was transferred from the Investment Banking division into the Private Banking & Wealth Management division. This integration created one of the foremost integrated wealth and asset management businesses globally. As a result of the integration and other measures, the Group updated its overall cost savings target by an additional CHF 0.4 billion to be achieved by year-end 2015.

Wealth Management Clients

In 2012 we made significant progress towards our goals. We improved our organizational structure to deliver more dedicated and client centric services, especially in our Swiss home market. In parallel, we increased our profitability through strict cost management and revenue and pricing measures. We also continued our focus on fast growing and large markets, UHNWI clients, and on attracting top talent to the business. With these efforts and even in the challenging economic environment, in 2012 we were able to achieve a pre-tax income margin of 22.6% and a gross margin of 114 basis points. We expect to make additional progress by continuing our long-term strategy along:

- Advice at the core
- Global growth
- Productivity management
- Regulatory transformation
- Integrated bank
- Best people

Advice at the core: We have continued to deliver tailor-made and best-in-class financial solutions to our clients based on our structured advisory process. In addition, particularly in Switzerland, we created a more client centric organizational structure. Furthermore, we established new business units focusing on specific client segments and continued to develop our range of solutions based on client needs with the expertise of our research and investment experts. To ensure the highest standards in our product offerings, our selection of internal and third-party solutions is based on comprehensive due diligence with regard to client appropriateness.

Global growth: Our Swiss home market remains a key area of focus where we continued to expand our already strong market position through new services and special campaigns. This resulted in CHF 2.3 billion of net new assets in Switzerland in 2012. In addition, we successfully continued our expansion in fast growing emerging markets, increasing our footprint in those markets in 2012 by 12% in terms of assets under management. We also significantly invested in our dedicated offerings for UHNWI clients, resulting in strong net new assets inflows of CHF 26.3 billion in 2012 from this client segment. Moreover, we concluded the integration of Hedging-Griffo in Brazil, the largest wealth market in Latin America, as well as the integration of HSBC’s wealth management business in Japan. With these successful integrations, we are now among the top wealth managers in both countries.

Productivity management: Key to achieving our productivity enhancements were our efficiency management programs we announced and began implementing in November 2011, our CoE, now including more than 2,800 roles, and the completion of the integration of Clariden Leu. We are continuing our market review with a focus on locations with maximum scale and high cost efficiencies, and are planning to exit markets which do not meet these standards. Through these various efficiency measures we achieved CHF 300 million of pre-tax income improvements in 2012.

Regulatory transformation: We are dedicated to strict compliance with national and international regulations and proactive development and implementation of new business standards, including in the areas of client advice and anti-money laundering measures.

Integrated bank: The unique value proposition of our integrated bank remains a key strength in our client offerings. Close collaboration with the Investment Banking division and other businesses within Private Banking & Wealth Management enables us to offer customized and innovative solutions to our clients, especially to UHNWI clients, our fastest growing and most profitable segment.

Best people: Attracting, developing and retaining the industry's top talent continues to be a vital cornerstone of our strategy. Therefore, while reducing the overall headcount in 2012 in accordance with our efficiency targets, we continued to hire experienced senior relationship managers, who accounted for 64% of our relationship manager hires. We also continued to build on our extensive training and certification programs through which we enhance our existing talent pool.

Corporate & Institutional Clients

In 2012 we successfully took further steps towards the implementation of our business strategy and achievement of the overall Private Banking & Wealth Management strategy despite a difficult market environment. Our focus on risk and margin management was not only the base for our solid financial results, but was also a key factor in reinforcing our reputation as a proactive partner for our clients. A new client segmentation framework in the SME business, a redesigned sales management process and the integration of key organizational units allowed us to further strengthen our focus on the needs of our different client segments. Through various efficiency measures completed in 2012, we maintained our cost/income-ratio at a highly competitive level, supporting our solid financial results. In 2012 we were recognized with several awards, including "Best Private Bank for Business Jet Finance and Advisory" by *Corporate Jet Investor*, "Best Trade

Finance Bank" in Switzerland by *Global Finance Magazine* and "Best Swiss Global Custodian" by *R&M Surveys*.

Asset Management

We continue to focus on alternative investment strategies, including emerging markets, and core investments, including asset allocation and traditional products.

Strategic divestments: In line with our strategy toward a more liquid alternatives business and given the remaining uncertainty regarding the implementation of the "Volcker Rule", we accelerated the implementation of our strategy in mid-2012 and began the process of selling certain businesses within Asset Management. These comprise certain private equity businesses and investments and our exchange-traded funds (ETF) business. We announced the sale of the ETF business in January 2013 and expect to complete the sale by the end of the second quarter of 2013. During 2012 we completed the sale of our residual stake in Aberdeen Asset Management and the sale of Wincasa AG.

Realignment of businesses: As part of our overall strategy, including the divestments mentioned above, we have realigned our asset management businesses to optimize our re-sized footprint. We will manage our business along the following lines:

- Alternative investment strategies, which includes hedge fund strategies, alternative beta, commodities and credit investments;
- Core investments, which includes multi asset class solutions, equities, fixed income, real estate and index mandates; and
- Legacy, which includes businesses identified for sale and other private equity interests that are not considered part of our scalable, capital-light alternative investment strategies.

Growth in targeted areas: We have made significant progress in new initiatives in our targeted growth areas in 2012. We announced the formation of an asset management joint venture with one of our strategic investors focused on investment strategies in the Middle East, Turkey and other frontier markets. We launched a number of new products during the year, including the largest listed closed-end structured credit trust of its kind in Mexico, two fixed income bond funds in Singapore, a structured products fund, an alternatives fund that offers US investors a mutual fund vehicle providing a fund of hedge funds return profile with daily liquidity, and two fixed income bond funds in Singapore. Further, we successfully closed fundraisings for two significant collateralized loan obligation transactions.

Brazilian operations: We successfully integrated the existing Asset Management businesses in Brazil into one platform within our subsidiary Hedging-Griffo, and expanded our asset management capabilities through our investment in Peninsula Investimentos SA, which sponsors and manages hedge funds with a focus on Brazil macroeconomic funds and private equity funds.

Efficiency measures: We continued to streamline and simplify our business which resulted in reduced total operating expenses and headcount.

Products and services

Wealth Management Clients

In Wealth Management Clients, our service offering is based on our structured advisory process, client segment specific value propositions, comprehensive investment services and our multi-shore platform.

- **Structured advisory process:** We apply a structured approach based on a thorough understanding of our clients' needs, personal circumstances, product knowledge, investment objectives and a comprehensive analysis of their financial situation to define individual client risk profiles. On this basis we define together with our clients an individual investment strategy. This strategy is implemented ensuring that portfolio quality standards are adhered to and that all investment instruments are compliant with suitability and appropriateness standards. Responsible for the implementation are either the portfolio managers, in the case of discretionary mandates, or our relationship managers working together with their clients, in the case of advisory mandates.
- **Client segment specific value propositions:** We offer a wide range of wealth management solutions tailored to specific client segments. Our global market segments are primarily made up of UHNWI and high-net-worth individual clients, and, in Switzerland, private clients. UHNWI and high-net-worth individual clients contributed 41% and 45% of assets under management in Wealth Management Clients at the end of 2012, respectively. For entrepreneurs, we offer solutions for a range of private and corporate wealth management needs, including succession planning, tax advisory, financial planning and investment banking services. Our entrepreneur clients benefit from the advice of Credit Suisse's experienced corporate finance advisors, immediate access to a network of international investors and the professional support in financial
- transactions. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions to our UHNWI clients.
- **Comprehensive investment services:** We offer a comprehensive range of investment advice and discretionary asset management services based on the outcome of our structured advisory process and the guidelines of the Credit Suisse Investment Committee. In addition, we base our advice and services on the analysis and recommendations of our global research team, which provides a wide range of global research including macroeconomic, equity, bond and foreign-exchange analysis, as well as research on the Swiss economy. Our investment advice covers a range of services from portfolio consulting to advising on individual investments. We offer our clients effective portfolio and risk management solutions, including managed investment products. These are products actively managed and structured by our specialists or third parties, providing private investors with access to investment opportunities that otherwise would not be available to them. For clients with more complex requirements, we offer investment portfolio structuring and the implementation of individual strategies, including a wide range of structured products and alternative investments. Discretionary asset management services are available to clients who wish to delegate the responsibility for investment decisions to Credit Suisse. We are an industry leader in alternative investments and, in close collaboration with our Asset Management business and Investment Banking, Wealth Management Clients offers innovative products with limited correlation to equities and bonds, such as hedge funds, private equity, commodities and real estate investments.
- **Multi-shore platform:** With global operations comprising 21 international booking centers in addition to our operations in Switzerland, we are able to offer our clients booking capabilities locally as well as through our international hubs. Our multi-shore offering is designed to serve clients who are focused on geographical risk diversification, have multiple domiciles, seek access to global execution services or are interested in a wider range of products than are available to them locally. In 2012, CHF 26.5 billion of net new assets in Wealth Management Clients were booked outside Switzerland, and we expect that international clients will continue to drive our growth in assets under management.

Corporate & Institutional Clients

In Corporate & Institutional Clients, we supply a comprehensive spectrum of financial solutions to companies and institutional clients. Our offering is derived from our clients' needs and delivered through our integrated franchise and growing international presence. With this foundation, we are able to assist our clients in virtually every stage of their business cycle and cover their banking needs in Switzerland and abroad. For corporate clients we provide a wide range of basic banking products such as traditional and structured lending, payment services, foreign-exchange, capital goods and real estate leasing as well as investment solutions. Furthermore, together with the Investment Banking division we offer tailor-made services in the areas of mergers and acquisitions, syndications and structured finance. For corporations with specific needs for global finance and transaction banking we provide services in commodity trade finance, commodity project and export finance as well as trade finance and factoring. For our institutional clients, including pension funds and public sector clients, we offer a wide range of fund solutions and fund-linked services, including fund management and administration, fund design and comprehensive global custody solutions. Our offerings also include ship and aviation finance and a competitive range of services and products for financial institutions such as securities, cash and treasury services.

Asset Management

In Asset Management, we offer institutional and individual clients a range of products, including alternative and traditional products. We reach our clients through our own distribution teams in Private Banking & Wealth Management, the Investment Banking division and through third-party distribution channels.

Our alternative investment offerings include hedge fund strategies, alternative beta, commodities and credit investments. We offer access to various asset classes and markets through strategic alliances and key joint ventures with external managers and have a strong footprint in emerging markets.

In our core investments business, in the area of multi-asset class solutions we provide clients around the world with innovative solutions and comprehensive management across asset classes to optimize client portfolios, with services that range from funds to fully customized solutions. Stressing investment principles such as risk management and asset allocation, we take an active, disciplined approach to investing. Other core investment strategies include a suite of fixed income and equity funds, our real estate business which aims to provide investors with stable and attractive cash flows by applying active portfolio management to reduce volatility, and our indexed solutions business which provides institutions and individual clients access to a wide variety of asset classes in a cost-effective manner.

Products that we now include in our legacy business include our ETF business, the private equity businesses and investments that we have targeted for sale, and other private equity interests that are not considered part of our scalable, capital-light alternative investment strategies.

Investment Banking

Business profile

Investment Banking provides a broad range of financial products and services, focusing on businesses that are client-driven, flow-based and capital-efficient. Our suite of products and services includes global securities sales, trading and execution, prime brokerage and capital raising and advisory services as well as comprehensive investment research. Our clients include corporations, governments, pension funds and institutions around the world. We deliver our global investment banking capabilities via regional and local teams based in major developed and emerging market centers. Our integrated business model enables us to gain a deeper understanding of our clients and deliver creative, high-value, customized solutions based on expertise from across Credit Suisse.

Key data – Investment Banking

	in / end of		
	2012	2011	2010
Key data			
Net revenues (CHF million)	12,558	10,460	15,873
Income/(loss) before taxes (CHF million)	2,002	(593)	3,594
Number of employees	19,800	20,700	20,500

Industry trends and competition

2012 was a challenging year marked by market uncertainty amid continued concerns from the European sovereign debt crisis, global economic slowdown and the late 2012 threat of the US “fiscal cliff”. Investment Banking, in particular, was impacted by a high degree of macroeconomic uncertainties, political tensions and continuing regulatory developments. Similar to many of our global competitors, Credit Suisse’s Investment Banking business was affected by subdued corporate and institutional risk appetite, continued low client activity levels across businesses and high market volatility during the year. In addition, financial institutions across the globe were under significant pressure to adapt their business models as legal requirements became increasingly stringent. The evolving regulatory framework and significant regulatory developments in 2011 and 2012 have fundamentally changed the business and competitive landscape of the industry. One example of significant change affecting the industry is the phasing-in of higher minimum capital requirements under Basel III beginning in 2013 in some countries, including Switzerland. Banks deemed systemically important will be required to hold additional capital by the beginning of 2019 as part of efforts to prevent another financial crisis. Although some of the new regulatory measures require further rule-making and will be

implemented over time, we expect increased capital and liquidity requirements and derivatives regulation to result in reduced risk-taking and increased transparency.

Strategy

Since 2008, Credit Suisse has proactively pursued a client-focused, capital-efficient business model. This strategy, coupled with our conservative funding and liquidity position and strong capitalization, has served us well during a period of market volatility and industry change. In light of persistent headwinds, we announced a refinement to our strategy in November 2011 aimed at adapting our businesses to the new market and regulatory environment. This includes significantly reducing Basel III RWA in fixed income, achieving greater financial flexibility by reducing our cost base, optimizing our portfolio towards synergies with the Private Banking & Wealth Management division and delivering sustainable, attractive returns in areas where we have competitive advantages.

Since this announcement, we have made substantial progress in executing the initiatives of our evolved strategy. We have significantly adapted our business model and have become one of the first global banks to be Basel III compliant. Without these proactive measures, the onset of regulatory changes arising from Basel III would result in a material increase in RWA for Investment Banking, with the vast majority impacting the fixed income business. In 2012, we accelerated our RWA reduction plan and reduced Basel III RWA by USD 55 billion to USD 187 billion. The bulk of these reductions were in our fixed income wind-down businesses, as evidenced by a decrease of USD 35 billion, or 73%, in Basel III RWA during the year. Specifically, we reduced positions and risks across long-dated trades in global rates, credit correlation book, legacy wind-down portfolio and legacy emerging markets portfolio. We also transferred a portion of risk in the wind-down portfolio to the 2011 Partner Asset Facility (PAF2). Looking ahead, we have a Basel III RWA target for Investment Banking of USD 175 billion to be achieved by year-end 2013.

Another component of our evolved strategy is our focus on cost initiatives, which have been ongoing since the second quarter of 2011. We achieved CHF 1.3 billion of direct cost savings in 2012 compared to the annualized 6M11 run-rate, measured at constant foreign exchange rates and adjusted to exclude significant non-operating expenses and variable compensation expenses. Having made substantial progress in 2012, the Group recently announced revised cost savings targets to be achieved by year-end 2015, of which an additional CHF 0.5 billion is expected to come from Investment Banking. Through these initiatives, we are creating significant flexibility in our Investment Banking cost structure, which will permit us

to adapt to the challenging market environment while taking advantage of favorable market opportunities when they arise.

As a result of our proactive efforts to improve operating and capital efficiency, in 2012 we generated higher revenues and returns on significantly less RWA and on a substantially reduced expense base. We have a targeted, client-focused and capital-efficient fixed income business that has delivered more balanced and consistent results, with lower risk and less revenue volatility. We have an industry-leading equities franchise. Our underwriting & advisory businesses have global reach with opportunities to increase returns driven by our planned cost savings. We remain focused on our market-leading, high-return businesses where we have competitive advantages or synergies with Private Banking & Wealth Management, including cash equities, prime services, emerging markets, securitized products and global credit products. We are allocating a majority of our Investment Banking capital base to these businesses.

We believe we have benefitted from an early mover advantage by adapting to the regulatory and operating changes ahead of our peers, and we have seen announcements of similar strategies from our peers throughout 2012. In light of the substantial restructuring we completed in 2012, we have revised our key performance indicator, the cost/income ratio target to 70%, which is an enhancement over the previous pre-tax income margin target of 25% and implied cost/income ratio target of 75%. We believe our transformed portfolio will allow us to generate attractive returns under Basel III and support the overall Group ROE target of 15% or greater across market cycles.

- ▶ Refer to “Regulation and supervision” for further information on regulatory developments.

Significant transactions

We executed a number of noteworthy transactions in 2012, reflecting the breadth and diversity of our Investment Banking franchise:

- **Debt capital markets:** We arranged key financings for a diverse set of clients, including RedPrairie (privately held supply chain, workforce and all-channel commerce software provider), Rank Group (privately owned investment company), Fortescue Metal Group (world’s fourth largest iron ore producer based in Australia), Wideopenwest (privately owned cable, Internet and phone company) and Kinetic Concepts Inc. (global medical technology company).
- **Equity capital markets:** We executed a follow-on offering for Cobalt International Energy, Inc. (independent oil-focused exploration and production company), a rights issue and offering for UniCredit Group (European banking services organization), a rights offering for Fondiaria SAI (Italian financial services company focusing on insurance) and were an active bookrunner on the initial public offering (IPO) of The Carlyle Group (global alternative asset manager).
- **Mergers and acquisitions:** We advised on a number of key transactions throughout the year, including the Well-Point (managed healthcare company) acquisition of Amerigroup (manager of publicly funded health programs), the acquisition of Southern Union Company (US natural gas company) by Energy Transfer Equity (US diversified energy operator), the sale of Synthes (global manufacturer of orthopedic devices) to Johnson & Johnson (leading manufacturer of health care products), the sale of Goodrich (global supplier of systems and services to aerospace and defense industries) to United Technologies Corporation (provider of high-technology products to aerospace and defense industries), the sale of Amylin (biopharmaceutical company) to Bristol-Myers Squibb (global biopharmaceutical company), the sale of Inhibitex (biopharmaceutical company) to Bristol-Myers Squibb and the first step in a multi-stage plan for Alibaba Group (privately-owned Internet business in China) under which Alibaba’s major shareholder Yahoo! will exit its investment.

Market share momentum

- We have advanced to become the second-largest prime broker worldwide, as reported in the 2012 global survey of prime brokerage assets conducted by *Hedge Fund Intelligence*.
- We were recognized for our leading equities program trading and electronic trading capabilities by US and European institutions in recent surveys conducted by *Greenwich Associates*.
- In the 2012 fixed income trading survey for North America by *Greenwich Associates*, we increased our overall rank to top five in 2012 from number seven in 2011, increased or maintained market share in a majority of key businesses and significantly improved our market share in investment grade credit trading.
- We advanced to number four globally and increased our market share to 14.4% in global completed M&As for 2012, compared to 13.8% market share in 2011, according to *Dealogic*. We also finished 2012 at number one in US IPOs according to *Dealogic*.
- We maintained our share of wallet according to *Dealogic* in Asia Pacific (excluding Japan) at first place in 2012 with a 7.4% market share. In the Americas, we maintained our number five ranking and increased our share of wallet to 6.4% in 2012 from 5.9% in 2011, according to *Dealogic*.

Products and services

Our comprehensive portfolio of products and services is aimed at the needs of the most sophisticated clients, and we increasingly use integrated platforms to ensure efficiency and transparency. Our activities are organized around two broad functional areas: investment banking and global securities. In investment banking, we work in industry, product and country groups. The industry groups include energy, financial institutions, financial sponsors, industrial and services, healthcare, media and telecom, real estate, and technology. The product groups include M&A and financing products. In global securities, we engage in a broad range of activities across fixed income, currencies, commodities, derivatives and cash equities markets, including sales, structuring, trading, financing, prime brokerage, syndication and origination, with a focus on client-based and flow-based businesses, in line with growing client demand for less complex and more liquid products and structures.

Investment banking

Equity and debt underwriting

Equity capital markets originates, syndicates and underwrites equity in IPOs, common and convertible stock issues, acquisition financing and other equity issues. Debt capital markets originates, syndicates and underwrites corporate and sovereign debt.

Advisory services

Advisory services advises clients on all aspects of M&A, corporate sales and restructurings, divestitures and takeover defense strategies. The fund-linked products group is responsible for the structuring, risk management and distribution of structured mutual fund and alternative investment products and develops innovative products to meet the needs of its clients through specially tailored solutions.

Global securities

Global securities provides access to a wide range of debt and equity securities, derivative products and financing opportunities across the capital spectrum to corporate, sovereign and institutional clients. Global securities is structured into the following areas

Fixed income

- **Rates:** Global rates products is a global market maker in cash and derivatives markets and a primary dealer in multiple jurisdictions including the US, Europe and Japan. This business covers a full spectrum of government bonds, interest rate swaps and options, as well as providing liability and liquidity management solutions.

- **Foreign exchange:** Foreign exchange provides market making in products such as spot and options for currencies in developed markets. The foreign exchange product suite also includes proprietary market leading technology to provide clients with electronic trading solutions.
- **Credit:** Credit products offers a full range of fixed income products and instruments to clients across investment grade and high yield credits, ranging from standard debt issues and credit research to fund-linked products, derivatives instruments and structured solutions that address specific client needs. We are a leading dealer in flow trading of single-name credit default swap (CDS) on individual credits, credit-linked notes and index swaps. Investment grade trades domestic corporate and sovereign debt, non-convertible preferred stock and short-term securities such as floating rate notes and commercial paper. Leveraged finance provides capital raising and advisory services and core leveraged credit products such as bank loans, bridge loans and high yield debt for non-investment grade corporate and financial sponsor-backed companies.
- **Securitized products:** Securitized products trades, securitizes, syndicates, underwrites and provides research for various forms of securities, primarily residential mortgage-backed securities and asset-backed securities. Both the mortgage- and asset-backed securities are based on underlying pools of assets, and include both government- and agency-backed, as well as private label loans.
- **Emerging markets:** Emerging markets offers a full range of fixed income products and instruments, including sovereign and corporate securities, local currency derivative instruments and tailored emerging market investment products.
- **Commodities:** Commodities trades oil, gas and other energy products as well as base, precious and minor metals. The Commodities product suite also includes benchmark indices developed by Credit Suisse Commodities.

Equity

- **Cash equities** provides a comprehensive suite of offerings as described below:
- **Equity sales** uses research, offerings and other products and services to meet the needs of clients including mutual funds, investment advisors, banks, pension funds, hedge funds, insurance companies and other global financial institutions.
- **Sales trading** links sales and position trading teams. Sales traders are responsible for managing the order flow between our client and the marketplace and provide clients with research, trading ideas and capital commitments and

identify trends in the marketplace in order to obtain the best and most effective execution.

- Trading executes client and proprietary orders and makes markets in listed and over-the-counter (OTC) cash securities, exchange-traded funds and programs, providing liquidity to the market through both capital commitments and risk management.
- Advanced execution services (AES®) is a sophisticated suite of algorithmic trading strategies, tools and analytics operated by Credit Suisse to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES® helps institutions and hedge funds reduce market impact. AES® is a recognized leader in its field and provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.
- Equity derivatives: Equity derivatives provides a full range of equity-related products, investment options and financing solutions, as well as sophisticated hedging and risk management expertise and comprehensive execution capabilities to financial institutions, hedge funds, asset managers and corporations.
- Convertibles: Convertibles trading involves both secondary trading and market making and the trading of credit default and asset swaps and distributing market information and research. The global convertibles business is a leading originator of new issues throughout the world.

- Prime services: Prime services provides a wide range of services to hedge funds and institutional clients, including prime brokerage, start-up services, capital introductions, securities clearing, hedge fund administration, synthetics and innovative financing solutions.

Arbitrage trading

Our arbitrage trading business focuses on liquidity-providing strategies in the major global equity and fixed income markets.

Other

Other products and activities include lending, certain real estate investments and the distressed asset portfolios. Lending includes senior bank debt in the form of syndicated loans and commitments to extend credit to investment grade and non-investment grade borrowers.

Research and HOLT

Credit Suisse's equity and fixed income businesses are supported by the research and HOLT functions.

Equity research uses in-depth analytical frameworks, proprietary methodologies and data sources to analyze approximately 3,000 companies worldwide and provides macroeconomic insights into this constantly changing environment.

HOLT offers one of the fastest and most advanced corporate performance, valuation and strategic analysis frameworks, tracking more than 20,000 companies in over 60 countries.

Organizational and regional structure

Organizational structure

We operate in two global business divisions and reporting segments – Private Banking & Wealth Management and Investment Banking. Consistent with our client-focused, capital-efficient business strategy, we coordinate activities in four market regions: Switzerland, Europe, Middle East and Africa (EMEA), Americas and Asia Pacific. In addition, Shared Services provides centralized corporate services and business support, as well as effective and independent controls procedures in the following areas:

- The Chief Financial Officer (CFO) area covers many diverse functions, including Corporate Development, Information Technology, Corporate Real Estate & Services, Efficiency Management, Financial Accounting, Group Insurance, Group Finance, Investor Relations, New Business, Global Operations, Product Control, Tax and Treasury.
- The General Counsel area provides legal and compliance support to help protect the reputation of Credit Suisse. It does so by giving legal and regulatory advice and providing employees with the tools and expertise to comply with applicable internal policies and external laws, rules and regulations.
- The Chief Risk Officer (CRO) area comprises strategic risk management, credit risk management, risk analytics and reporting, and operational risk oversight activities, which cooperate closely to maintain a strict risk control environment and to help ensure that our risk capital is deployed wisely.
- The Talent, Branding and Communications area comprises human resources, corporate communications, corporate branding and advertising. Human Resources strives to attract, retain and develop staff, while also creating a stimulating working environment for all employees. Corporate Communications provides support in media relations, crisis management, executive and employee communications, branding and corporate sponsorship.

Other functions providing corporate services include One Bank Collaboration and Public Policy. One Bank Collaboration facilitates cross-divisional collaboration initiatives throughout the Group and measures and controls collaboration revenues. Public Policy promotes and protects the interests of Credit Suisse and its reputation.

The Chief Executive Officers (CEOs) of the divisions and regions report directly to the Group CEO, and, together with

the CFO, CRO, General Counsel and Chief Talent, Branding and Communications Officer, they formed the Executive Board of Credit Suisse in 2012.

Our structure is designed to promote cross-divisional collaboration while leveraging resources and synergies within our four regions. The regions perform a number of essential functions to coordinate and support the global operations of the two divisions. On a strategic level, regions are responsible for corporate development and the establishment of regional business plans, projects and initiatives. They also have an oversight role in monitoring financial performance. Each region is responsible for the regulatory relationships within its boundaries, as well as for regulatory risk management and the resolution of significant issues in the region as a whole or its constituent countries. Other responsibilities include client and people leadership and the coordination of the delivery of Shared Services and business support in the region.

Market regions

Switzerland

Switzerland, our home market, represents a broad business portfolio. We employ 19,400 people in Switzerland. The Private Banking & Wealth Management division comprises our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients, we offer our clients a distinct value proposition combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services tailored to different client groups, from private clients to UHNWI. In Corporate & Institutional Clients, we provide premium advice and solutions within a broad range of banking services, including lending, cash and liquidity management, trade finance, corporate finance, foreign exchange, investment solutions, ship and aviation finance, global custody and asset and liability management. Clients include SME, global corporations and commodity traders, banks and Swiss pension funds. Our Asset Management business has a market-leading position in the Swiss traditional business, and also offers a broad range of alternative investment products and multi-asset class solutions. The Investment Banking division offers a full range of financial services to its Swiss client base, holding market-leading positions in the Swiss debt and capital markets as well as in mergers and acquisition advisory.

EMEA

We are active in 30 countries across the EMEA region with 9,300 employees working in 75 offices. Our regional headquarters is in the UK, but we have an onshore presence in every major EMEA country. The EMEA region encompasses both developed markets, such as France, Germany, Italy, Spain and the UK, and emerging markets, including Russia, Poland, Turkey and the Middle East. We implemented our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. Both divisions are strongly represented in the EMEA region, with the Investment Banking division providing a full spectrum of financial advisory services with strong market shares across many key products and markets.

Americas

We have operations in the US, Canada, the Caribbean and Latin America with 11,300 employees working in 42 cities spanning 14 countries. In the US, our emphasis is on our core client-focused and flow-based businesses in Investment Banking, and on building on the market share gains we have

achieved in a capital-efficient manner. In Private Banking & Wealth Management, we see considerable potential to leverage our cross-divisional capabilities, as we further develop our onshore wealth management platform in the US, Brazil and Mexico. In Latin America, particularly in our key markets of Brazil and Mexico, we continue to focus on providing clients with a full range of cross-divisional services.

Asia Pacific

Credit Suisse is present in 12 Asia Pacific markets with 7,400 employees, giving it one of the broadest footprints among international banks in the region. We have invested substantially in our presence in key major markets, including Australia, China, Hong Kong, Korea, Japan and India, broadened the scope of our offerings in countries where we have built a competitive advantage and continued to grow selected emerging markets franchises. Private Banking & Wealth Management has its principal centers in Singapore and Hong Kong, leveraging our Investment Banking activities to deliver integrated solutions and quality investment performance to clients.

Regulation and supervision

Overview

Our operations are regulated by authorities in each of the jurisdictions in which we have offices, branches and subsidiaries.

Central banks and other bank regulators, financial services agencies, securities agencies and exchanges and self-regulatory organizations are among the regulatory authorities that oversee our businesses. There is coordination among our primary regulators in Switzerland, the US and the UK.

The supervisory and regulatory regimes of the countries in which we operate determine to some degree our ability to expand into new markets, the services and products that we are able to offer in those markets and how we structure specific operations. We are in compliance with our regulatory requirements in all material respects and in compliance with regulatory capital requirements.

In response to the challenging market conditions beginning in 2007, regulators, including our primary regulators, have focused on reforming the regulatory framework for financial services firms. Some of the more significant recently proposed and enacted regulations, together with the principal regulatory structures that apply to our operations, are discussed below.

- ▶ Refer to "Risk factors" for further information on risks that may arise relating to regulation.

Recent regulatory developments and proposals

Governments and regulatory authorities around the world have responded to the financial crisis by proposing and enacting numerous reforms of the regulatory framework for financial services firms such as the Group. In particular, a number of reforms have been proposed and enacted by supranational organizations and in Switzerland, the US, the EU and the UK that could potentially have a material effect on our business. These regulatory developments could result in additional costs or limit or restrict the way we conduct our business. Although we expect regulatory-related costs and capital requirements for all major financial services firms (including the Group) to increase, we cannot predict the likely impact of proposed regulations on our businesses or results. We believe, however, that overall we are well positioned for regulatory reform, as we have reduced risk and maintained strong capital, funding and liquidity.

Basel framework

In an effort to strengthen the resilience of the banking sector, in December 2010, the BCBS issued the Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The new capital standards and capital buffers will require banks to hold more capital, mainly in the form of common equity. The new capital standards will be phased in from January 1, 2013 through year-end 2018 for those countries that have adopted Basel III. Prior to its issuance, the proposed BCBS framework was endorsed by the Group of Twenty Finance Ministers and Central Bank Governors (G-20) in November 2010. Each G-20 nation is expected to implement the rules, though any G-20 nation may vary how it implements the framework.

In December 2010, the BCBS issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The Basel III framework includes a liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). The BCBS has stated that it will continue to review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

The LCR, which will be phased in beginning January 1, 2015 through January 1, 2019, following an observation period which began in 2011, addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet short-term liquidity needs under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high-quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows is subject to an initial minimum requirement of 60%, which will increase by 10% for four years, reaching 100% by January 1, 2019. In January 2013, in addition to introducing this phase-in period, the BCBS expanded certain categories of assets eligible as high quality liquid assets and adjusted the assumptions regarding cash outflows to better reflect actual reactions to stress.

The NSFR, which is expected to be introduced on January 1, 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is a complementary measure to the LCR and is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The NSFR is defined as the ratio of available stable funding

over the amount of required stable funding and should always be at least 100%.

Under Basel III, the minimum common equity tier 1 (CET1) ratio will increase from 2% to 4.5% and will be phased in from January 1, 2013 through January 1, 2015. This CET1 ratio will have certain regulatory deductions and other adjustments to common equity that will be phased in from January 1, 2014 through January 1, 2018, including deduction of deferred tax assets for tax-loss carry-forwards, goodwill and intangibles and investments in banking and finance entities. In addition, increases in the tier 1 capital ratio from 4% to 6% will be phased in from January 1, 2013 through January 1, 2015.

Basel III also introduces an additional 2.5% CET1 requirement, known as a capital conservation buffer, to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends or make discretionary bonus payments or other earnings distributions. The capital conservation buffer will be phased in from January 1, 2016 through year-end 2018.

Basel III further provides for a countercyclical buffer that could require banks to hold up to an additional 2.5% of common equity or other capital that would be available to fully absorb losses. This requirement is expected to be imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk. This countercyclical buffer will be phased in from January 1, 2016 through year-end 2018.

Most capital instruments that do not meet the strict criteria for inclusion in the Basel III CET1 will be excluded beginning January 1, 2013. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out over a 10-year period beginning January 1, 2013. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, will be phased out at their effective maturity date, generally the date of the first step-up coupon.

The Basel III leverage ratio requirement introduces a non-risk based ratio that is calibrated to supplement the Basel III risk-based capital requirements and constrain the build-up of leverage in the banking sector. Broadly, the leverage ratio is defined as the relative amount of tier 1 capital to non-risk weighted assets and certain off-balance sheet exposures. The BCBS is testing a minimum leverage ratio of 3% during the period from January 1, 2013 to January 1, 2017.

In January 2011, the BCBS issued requirements to ensure that all classes of capital instruments fully absorb losses at the point of non-viability before taxpayers are exposed to loss. In order for a financial instrument issued by a bank to be included in additional tier 1 or tier 2 capital, it must meet the specified minimum requirements.

In November 2011, the BCBS issued final rules for global systemically important banks (G-SIBs) on loss absorbency requirements, which are in addition to Basel III requirements, reflecting the greater risk G-SIBs pose to the financial system. The additional requirements, to be phased in from January 1, 2016 through year-end 2018, are to be met with CET1 requirements ranging from 1% to 2.5%, depending on a bank's systemic importance, with an additional possible surcharge of 1% as a disincentive to a bank becoming even more systemically important. The Financial Stability Board has identified us as a G-SIB.

In February 2013, the BCBS and the International Organization of Securities Commissions (IOSCO) proposed global standards on margin requirements for non-centrally cleared derivatives. Under the proposal, margin requirements would be significantly higher than current market practice and could increase in times of market stress. The proposal would also cause market participants to be exposed to the risk of loss of larger amounts of posted collateral in the event a counterparty defaults. The proposal's margin requirements would be phased in beginning January 1, 2015. Larger market participants would be required to comply with the requirements before smaller participants.

Switzerland

As of January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements, and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Certain requirements under the legislation, including those regarding capital, are to be phased in through year-end 2018.

The legislation on capital requirements builds on Basel III, but in respect of systemically relevant banks goes beyond its minimum standards, including requiring that we have common equity of at least 10% of RWA and contingent capital or other qualifying capital of up to 9% of RWA by January 1, 2019.

This new capital regime imposes on us three components of capital: (i) a basic capital requirement in common equity of 4.5% of RWA, (ii) a capital buffer equal to 8.5% of RWA, which would consist of at least 5.5% in the form of common equity and up to 3% in the form of contingent capital, including contingent convertible bonds, with a high trigger, and (iii) a progressive capital component of up to (and initially calibrated at) 6% of RWA, which may consist entirely of contingent capital with a lower trigger. The progressive capital component will increase or decrease based on our market share in

Switzerland and the size of our leverage exposures (which include balance sheet and off-balance sheet exposures). Furthermore, the Swiss Financial Market Supervisory Authority (FINMA) can grant capital rebates, if the overall resolvability of the bank is improved. Based on these parameters, FINMA will determine the progressive capital component requirements on an annual basis. A high trigger means the bonds are required to provide loss absorption through conversion into common equity or be written off in the event the CET1 ratio falls below 7%, and a low trigger means the bonds are required to convert into common equity or be written off in the event the CET1 ratio falls below 5%. These contingent capital instruments must comply with the Basel III minimum requirements for tier 2 capital (subordination, point-of-non-viability loss absorption and minimum tenor).

Also under the “Too Big to Fail” legislation, Swiss systemically relevant banks are required to provide a Recovery and Resolution Plan (RRP) to FINMA for approval, and must update the report at least annually. The “recovery” part of the RRP must outline recovery options available to a bank in various severe stress events, including those caused by idiosyncratic, systemic, capital or liquidity stress scenarios. The recovery plan’s purpose is to prepare for the survival of the bank in such stress scenarios. As part of the plan, a governance framework must be defined with clear escalation and decision points and may be based on existing capital and liquidity plans. The “resolution” part of the RRP is prepared by FINMA and describes how the bank can be unwound in an orderly fashion while ensuring the continuation of systemically relevant functions in Switzerland (including payment services and access to savings deposits) in the event of the bank’s impending insolvency.

In June 2012, the Swiss Federal Council adopted implementing ordinances under the “Too Big to Fail” legislation. Effective upon adoption, the ordinances imposed a supplemental countercyclical buffer of up to 2.5% of RWA that can be activated during periods of excess credit growth and subsequently deactivated by the Federal Council upon request of the SNB after consultation with FINMA. Also effective upon adoption were increased lending standards for new residential mortgages. The remaining June ordinance requirements became effective January 1, 2013, with some being phased in through the end of 2018.

In September 2012, the Swiss Parliament approved the portions of the ordinances specific to systemically relevant banks, including requirements regarding capital, leverage, large exposure and RRP. These requirements became effective January 1, 2013.

Under these ordinances, we must comply with an additional leverage ratio, applicable to Swiss systemically relevant

banks. This leverage ratio has to be at least 24% of the percentage points of each of the minimum, buffer and progressive capital requirements. Since the ratio is defined by reference to capital requirements subject to transitional arrangements, the new leverage ratio will be phased in from 2013 to 2018. The ratio is calculated as Swiss Core Capital plus high and low-trigger contingent capital divided by total exposure. Total exposure consists of balance sheet assets plus exposure additions including cash collateral netting reversals and off-balance sheet derivative exposures, guarantees and commitments.

In November 2012, the Swiss Federal Council adopted the liquidity ordinance (Liquidity Ordinance) that implements Basel III liquidity requirements into Swiss law. The Liquidity Ordinance requires appropriate management and monitoring of liquidity risks. In particular, banks must carry out stress tests and prepare an emergency concept for liquidity shortages. The requirements apply to all banks, but are tiered according to the type, complexity and degree of risk of a bank’s activities. The Liquidity Ordinance entered into force on January 1, 2013. It contains supplementary requirements for systemically relevant banks, including us, which are generally consistent with our existing June 2010 agreement with FINMA on the holding of liquidity. The supplementary requirements for systemically relevant banks are expected to be approved by the Federal Parliament during 2013. It is expected that the Liquidity Ordinance will be amended in 2014 to include final Basel III LCR rules and any related FINMA-specific requirements.

On February 13, 2013, the Swiss Federal Council decided to activate the countercyclical capital buffer based on the request of the SNB. This activation of the countercyclical buffer will require banks to hold additional capital in the amount of 1% of their RWA pertaining to mortgage loans that finance residential property in Switzerland beginning September 30, 2013.

Credit Suisse believes that it can meet the new requirements within the prescribed time frames by building capital through earnings, issuing contingent capital or other qualifying instruments and by managing its RWA and balance sheet exposures.

- ▶ Refer to “Liquidity and funding management” and “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

In October 2012, FINMA published a new Banking Insolvency Ordinance–FINMA (Banking Insolvency Ordinance) that entered into force on November 1, 2012. The ordinance governs bankruptcy and resolution procedures of Swiss banks and

is based on the previously amended Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended (Bank Law), to streamline the procedure for restructuring troubled banks and provide FINMA with significantly increased resolution authority. Instead of prescribing a particular resolution concept, the ordinance provides for various resolution tools from which FINMA may choose in any given case. Under the ordinance, FINMA may open resolution procedures, and if it decides to do so shall appoint a resolution authority (unless it assumes this role itself), and is required to approve a resolution plan for troubled banks. FINMA has discretion to take decisive action in the resolution of a bank, including by taking out existing shareholders, forcing a debt-to-equity swap, reducing a bank's credit claims, and staying or terminating finance contracts. The ordinance, however, requires that FINMA first cancel all equity capital and that all contingent convertible bonds (such as our Buffer Capital Notes) be converted into equity prior to ordering a debt-to-equity conversion or debt reduction. Taking any such measures with respect to debt instruments must be prioritized first to subordinated claims not qualifying as regulatory capital, then to other claims that are not excluded from conversion, and lastly to customer deposits in excess of privileged amounts.

On October 30, 2012, the Swiss Federal Supreme Court issued a decision in a case brought by a client of another bank seeking reimbursement of commissions paid to the client's bank by providers of investment products. The court ruled that such payments ("retrocessions") received in the context of a discretionary asset management mandate from issuers of investment products are owed to the client (including payments from intra-group companies) unless a client waiver is in place. FINMA subsequently issued a notice requiring all banks to inform potentially affected clients. We continue to evaluate the impact, if any, of this decision on our business.

On January 1, 2013, the bilateral tax agreements between Switzerland and each of the UK and Austria entered into force, allowing for the regularization of assets in Switzerland of UK and Austrian residents. Past assets are to be regularized through an anonymous one-off payment deducted by paying agents in Switzerland or by a bank client's voluntary disclosure to Austrian or British authorities, as applicable. Austrian and UK clients have two options to regularize their future investment income and capital gains: they can instruct the Swiss bank to either deduct a withholding tax from relevant income and gains (which will grant client anonymity) or report such income and gains to their home authorities. In December 2012, the bilateral tax agreement between Switzerland and Germany was rejected by the German government.

On December 19, 2012, the Swiss Federal Council adopted an overview of its financial market policy. The policy's

stated aims include combating financial crime by implementing the revised Financial Action Task Force recommendations and ensuring the competitiveness of Switzerland as a financial center. The Federal Council also reiterated its support for entering into withholding tax agreements, administrative and mutual assistance in line with international standards, and additional due diligence requirements for financial intermediaries as effective means to prevent tax abuses.

In its December 19, 2012 financial market policy overview, the Swiss Federal Council reiterated the importance of passing further financial market legislation deemed equivalent to certain EU regulations in order to facilitate access of Swiss financial services providers to the EU market. The Federal Council referenced the regulation on OTC Derivatives, Central Counterparties and Trade Repositories (also known as the European Market Infrastructure Regulation, or EMIR), which in March 2013 began to be phased in. Related Swiss draft legislation is expected by the second quarter of 2013. The Federal Council also referenced the proposed revisions to the existing EU Markets in Financial Instruments Directive (MiFID I) relating to increased investor protection. The proposals consist of a revised directive (MiFID II) and a new related regulation (MiFIR). If adopted as proposed by the European Commission, the MiFID II/MiFIR regime for granting access to EU markets for financial services providers based in third countries would require that Switzerland pass equivalent legislation and that Swiss financial services providers establish an EU branch. However, the impact of MiFID II/MiFIR even on "equivalent" third country financial services providers can only be assessed once MiFID II/MiFIR are finalized.

On February 1, 2013, the Swiss Tax Administrative Assistance Act entered into force. The Act governs administrative assistance in double taxation and other international agreements that Switzerland has entered into which provide for the exchange of information relating to tax matters consistent with Article 26 of the OECD Model Tax Convention. Under the new law, administrative assistance is no longer prohibited for group requests based on a behavioral pattern. However, so-called "fishing expeditions" are expressly prohibited. This new standard is generally applicable for periods beginning February 1, 2013.

On March 3, 2013, Swiss citizens approved the so-called "Minder Initiative" intended to strengthen shareholder rights. The initiative requires legislation be passed to impose board and executive compensation related requirements on Swiss public companies, including requiring a binding (rather than advisory) shareholder vote on total board and total executive management compensation and prohibiting severance payments, salary prepayments and payments related to the acquisition or disposal of companies. The initiative also provides

that the board members, the board chairperson and the compensation committee members be directly elected by shareholders annually. Further, the initiative calls for criminal sanctions in case of noncompliance. The Federal Council will have one year to issue a transitional ordinance which will be applicable until the Swiss Parliament passes the new law. Timing for the final implementation of the initiative is currently undetermined.

US

In July 2010, the US enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Although the Dodd-Frank Act provides a broad framework for regulatory changes, implementation will require further detailed rulemaking over several years by different regulators, including the US Department of the Treasury (US Treasury), the US Federal Reserve (Fed), the US Securities and Exchange Commission (SEC), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Commodity Futures Trading Commission (CFTC) and the newly created Financial Stability Oversight Council (FSOC). Implementation of the Dodd-Frank Act and related final regulations could result in additional costs or limit or restrict the way we conduct our business, although uncertainty remains about many of the details, impact and timing of these reforms. These and other current reform proposals could potentially have a material effect on our businesses.

The Dodd-Frank Act will limit the ability of banking entities to sponsor or invest in certain private equity or hedge funds or to engage in certain types of proprietary trading in the US (the so-called "Volcker Rule"). In October 2011 and January 2012, US regulators issued proposed regulations to implement the Volcker Rule. The statutory provisions of the Volcker Rule became effective on July 21, 2012, and financial institutions subject to the Volcker Rule have two years from that date (with possible extensions) to bring their activities and investments into compliance. US regulators have not yet finalized implementing regulations for the Volcker Rule, and we do not know what changes to the proposed regulations they will make in the final rule. We have assessed how the proposed regulations would affect our businesses and have been developing and starting to implement plans to bring affected businesses into compliance with the regulations if issued as proposed. When the final regulations are issued, we will reevaluate the impact of the regulations on our businesses and will adjust our plans for compliance with the regulations to the extent required.

The Dodd-Frank Act also provides regulators with tools to impose greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk. In December 2012, the

Fed proposed a rule under the Dodd-Frank Act that would create a new framework for regulation of the US operations of foreign banking organizations. The proposal would require Credit Suisse to create a single US intermediate holding company (IHC) to hold all of its US subsidiaries; this would not apply to Credit Suisse AG's New York branch (New York Branch). The IHC would be subject to local risk-based capital and leverage requirements. In addition, both the IHC itself and the combined US operations of Credit Suisse (including the IHC and the New York Branch) would be subjected to other new prudential requirements, including with respect to liquidity risk management, separate liquidity buffers for each of the IHC and the New York Branch, limits on credit exposures to any single counterparty, stress testing, and other prudential standards. The combined US operations of Credit Suisse would also become subject to an early remediation regime which could be triggered by capital, leverage, stress tests, liquidity, risk management and market indicators. Under the proposal, the framework's prudential requirements and early remediation requirements would become effective on July 1, 2015. The Dodd-Frank Act furthermore creates an extensive framework for the regulation of OTC derivatives and requires broader regulation of hedge funds and private equity funds, as well as credit agencies.

The Dodd-Frank Act also establishes an "Orderly Liquidation Authority", a new regime for the orderly liquidation of systemically significant non-bank financial companies. To finance a resolution under this new regime, the FDIC may borrow funds from the US Treasury, which must be repaid from the proceeds of the resolution. If such proceeds are insufficient to repay the US Treasury in full, the FDIC is required to assess other large financial institutions, including those that have USD 50 billion or more in total consolidated assets, in an amount sufficient to repay all of the funds borrowed from the US Treasury in connection with the liquidation under the Orderly Liquidation Authority. In addition, the Fed and the FDIC approved final rules to implement the resolution plan requirement in the Dodd-Frank Act, which requires bank holding companies with total consolidated assets of USD 50 billion or more and certain designated non-bank financial firms to submit annually to the Fed and the FDIC resolution plans describing the strategy for rapid and orderly resolution under the US Bankruptcy Code or other applicable insolvency regimes, though such plans may not rely on the Orderly Liquidation Authority. Our initial resolution plan was submitted on July 1, 2012 and our first annual update will be due on July 1, 2013.

In addition, the Dodd-Frank Act requires issuers with listed securities to establish a claw-back policy to recoup erroneously awarded compensation in the event of an accounting

restatement, although it is currently unclear if this requirement will apply to foreign private issuers, like the Group.

The Dodd-Frank Act also grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers and expands the extraterritorial jurisdiction of US courts over actions brought by the SEC or the US with respect to violations of the antifraud provisions in the Securities Act of 1933, Securities Exchange Act of 1934 and Investment Advisers Act of 1940.

In December 2011, the CFTC finalized rules under the Dodd-Frank Act requiring regulatory and public reporting for a wide range of OTC derivatives. In addition, during 2012 the CFTC finalized many of the rules under the Dodd-Frank Act relating to the regulation of swap dealers and major swap participants. Among other things, these rules require swap dealers and major swap participants to register with and be subject to internal and external business conduct regulation by the CFTC. The rules include both entity-level requirements that apply on a firm-wide basis, which include risk management, swap data repository and large trader reporting and capital requirements, and transaction-level requirements, which cover matters such as mandatory clearing of specified interest rate swaps and credit default swaps, swap processing, margin requirements, documentation, portfolio reconciliation and compression, real-time public reporting, daily trading records and external business conduct standards, and apply on a transaction-by-transaction basis.

On December 31, 2012, Credit Suisse International, the entity through which we conduct a majority of our swap trading business, registered with the CFTC as a swap dealer and became subject to these new rules. As a non-US swap dealer, Credit Suisse International is exempt on an interim basis from certain of these requirements pursuant to an exemptive order issued by the CFTC on December 21, 2012. In addition, the application of these rules to Credit Suisse International is subject to several industry-wide, temporary CFTC no-action letters intended to enable the industry to work through practical or technical challenges and interpretive uncertainties and develop the infrastructure necessary for compliance. If this relief expires prior to the development of that infrastructure by Credit Suisse International, this could cause significant disruptions in the entity's ability to trade OTC derivatives with US persons. Credit Suisse International also expects to apply to the CFTC for substituted compliance, which would allow Credit Suisse International to be deemed in compliance with certain CFTC rules through compliance with comparable European regulations. However, as the CFTC has not yet provided final guidance on how it will assess comparability and because not all of the comparable European regulations have been finalized, it is not yet clear which of these CFTC rules, if any,

would ultimately apply to Credit Suisse International. If substituted compliance is not permitted or is finalized in a manner less favorable than expected or the exemptive order expires without being renewed, Credit Suisse International could be subject to duplicative or conflicting requirements across multiple jurisdictions, which could cause significant disruptions, and cause it to incur additional costs and administrative burdens, in our OTC derivatives business.

While Credit Suisse currently does not intend to register any of its affiliates with the CFTC as a major swap participant, Credit Suisse has established a program for monitoring swap exposures to US persons for purposes of maintaining such exposures below the swap exposure threshold for major swap participant registration.

In addition, we expect the SEC to finalize its rules implementing the derivatives provisions of the Dodd-Frank Act during 2013. While the SEC's proposals have largely paralleled many of the CFTC's rules, significant differences between the final CFTC and SEC rules could materially increase the compliance costs associated with, and hinder the efficiency of, our equity and credit derivatives businesses with US persons. Significant differences between the SEC rules regarding capital, margin and segregation requirements for OTC derivatives and related CFTC rules could also have similar effects. In relation to these SEC and CFTC rules, we are in the process of developing and implementing the extensive technological, operational and compliance infrastructure that will be necessary for compliance with the rules.

The Foreign Account Tax Compliance Act (FATCA) became law in the US on March 18, 2010. The legislation requires Foreign Financial Institutions (FFIs) (such as Credit Suisse) to enter into an FFI agreement and agree to identify and provide the US Internal Revenue Service (IRS) with information on accounts held by US persons and certain US-owned foreign entities, or otherwise face 30% withholding tax on withholdable payments. In addition, FFIs that have entered into an FFI agreement will be required to withhold on such payments made to FFIs that have not entered into an FFI agreement, account holders who fail to provide sufficient information to classify an account as a US or non-US account, and US account holders who do not agree to the FFI reporting their account to the IRS. In 2012, the US Treasury expressed the intent to enter into intergovernmental agreements to implement the reporting and withholding tax provisions of FATCA. Following the issuance of the final US regulations in January 2013, Switzerland and the US signed such an agreement in February 2013 which will enable FFIs in Switzerland to comply with FATCA while remaining in compliance with Swiss law. Under the agreement, US authorities may ask Swiss authorities for administrative assistance in connection with group

requests where consent to provide information regarding potential US accounts is not provided to the FFI. In order for the terms of the agreement to apply to FFIs in Switzerland before FATCA enters into force on January 1, 2014, the agreement must be approved and ratified by the Swiss Parliament by such date. Complying with the required identification, withholding and reporting obligations requires significant investment in an FFI's compliance and reporting framework. We are continuing to follow developments regarding FATCA closely and are coordinating with all relevant authorities.

EU

The EU, the UK and other national European jurisdictions have also proposed and enacted a wide range of prudential, securities and governance regulations to address systemic risk and to further regulate financial institutions, products and markets. These proposals are at various stages of the EU pre-legislative, legislative and rule making processes, and their final form and cumulative impact remain uncertain. The final regulations could result in additional costs, limit or restrict the ways we conduct our businesses, and may potentially have a material effect on our businesses. We are assessing how the proposals would affect our various businesses and have been developing and are implementing plans to bring affected businesses into compliance with the regulations.

In October 2011, the European Commission issued legislative proposals for a new regulation on insider dealing and market manipulation (market abuse) and for a directive on criminal sanctions for insider dealing and market manipulation to update, strengthen and extend the scope of the existing market abuse framework. These proposals are expected to come into effect in late 2014 at the earliest.

In October 2011, the European Commission published its proposed revisions to the existing Markets in Financial Instruments Directive (known as MiFID I), consisting of the revised directive MiFID II and a new related regulation, MiFIR. The proposed revisions are to further strengthen the EU regulatory framework for the provision of investment services and trading in financial instruments. A number of substantial reforms are proposed on transaction reporting, market structure, securities trading and conduct of business rules, including new regulatory equivalence requirements for third country firms (such as Credit Suisse) in order for those firms to provide certain investment services in the EU. The MiFID II/MiFIR proposals are expected to be finalized and agreed by EU legislators by the third quarter of 2013 and to enter into effect in late 2014 at the earliest.

In March 2012, a regulation that bans uncovered sovereign CDS and restricts short selling of stocks and government bonds (known as the Short Selling Regulation) was adopted

by the EU. The regulation came into force on November 1, 2012.

In June 2012, the European Commission published a legislative proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (known as the Bank Recovery and Resolution Directive). The framework will give national regulators wide-ranging powers to intervene where an entity is likely to fail in order to avoid adverse effects on wider financial stability. The directive also proposes to give regulators certain bank resolution powers, including the authority to sell the business, to transfer assets to a bridge institution, to transfer other assets to an asset management vehicle, and debt write-down (bail-in) solutions. Covered entities will also be required to have recovery plans approved by national regulators. Recovery plans will set out actions to be taken to return their financial condition to normal following a significant deterioration. In addition, national resolution authorities will be established and will prepare resolution plans proposing the manner in which an institution will be resolved in an orderly manner, were it to fail.

In the UK, the Financial Services Authority (FSA) is obliged to draw up rules on recovery and resolution plans under the Financial Services Act 2010. The rules are expected to incorporate the EU recovery and resolution proposals mentioned above. Covered entities will be required to have recovery plans similar to those proposed by the European Commission. In addition, they will be required to submit certain organizational data in order to allow the FSA and the Bank of England to draw up resolution plans. The FSA is expected to publish final rules in the near future. In 2012, Credit Suisse provided relevant information to UK regulatory authorities based on existing guidance.

In August 2012, EMIR entered into force. The regulation requires that certain standardized OTC derivatives contracts be centrally cleared and, where OTC transactions are not subject to central clearing, specified techniques are employed to monitor, measure and mitigate the operational and counterparty risks presented by those transactions. Further, market participants will be required to report any European derivative contract to a central trade repository. The phase-in of the EMIR requirements began in March 2013.

In September 2012, the European Commission published a proposal for a regulation that would empower the European Central Bank (ECB) as a single supervisor for banks in the 17 eurozone countries, a communication explaining its plans to create a European banking union, and a proposal for a regulation that would define the role of the European Banking Authority under the new supervisory arrangements. The Single Supervisory Mechanism designating the ECB as the lead prudential supervisor for certain eurozone banking groups was

agreed to by EU finance ministers in December 2012. The ECB is expected to assume its prudential supervisory duties during 2014.

In the UK, the Independent Commission on Banking (ICB) published a final report setting out certain recommendations designed to improve stability and competition in UK banking. Aspects of the proposals may also apply to UK banks which are subsidiaries of a non-UK bank group. The ICB recommendations include the enhancement of loss absorbing capacity of bank capital, the creation of a “retail ring fence” that would separate the taking of deposits from, and the provision of overdrafts to, individuals and small and medium-sized enterprises from a broad range of investment and other banking activities. The government introduced a banking reform bill to enact certain of the reforms proposed by the ICB report in the 2012-2013 parliamentary session, setting out details of how the ICB reforms will be implemented. The reforms are expected to be implemented in stages, with full implementation by 2019.

As a proposed EU-wide financial transaction tax was unsuccessful, a group of eleven EU member states (FTT-11) are expected to adopt such a tax applicable only for those countries under the EU enhanced cooperation procedure. If approved in the form released on February 14, 2013, the tax would apply to a wide range of financial transactions, including minimum rates of 0.01% for derivative products and 0.1% for other financial instruments. The tax would apply to transactions where either party is resident in one of the eleven participating countries or where a financial instrument is issued in one of those countries. To become effective, the proposed FTT-11 directive will require unanimous agreement of the 11 participating member states. The tax could come into effect as early as January 1, 2014. Where a participating member state already has a financial transaction tax in place, such as France and Italy, the FTT-11 tax would be expected to replace those existing national financial transaction tax regimes.

The Alternative Investment Fund Managers Directive (AIFMD) will enter into effect on July 22, 2013. AIFMD establishes a comprehensive regulatory and supervisory framework for alternative investment fund managers (AIFMs) operating in the EU. The directive increases transparency for investors and regulators and allows AIFMs to market funds to professional investors throughout the EU with the introduction of the “EU passport”. Available from July 2013 to EU AIFMs and EU Alternative Investment Funds (AIFs), the EU passport is expected to be extended in 2015 to non-EU AIFMs and non-EU AIFs, which in the meantime will continue to access the EU market via the existing private placement regimes of the individual member states. AIFMD will also impose a new, strict

depository regime affecting how prime brokers may provide custody services to fund managers.

Regulatory framework

Switzerland

Although Credit Suisse Group is not a bank according to the Bank Law, and its Implementing Ordinance of May 17, 1972, as amended (Implementing Ordinance), the Group is required, pursuant to the provisions on consolidated supervision of financial groups and conglomerates of the Bank Law, to comply with certain requirements for banks, including with respect to capital adequacy, solvency and risk concentration on a consolidated basis and reporting obligations. Our banks in Switzerland are regulated by FINMA on a legal entity basis and, if applicable, on a consolidated basis.

Our banks in Switzerland operate under banking licenses granted by FINMA pursuant to the Bank Law and the Implementing Ordinance. In addition, certain of these banks hold securities dealer licenses granted by FINMA pursuant to the Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA).

FINMA is the sole bank supervisory authority in Switzerland and is independent from the SNB. Under the Bank Law, FINMA is responsible for the supervision of the Swiss banking system. The SNB is responsible for implementing the government’s monetary policy relating to banks and securities dealers and for ensuring the stability of the financial system. Under the “Too Big to Fail” legislation, the SNB is also responsible for determining which banks in Switzerland are systemically relevant banks and which functions are systemically relevant in Switzerland. The SNB has identified the Group as a systemically relevant bank.

Our banks in Switzerland are subject to close and continuous prudential supervision and direct audits by FINMA. Under the Bank Law, our banks are subject to inspection and supervision by an independent auditing firm recognized by FINMA, which is appointed by the bank’s board of directors and required to perform annual audits of the bank’s financial statements and to assess whether the bank is in compliance with laws and regulations, including the Bank Law, the Implementing Ordinance and FINMA regulations.

Under the Bank Law, a bank must maintain an adequate ratio between its capital resources and its total risk-weighted assets. This requirement applies to the Group on a consolidated basis. For purposes of complying with Swiss capital requirements, bank regulatory capital is divided into tier 1 and tier 2 capital.

Our regulatory capital is calculated on the basis of accounting principles generally accepted in the US (US GAAP), with certain adjustments required by, or agreed with, FINMA.

The Group became subject to international capital adequacy standards known as ◉Basel II on January 1, 2008, subject to certain additional requirements for large banks under the then existing Capital Adequacy Ordinance and as set forth by FINMA. In November 2008, we agreed to a decree issued by FINMA requiring that we comply with new capital adequacy ratios, in lieu of those certain additional requirements under the Capital Adequacy Ordinance, and leverage capital requirements by 2013. The capital adequacy target is a range between 50% and 100% above the Pillar I requirements under Basel II. In addition, the decree includes leverage limits that require us to maintain by 2013 a minimum leverage ratio of tier 1 capital to total adjusted average assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank on an unconsolidated basis by 2013. Total assets are adjusted for purposes of calculating the leverage ratio, and adjustments relate to assets from Swiss lending activities and assets excluded in determining regulatory core capital. These requirements were intended to be counter-cyclical, with the expected capital adequacy target level 100% above the Pillar I requirements, and a leverage ratio above the minimum 3% or 4%, during good times. We will remain subject to these various requirements up until higher requirements under the “Too Big to Fail” legislation are phased in. The requirements under “Too Big to Fail” are being phased in beginning January 1, 2013.

Banks are required to maintain a specified liquidity standard pursuant to the new Liquidity Ordinance. These rules continue to be based on the liquidity principles earlier agreed with FINMA and require that we have adequate holdings of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time. The crisis scenario assumptions include global market dislocation, large on and off-balance sheet outflows, no access to unsecured wholesale funding markets, a significant withdrawal of deposits, varying access to secured market funding and the impacts from fears of insolvency. The principles aim to ensure we can meet our financial obligations in an extreme scenario for a minimum of 30 days. The principles take into consideration quantitative and qualitative factors and require us to address the possibility of emergency funding costs as we manage our capital and business and call for additional reporting to FINMA. The principles are expected to be modified in the future to reflect the final ◉Basel III liquidity requirements and specific FINMA requirements.

► Refer to “Liquidity and funding management” and “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

Under Swiss banking law, banks and securities dealers are required to manage risk concentration within specific limits. Aggregated credit exposure to any single counterparty or a group of related counterparties must bear an adequate relationship to the bank’s core tier 1 capital, taking into account counterparty risks and ◉risk mitigation instruments.

Under the Bank Law and SESTA, Swiss banks and securities dealers are obligated to keep confidential the existence and all aspects of their relationships with customers. These customer confidentiality laws do not, however, provide protection with respect to criminal offenses such as insider trading, money laundering, terrorist financing activities, tax fraud or evasion or prevent the disclosure of information to courts and administrative authorities.

Swiss rules and regulations to combat money laundering and terrorist financing are comprehensive and require banks and other financial intermediaries to thoroughly verify and document customer identity before commencing business. In addition, these rules and regulations include obligations to maintain appropriate policies for dealings with politically exposed persons and procedures and controls to detect and prevent money laundering and terrorist financing activities, including reporting suspicious activities to authorities.

Our securities dealer activities in Switzerland are conducted primarily through the Bank and are subject to regulation under SESTA, which regulates all aspects of the securities dealer business in Switzerland, including regulatory capital, risk concentration, sales and trading practices, record-keeping requirements and procedures and periodic reporting procedures. Securities dealers are supervised by FINMA.

Our asset management activities in Switzerland, which include the establishment and administration of mutual funds registered for public distribution, are conducted under the supervision of FINMA.

Since January 1, 2010, compensation design and its implementation and disclosure must comply with standards promulgated by FINMA under its Circular on Remuneration Schemes.

US

Our banking operations are subject to extensive federal and state regulation and supervision in the US. Our direct US offices are composed of our New York Branch and representative offices in California. Each of these offices is licensed

with, and subject to examination and regulation by, the state banking authority in the state in which it is located.

Effective October 3, 2011, the New York State Banking Department and the New York State Insurance Department were abolished and the authority of both former agencies was transferred to a new Department of Financial Services, whose head is the Superintendent of Financial Services (Superintendent). The New York Branch is licensed by the Superintendent, examined by the New York State Department of Financial Services, and subject to laws and regulations applicable to a foreign bank operating a New York branch. Under the New York Banking Law, the New York Branch must maintain eligible assets with banks in the state of New York. The amount of eligible assets required, which is expressed as a percentage of third-party liabilities, would increase if the New York Branch is no longer designated well rated by the Superintendent.

The New York Banking Law authorizes the Superintendent to seize our New York Branch and all of our business and property in New York State (which includes property of the New York Branch, wherever it may be located, and all of our property situated in New York State) under circumstances generally including violations of law, unsafe or unsound practices or insolvency. In liquidating or dealing with the New York Branch's business after taking possession, the Superintendent would only accept for payment the claims of depositors and other creditors (unaffiliated with us) that arose out of transactions with the New York Branch. After the claims of those creditors were paid out of the business and property of the Bank in New York, the Superintendent would turn over the remaining assets, if any, to us or our liquidator or receiver. Under New York Banking Law, the New York Branch is generally subject to single borrower lending limits expressed as a percentage of the worldwide capital of the Bank.

Our operations are also subject to reporting and examination requirements under US federal banking laws. Our US non-banking operations are subject to examination by the Fed in its capacity as our US umbrella supervisor. The New York Branch is also subject to examination by the Fed and is subject to Fed requirements and limitations on the acceptance and maintenance of deposits. Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the FDIC.

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity that is not permissible for a federally licensed branch or agency of a foreign bank unless the Fed has determined that such activity is consistent with sound banking practice. US federal banking laws also subject a state branch or

agency to single borrower lending limits based on the capital of the entire foreign bank. Under the Dodd-Frank Act, lending limits will take into account credit exposure arising from derivative transactions, securities borrowing and lending transactions and repurchase and reverse repurchase agreements with counterparties. The OCC published an interim final lending limit rule implementing the Dodd-Frank Act changes in June 2012. Under the interim rule, banks have until July 1, 2013 to comply with the changes directed by the Dodd-Frank Act, unless the compliance date is extended. In addition, regulations which the FSOC and the Fed may adopt could affect the nature of the activities which the Bank (including the New York Branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

The Fed may terminate the activities of a US branch or agency of a foreign bank if it finds that the foreign bank: (i) is not subject to comprehensive supervision in its home country; (ii) has violated the law or engaged in an unsafe or unsound banking practice in the US; or (iii) for a foreign bank that presents a risk to the stability of the US financial system, the home country of the foreign bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk.

A major focus of US policy and regulation relating to financial institutions has been to combat money laundering and terrorist financing. These laws and regulations impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, verify the identity of customers and comply with economic sanctions. Any failure to maintain and implement adequate programs to combat money laundering and terrorist financing, and violations of such economic sanctions, laws and regulations, could have serious legal and reputational consequences. We take our obligations to prevent money laundering and terrorist financing in the US and globally very seriously, while appropriately respecting and protecting the confidentiality of clients. We have policies, procedures and training intended to ensure that our employees comply with "know your customer" regulations and understand when a client relationship or business should be evaluated as higher risk for us.

Credit Suisse Group and the Bank became financial holding companies for purposes of US federal banking law in 2000 and, as a result, may engage in a broad range of non-banking activities in the US, including insurance, securities, private equity and other financial activities, in each case subject to regulatory requirements and limitations. Credit Suisse Group is still required to obtain the prior approval of the Fed (and potentially other US banking regulators) before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of (or otherwise controlling) any

US bank, bank holding company or many other US depository institutions and their holding companies, and as a result of the Dodd-Frank Act, before making certain acquisitions involving large non-bank companies. The New York Branch is also restricted from engaging in certain tying arrangements involving products and services, and in certain transactions with certain of its affiliates. If Credit Suisse Group or the Bank ceases to be well-capitalized or well-managed under applicable Fed rules, or otherwise fails to meet any of the requirements for financial holding company status, it may be required to discontinue certain financial activities or terminate its New York Branch. Credit Suisse Group's ability to undertake acquisitions permitted by financial holding companies could also be adversely affected.

Our US-based broker-dealers are subject to extensive regulation by US regulatory authorities. The SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies, while the CFTC is the federal agency primarily responsible for the regulation of futures commission merchants, commodity pool operators and commodity trading advisors. With the effectiveness of the Dodd-Frank Act, these CFTC registration categories have been expanded to include persons engaging in a relevant activity with respect to swaps. In addition, the US Treasury has the authority to promulgate rules relating to US Treasury and government agency securities, the Municipal Securities Rule-making Board (MSRB) has the authority to promulgate rules relating to municipal securities, and the MSRB also promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by securities industry self-regulatory organizations, including the Financial Industry Regulation Authority (FINRA), and by state securities authorities. For futures and swap activities, broker-dealers are subject to futures industry self-regulatory organizations such as the National Futures Association (NFA).

Our US broker-dealers are registered with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands, and our US futures commission merchants, commodity pool operators and commodity trading advisors are registered with the CFTC. Our US registered entities are subject to extensive regulatory requirements that apply to all aspects of their securities and futures activities, including: capital requirements; the use and safekeeping of customer funds and securities; the suitability of customer investments; record-keeping and reporting requirements; employee-related matters; limitations on extensions of credit in securities transactions; prevention and detection of money laundering and terrorist financing; procedures relating to research analyst independence; procedures for the clearance and settlement of trades; and communications with the public.

Our US broker-dealers are also subject to the SEC's net capital rule, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form. Compliance with the net capital rule could limit operations that require intensive use of capital, such as underwriting and trading activities and the financing of customer account balances and also could restrict our ability to withdraw capital from our broker-dealers. Our US broker-dealers are also subject to the net capital requirements of FINRA and, in some cases, other self-regulatory organizations.

Certain of our US broker-dealers are also registered as futures commission merchants and subject to the capital and other requirements of the CFTC and the NFA.

Our securities and asset management businesses include legal entities registered and regulated as a broker-dealer and investment adviser by the SEC. The SEC-registered mutual funds that we advise are subject to the Investment Company Act of 1940. For pension fund customers, we are subject to the Employee Retirement Income Security Act of 1974 and similar state statutes. We are subject to the Commodity Exchange Act for investment vehicles we advise that are commodity pools.

Credit Suisse International is registered with the CFTC as a swap dealer as a result of its swap activities with US persons and is therefore subject to reporting, record-keeping, swap confirmation, swap portfolio compression, clearing and certain business conduct requirements under the Dodd-Frank Act, and will become subject to electronic trading, additional business conduct, swap trading relationship documentation, portfolio reconciliation and margin requirements under the Dodd-Frank Act when they go into effect later in 2013.

EU

Since it was announced in 1999, the EU's Financial Services Action Plan has given rise to numerous measures (both directives and regulations) aimed at increasing integration and harmonization in the European market for financial services. While regulations have immediate and direct effect in member states, directives must be implemented through national legislation. As a result, the terms of implementation of directives are not always consistent from country to country. In response to the financial crisis and in order to strengthen European supervisory arrangements, the EU established the European Systemic Risk Board, which has macro-prudential oversight of the financial system. The EU has also established three supervisory authorities responsible for promoting greater harmonization and consistent application of EU legislation by national regulators: the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority.

The Capital Requirements Directive (CRD), implemented in various EU countries including the UK, applies the Basel II capital framework for banking groups operating in the EU. The CRD has been amended by CRD II, which governs own funds, large exposures, supervisory arrangements, qualitative standards for liquidity risk management and securitization, and which came into force on December 31, 2010, and by CRD III, which governs both the disclosure and content of remuneration policies, effective January 1, 2011, and capital requirements for trading books and re-securitizations and disclosure of securitization exposures, effective December 31, 2011. Further reforms are proposed by CRD IV which, once enacted, will replace the current CRD directive with new measures implementing the Basel III requirements, as well as creating a single harmonized prudential rule book for banks, introducing new corporate governance and a limited number of additional remuneration requirements, including an expected cap on variable remuneration, and enhancing the powers of regulators. CRD IV is expected to come into force some time in 2014.

The existing Markets in Financial Instruments Directive (MiFID I) establishes high-level organizational and business conduct standards that apply to all investment firms. These include standards for managing conflicts of interest, best execution, enhanced investor protection, including client classification, and the requirement to assess suitability and appropriateness in providing investment services to clients. MiFID I sets standards for regulated markets (i.e. exchanges) and multilateral trading facilities, and sets out pre-trade and post-trade price transparency requirements for equity trading. MiFID I also sets standards for the disclosure of fees and other payments received from or paid to third parties in relation to investment advice and services and regulates investment services relating to commodity derivatives. In relation to these and other EU-based investment services and activities, MiFID I introduced a "passport" for investment firms, enabling them to conduct cross-border activities and establish branches throughout the EU on the basis of authorization from their home state regulator.

UK

The UK FSA is the principal statutory regulator of financial services activity in the UK, deriving its powers from the Financial Services and Markets Act 2000 (FSMA). The FSA regulates banking, insurance, investment business and the activities of mortgage intermediaries. The FSA generally adopts a risk-based approach, supervising all aspects of a firm's business, including capital resources, systems and controls and management structures, the conduct of its business, anti-money laundering and staff training. The FSA has wide investigatory and enforcement powers, including the power to

require information and documents from financial services businesses, appoint investigators, apply to the court for injunctions or restitution orders, prosecute criminal offenses, impose financial penalties, issue public statements or censures and vary, cancel or withdraw authorizations it has granted. In June 2010, the UK government announced that the FSA will be replaced by three new agencies: the Prudential Regulation Authority, a subsidiary of the Bank of England, which will be responsible for the micro-prudential regulation of banks and larger investment firms; the Financial Conduct Authority, which will regulate markets, the conduct of business of all financial firms, and the prudential regulation of firms not regulated by the Prudential Regulation Authority; and the Financial Policy Committee of the Bank of England, which will be responsible for macro-prudential regulation. The FSA will officially transition fully to these successor supervisory entities in April 2013.

As a member state of the EU, the UK is required to implement EU directives into national law. The regulatory regime for banks operating in the UK conforms to required EU standards including compliance with capital adequacy standards, customer protection requirements, conduct of business rules and anti-money laundering rules. These standards, requirements and rules are similarly implemented, under the same directives, throughout the other member states of the EU in which we operate.

The London branch of Credit Suisse AG (London Branch), Credit Suisse International and Credit Suisse (UK) Limited are authorized to take deposits. We also have a number of entities authorized to conduct investment business and asset management activities. In deciding whether to grant authorization, the FSA must first determine whether a firm satisfies the threshold conditions for authorization, which includes suitability and the requirement for the firm to be fit and proper. In addition to regulation by the FSA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary code of conduct published by the Bank of England which FSA-regulated firms are expected to follow when conducting wholesale money market business.

The London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a response to the global financial crisis, the FSA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of "self-sufficiency", such that Credit Suisse International, Credit Suisse Securities (Europe) Limited and Credit Suisse (UK) Limited are required to maintain adequate liquidity resources, under the day-to-day supervision of the entity's senior management, held in a custodian account in the name of the entity, unencumbered and attributed to the entity balance sheet. In addition, the FSA requires Credit Suisse International, Credit Suisse Securities (Europe)

Limited and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the CRD.

Our London bank and broker-dealer subsidiaries and asset management companies are authorized under the FSMA and are subject to regulation by the FSA. In deciding whether to authorize an investment firm in the UK, the FSA will consider the threshold conditions, which includes suitability and the general requirement for a firm to be fit and proper. The FSA is responsible for regulating most aspects of an investment firm's business, including its regulatory capital, sales and trading practices, use and safekeeping of customer funds and securities, record-keeping, margin practices and procedures, registration standards for individuals carrying on certain functions, anti-money laundering systems and periodic reporting and settlement procedures.

On January 1, 2011, the FSA implemented the requirements of CRD III, including requiring certain investment firms not headquartered in the European Economic Area, in respect of their UK operations, to have remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management. CRD IV proposes further changes to banks' remuneration policies, and is expected to be passed into law some time in 2014.

On January 1, 2011, a levy attributable to the UK operations of large banks on certain funding came into effect. During 2012, the levy was 8.8 basis points for short-term liabilities and 4.4 basis points for long-term equity and liabilities. The levy increased on January 1, 2013 to 13 basis points and 6.5 basis points, respectively.

Risk factors

Our businesses are exposed to a variety of risks that could adversely affect our results of operations and financial condition, including, among others, those described below.

Liquidity risk

Liquidity, or ready access to funds, is essential to our businesses, particularly our Investment Banking business. We maintain available liquidity to meet our obligations in a stressed liquidity environment.

- ▶ Refer to “Liquidity and funding management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our liquidity management.

Our liquidity could be impaired if we were unable to access the capital markets or sell our assets, and we expect our liquidity costs to increase

Our ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to us or the banking sector, including our perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on our liquidity. In challenging credit markets, our funding costs may increase or we may be unable to raise funds to support or expand our businesses, adversely affecting our results of operations. Following the financial crisis in 2008 and 2009, our costs of liquidity have remained high and we expect to incur additional costs as a result of regulatory requirements for increased liquidity and the challenging economic environment in Europe, the US and elsewhere.

If we are unable to raise needed funds in the capital markets, we may need to liquidate unencumbered assets to meet our liabilities. In a time of reduced liquidity, we may be unable to sell some of our assets, or we may need to sell assets at depressed prices, which in either case could adversely affect our results of operations and financial condition.

Our businesses rely significantly on our deposit base for funding

Our businesses benefit from short-term funding sources, including primarily demand deposits, inter-bank loans, time deposits and cash bonds. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, our liquidity position could be adversely affected and we

might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans, investments and businesses.

Changes in our ratings may adversely affect our business

Ratings are assigned by rating agencies. They may lower, indicate their intention to lower or withdraw their ratings at any time. The major rating agencies remain focused on the financial services industry, particularly on uncertainties as to whether firms that pose systemic risk would receive government or central bank support in a financial or credit crisis, and on such firms' potential vulnerability to market sentiment and confidence, particularly during periods of severe economic stress. For example, in June 2012, following a review of seventeen of the world's largest banks, Moody's Investor Services lowered its ratings of fifteen of those banks, including lowering Credit Suisse's credit rating by three notches. Further downgrades in our assigned ratings, including in particular our credit ratings, could increase our borrowing costs, limit our access to capital markets, increase our cost of capital and adversely affect the ability of our businesses to sell or market their products, engage in business transactions – particularly longer-term and derivatives transactions – and retain our clients.

Market risk

We may incur significant losses on our trading and investment activities due to market fluctuations and volatility

Although we continued to reduce our balance sheet and accelerated the implementation of our client-focused, capital-efficient strategy in 2012, we continue to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that we own assets, or have net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of our net long positions. Conversely, to

the extent that we have sold assets that we do not own or have net short positions in any of those markets, an upturn in those markets could expose us to potentially significant losses as we attempt to cover our net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the fair value of our positions and our results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in our net revenues and profitability.

Our businesses are subject to the risk of loss from adverse market conditions and unfavorable economic, monetary, political, legal and other developments in the countries we operate in around the world

As a global financial services company, our businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the US and elsewhere around the world. The recovery from the economic crisis of 2008 and 2009 continues to be sluggish in several key developed markets. Additionally, the European sovereign debt crisis, as well as concerns over US debt levels and the federal budget process that led to the first downgrade of US sovereign debt in the modern era, have not been permanently resolved. Our financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which we operate or invest have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions. In 2012, concerns about weaknesses in the economic and fiscal condition of certain European countries, including Greece, Ireland, Italy, Portugal and Spain, continued, especially with regard to how such weaknesses might affect other economies as well as financial institutions (including Credit Suisse) which lent funds to or did business with or in those countries. Continued concern about the European sovereign debt crisis could cause disruptions in market conditions in Europe and around the world. There is always the chance that economic disruption in other countries, even in countries in which we do not currently conduct business or have operations, will adversely affect our businesses and results.

Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and foreign currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices, the European sovereign debt crisis and the US federal debt crisis have affected financial markets and the economy. In recent years, movements in interest

rates have affected our net interest income and the value of our trading and non-trading fixed income portfolios. In addition, movements in equity markets, together with lower industry-wide capital issuance levels, have affected the value of our trading and non-trading equity portfolios, while the strength of the Swiss franc has adversely affected our revenues and net income.

Such adverse market or economic conditions may reduce the number and size of investment banking transactions in which we provide underwriting, mergers and acquisitions advice or other services and, therefore, may adversely affect our financial advisory and underwriting fees. Such conditions may adversely affect the types and volumes of securities trades that we execute for customers and may adversely affect the net revenues we receive from commissions and spreads. In addition, several of our businesses engage in transactions with, or trade in obligations of, governmental entities, including super-national, national, state, provincial, municipal and local authorities. These activities can expose us to enhanced sovereign, credit-related, operational and reputational risks, including the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those officials, which could adversely affect our financial condition and results of operations.

Unfavorable market or economic conditions have affected our businesses over the last few years, including the low interest rate environment, continued cautious investor behavior, lower industry-wide capital issuance levels, and subdued mergers and acquisitions activity. These negative factors have been reflected in lower commissions and fees from our client-flow sales and trading and asset management activities, including commissions and fees that are based on the value of our clients' portfolios. Investment performance that is below that of competitors or asset management benchmarks could result in a decline in assets under management and related fees and make it harder to attract new clients. In light of the continued dislocation in the financial and credit markets, there has been a fundamental shift in client demand away from more complex products and significant client deleveraging, and our Private Banking & Wealth Management division's results of operations have been and could continue to be adversely affected as long as this continues.

Adverse market or economic conditions have also negatively affected our private equity investments since, if a private equity investment substantially declines in value, we may not receive any increased share of the income and gains from such investment (to which we are entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously

received excess carried interest payments and may lose our pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit in weak IPO markets.

In addition to the macroeconomic factors discussed above, other events beyond our control, including terrorist attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential related effect on our businesses and results.

We may incur significant losses in the real estate sector

We finance and acquire principal positions in a number of real estate and real estate-related products, primarily for clients, and originate loans secured by commercial and residential properties. As of December 31, 2012, our real estate loans (as reported to the SNB) totaled approximately CHF 133 billion. We also securitize and trade in commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including ◉commercial and ◉residential mortgage-backed securities. Our real estate-related businesses and risk exposures could continue to be adversely affected by the downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on our real estate-related businesses.

Holding large and concentrated positions may expose us to large losses

Concentrations of risk could increase losses, given that we have sizeable loans to, and securities holdings in, certain customers, industries or countries. Decreasing economic growth in any sector in which we make significant commitments, for example, through underwriting, lending or advisory services, could also negatively affect our net revenues.

We have significant risk concentration in the financial services industry as a result of the large volume of transactions we routinely conduct with broker-dealers, banks, funds and other financial institutions, and in the ordinary conduct of our business we may be subject to risk concentration with a particular counterparty. We, like other financial institutions, continue to adapt our practices and operations in consultation with our regulators to better address an evolving understanding of our exposure to, and management of, systemic risk and risk concentration to financial institutions. Regulators continue to focus on these risks, and there are numerous new regulations

and government proposals, and significant ongoing regulatory uncertainty, about how best to address them. There can be no assurance that the changes in our industry, operations, practices and regulation will be effective in managing this risk.

► Refer to “Regulation and supervision” for further information.

Risk concentration may cause us to suffer losses even when economic and market conditions are generally favorable for others in our industry.

Our hedging strategies may not prevent losses

If any of the variety of instruments and strategies we use to hedge our exposure to various types of risk in our businesses is not effective, we may incur losses. We may be unable to purchase hedges or be only partially hedged, or our hedging strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

Market risk may increase the other risks that we face

In addition to the potentially adverse effects on our businesses described above, market risk could exacerbate the other risks that we face. For example, if we were to incur substantial trading losses, our need for liquidity could rise sharply while our access to liquidity could be impaired. In conjunction with another market downturn, our customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing our credit and counterparty risk exposure to them.

Credit risk

We may suffer significant losses from our credit exposures

Our businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. Our credit exposures exist across a wide range of transactions that we engage in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as derivative, foreign exchange and other transactions. Our exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. In addition, disruptions in the liquidity or transparency of the financial markets may result in our inability to sell, syndicate or realize the value of our positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of risk-

weighted assets on our balance sheet, thereby increasing our capital requirements, all of which could adversely affect our businesses.

- ▶ Refer to “Credit risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for information on management of credit risk.

Management’s determination of the provision for loan losses is subject to significant judgment. Our banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously determined provisions if our original estimates of loss prove inadequate, which could have a material adverse effect on our results of operations.

- ▶ Refer to “Credit risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management and “Note 1 – Summary of significant accounting policies”, “Note 10 – Provision for credit losses” and “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group for information on provisions for loan losses and related risk mitigation.

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

We have experienced in the past, and may in the future experience, pressure to assume longer-term credit risk, extend credit against less liquid collateral and price derivative instruments more aggressively based on the credit risks that we take due to competitive factors. We expect our capital and liquidity requirements, and those of the financial services industry, to increase as a result of these risks.

Defaults by a large financial institution could adversely affect financial markets generally and us specifically

Concerns or even rumors about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about defaults by and failures of many financial institutions, particularly those with significant exposure to the eurozone, continued in 2012 and could continue to lead to losses or defaults by financial institutions and financial intermediaries with which we interact on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. Our credit risk exposure will also increase if the collateral we hold cannot be realized upon or can only be liqui-

dated at prices insufficient to cover the full amount of exposure.

The information that we use to manage our credit risk may be inaccurate or incomplete

Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. We may also fail to receive full information with respect to the credit or trading risks of a counterparty.

Risks from estimates and valuations

We make estimates and valuations that affect our reported results, including measuring the ◉ fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating our ability to realize deferred tax assets, valuing equity-based compensation awards and calculating expenses and liabilities associated with our pension plans. These estimates are based upon judgment and available information, and our actual results may differ materially from these estimates.

- ▶ Refer to “Critical accounting estimates” in II – Operating and financial review and “Note 1 – Summary of significant accounting policies” in V – Consolidated financial statements – Credit Suisse Group for information on these estimates and valuations.

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

Risks relating to off-balance sheet entities

We enter into transactions with special purpose entities (SPEs) in our normal course of business, and certain SPEs with which we transact business are not consolidated and their assets and liabilities are off-balance sheet. The accounting requirements for consolidation, initially and if certain events occur that require us to reassess whether consolidation is required, can require the exercise of significant management

judgment. Accounting standards relating to consolidation, or their interpretation, have changed and may continue to change. If we are required to consolidate an SPE, its assets and liabilities would be recorded on our consolidated balance sheets and we would recognize related gains and losses in our consolidated statements of operations, and this could have an adverse impact on our results of operations and capital and leverage ratios.

- ▶ Refer to “Off-balance sheet” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and contractual obligations for information on our transactions with and commitments to SPEs.

Cross-border and foreign exchange risk

Cross-border risks may increase market and credit risks we face

Country, regional and political risks are components of market and credit risk. Financial markets and economic conditions generally have been and may be materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to us, which in turn may have an adverse impact on our results of operations.

We may face significant losses in emerging markets

As a global financial services company doing business in emerging markets, we are exposed to economic instability in emerging market countries. We monitor these risks, seek diversity in the sectors in which we invest and emphasize client-driven business. Our efforts at limiting emerging market risk, however, may not always succeed.

Currency fluctuations may adversely affect our results of operations

We are exposed to risk from fluctuations in exchange rates for currencies, particularly the US dollar. In particular, a substantial portion of our assets and liabilities are denominated in currencies other than the Swiss franc, which is the primary currency of our financial reporting. Our capital is also stated in Swiss francs and we do not fully hedge our capital position against changes in currency exchange rates. Despite the actions of the SNB to maintain a floor for the CHF-EUR exchange rate, the Swiss franc remained strong against the US dollar and euro in 2012. The appreciation of the Swiss franc in particular and exchange rate volatility in general have

had an adverse impact on our results of operations and capital position in recent years and may have such an effect in the future.

Operational risk

We are exposed to a wide variety of operational risks, including information technology risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In general, although we have business continuity plans, our businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure. As a global financial services company, we rely heavily on our financial, accounting and other data processing systems, which are varied and complex. Our business depends on our ability to process a large volume of diverse and complex transactions, including derivatives transactions, which have increased in volume and complexity. We are exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted for. Regulatory requirements in this area have increased and are expected to increase further.

Information security, data confidentiality and integrity are of critical importance to our businesses. Despite our wide array of security measures to protect the confidentiality, integrity and availability of our systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to our systems and information. We could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

If any of our systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, we could be subject to litigation or suffer financial loss not covered by insurance, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. Any such event could also require us to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures.

We may suffer losses due to employee misconduct

Our businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and

fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of “rogue traders” or other employees. It is not always possible to deter employee misconduct and the precautions we take to prevent and detect this activity may not always be effective.

Risk management

We have risk management procedures and policies designed to manage our risk. These techniques and policies, however, may not always be effective, particularly in highly volatile markets. We continue to adapt our risk management techniques, in particular ◉value-at-risk and economic capital, which rely on historical data, to reflect changes in the financial and credit markets. No risk management procedures can anticipate every market development or event, and our risk management procedures and hedging strategies, and the judgments behind them, may not fully mitigate our risk exposure in all markets or against all types of risk.

- ▶ Refer to “Risk management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our risk management.

Legal and regulatory risks

Our exposure to legal liability is significant

We face significant legal risks in our businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are increasing.

We and our subsidiaries are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on our operating results for any particular period, depending, in part, upon our results for such period.

- ▶ Refer to “Note 37 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for information relating to these and other legal and regulatory proceedings involving our Investment Banking and other businesses.

It is inherently difficult to predict the outcome of many of the legal, regulatory and other adversarial proceedings involving our businesses, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve

novel legal claims. Management is required to establish, increase or release reserves for losses that are probable and reasonably estimable in connection with these matters.

- ▶ Refer to “Critical accounting estimates” in II – Operating and financial review and “Note 1 – Summary of significant accounting policies” in V – Consolidated financial statements – Credit Suisse Group for more information.

Regulatory changes may adversely affect our business and ability to execute our strategic plans

As a participant in the financial services industry, we are subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organizations in Switzerland, the EU, the UK, the US and other jurisdictions in which we operate around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to our compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly. These regulations often serve to limit our activities, including through the application of increased capital requirements, customer protection and market conduct regulations, and direct or indirect restrictions on the businesses in which we may operate or invest. Such limitations can have a negative effect on our business and our ability to implement strategic initiatives. To the extent we are required to divest certain businesses, we could incur losses, as we may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

Since 2008, regulators and governments have focused on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk. We are already subject to extensive regulation in many areas of our business and expect to face increased regulation and regulatory scrutiny and enforcement. We expect such increased regulation to continue to increase our costs, including, but not limited to, costs related to compliance, systems and operations, as well as affecting our ability to conduct certain businesses, which could adversely affect our profitability and competitive position. Variations in the details and implementation of such regulations may further negatively affect us, as certain requirements currently are not expected to apply equally to all of our competitors or to be implemented uniformly across jurisdictions.

For example, the additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by ◉Basel III, together with more stringent require-

ments imposed by the Swiss “Too Big To Fail” legislation and its implementing ordinances, have contributed to our decision to reduce risk weighted assets and the size of our balance sheet, and could potentially impact our access to capital markets and increase our funding costs. In addition, the ongoing implementation in the US of the provisions of the Dodd-Frank Act, including the “Volcker Rule”, derivatives regulation, and other regulatory developments described in “Regulation and supervision”, have imposed, and will continue to impose, new regulatory burdens on certain of our operations. These requirements have contributed to our decision to exit certain businesses (including a number of our private equity businesses) and may lead us to exit other businesses. Because the scope of the Volcker Rule remains subject to final rule making and its impact on our market-making and risk mitigation activities is unclear, it is still uncertain whether we may be required to curtail or discontinue some of these activities or if our operations may otherwise be adversely affected. Under the Dodd-Frank Act, we also expect to become subject to new CFTC and SEC rules that could materially increase the operating costs, including compliance, information technology and related costs, associated with our derivatives businesses with US persons. Further, in December 2012, the Fed proposed a rule under the Dodd-Frank Act that would create a new framework for regulation of the US operations of foreign banking organizations such as ours. Although the final content and impact of the proposal cannot be predicted at this time, if implemented as proposed, this rule may result in our incurring additional costs and limit or restrict the way we conduct our business in the US.

Similarly, recently enacted and possible future cross-border tax regulation with extraterritorial effect, such as the US Foreign Account Tax Compliance Act, and bilateral tax treaties, such as Switzerland’s treaties with the UK and Austria, impose detailed reporting obligations and increased compliance and systems-related costs on our businesses. Finally, implementation of EMIR and the proposed revisions to MiFID II may negatively affect our business activities. If Switzerland does not pass legislation that is deemed equivalent to these EU regulations in a timely manner, Swiss banks, including us, may be limited from participating in businesses regulated by such laws.

Additionally, pursuant to an amendment of the Bank Law in 2012 and the new Banking Insolvency Ordinance that came into effect in late 2012, FINMA has significantly increased authority in case of resolution proceedings involving banks in Switzerland. This resolution authority includes, among other things, the power to cancel outstanding equity, to convert debt instruments and other liabilities of a bank into equity and to cancel such liabilities fully or partially.

We expect the financial services industry, including Credit Suisse, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2013 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect our results of operations.

Despite our best efforts to comply with applicable regulations, a number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against us, which could result in, among other things, suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect our results of operations and seriously harm our reputation.

- ▶ Refer to “Regulation and supervision” for a description of our regulatory regime and capital requirements and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry.

Changes in monetary policy are beyond our control and difficult to predict

We are affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the US and other countries. The actions of the SNB and other central banking authorities directly impact our cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments we hold and the competitive and operating environment for the financial services industry. Many central banks have implemented significant changes to their monetary policy. We cannot predict whether these changes will have a material adverse effect on us or our operations. In addition, changes in monetary policy may affect the credit quality of our customers. Any changes in monetary policy are beyond our control and difficult to predict.

Legal restrictions on our clients may reduce the demand for our services

We may be materially affected not only by regulations applicable to us as a financial services company, but also by regulations of general application and changes in enforcement practices. Our business could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies, and changes in the interpretation or enforcement of existing laws and rules that affect business and the financial markets. For example, focus on tax

compliance and changes in enforcement practices could lead to asset outflows (primarily from customers in mature Western European markets) from our Wealth Management Clients business in Switzerland.

Any conversion of our convertible capital instruments will dilute the ownership interests of existing shareholders

Under Swiss regulatory capital rules, we are now required to issue a significant amount of contingent capital instruments which will convert into common equity upon the occurrence of specified triggering events, including our CET1 capital ratio falling below prescribed thresholds, or a determination by FINMA that conversion is necessary, or that we require public sector capital support, to prevent us from becoming insolvent. We have already issued or agreed to issue an aggregate of CHF 8.4 billion in principal amount of such contingent capital, and we expect to issue more such contingent capital in the future. We have also issued a significant volume of the mandatory and contingent convertible securities (MACCS), totaling an aggregate of CHF 3.8 billion, which convert into 233.5 million shares on March 29, 2013 (subject to acceleration in certain circumstances), with settlement and delivery of shares in early April 2013. The conversion of some or all of our contingent capital due to the occurrence of a triggering event will result in the dilution of the ownership interests of our then existing shareholders, which dilution could be substantial. Similarly, the conversion of the MACCS will result in substantial dilution of the ownership interests of existing shareholders who do not hold an equivalent amount of MACCS. Additionally, any conversion, or the anticipation of the possibility of a conversion, could depress the market price of our ordinary shares.

- ▶ Refer to “Banking relationships with members of the Board and Executive Board and related party transactions” in IV – Corporate Governance and Compensation – Corporate Governance for more information on the triggering events related to our contingent capital instruments.

Competition

We face intense competition

We face intense competition in all financial services markets and for the products and services we offer. Consolidation through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve

client needs. Consolidation has created a number of firms that, like us, have the ability to offer a wide range of products, from loans and deposit-taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than we do, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in our industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. Although we expect the increasing consolidation and changes in our industry to offer opportunities, we can give no assurance that our results of operations will not be adversely affected.

Our competitive position could be harmed if our reputation is damaged

In the highly competitive environment arising from globalization and convergence in the financial services industry, a reputation for financial strength and integrity is critical to our performance, including our ability to attract and maintain clients and employees. Our reputation could be harmed if our comprehensive procedures and controls fail, or appear to fail, to address conflicts of interest, prevent employee misconduct, produce materially accurate and complete financial and other information or prevent adverse legal or regulatory actions.

- ▶ Refer to “Reputational risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for more information.

We must recruit and retain highly skilled employees

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is intense. We have devoted considerable resources to recruiting, training and compensating employees. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on our ability to attract and retain highly skilled employees.

We face competition from new trading technologies

Our businesses face competitive challenges from new trading technologies, which may adversely affect our commission and trading revenues, exclude our businesses from certain trans-

action flows, reduce our participation in the trading markets and the associated access to market information and lead to the creation of new and stronger competitors. We have made, and may continue to be required to make, significant additional expenditures to develop and support new trading systems or otherwise invest in technology to maintain our competitive position.

Risks relating to our strategy

We may not achieve all of the expected benefits of our strategic initiatives

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, to optimize our use of capital and improve our cost structure we have continued to adapt our client-focused, capital-efficient strategy and have implemented new efficiency measures. Actions taken to adapt our strategy, some of which are ongoing, include strengthening our capital position, reducing our cost base, decreasing the size of our balance sheet, reducing our risk-weighted assets, focusing on chosen businesses and markets in Investment Banking, and integrating our Private Banking and Asset Management divisions into a new, single division. Factors beyond our control, including but not limited to the market and economic conditions and other challenges

discussed in this report, could limit our ability to achieve some or all of the expected benefits of these initiatives.

In addition, acquisitions and other similar transactions we undertake as part of our strategy subject us to certain risks. Even though we review the records of companies we plan to acquire, it is generally not feasible for us to review all such records in detail. Even an in-depth review of records may not reveal existing or potential problems or permit us to become familiar enough with a business to assess fully its capabilities and deficiencies. As a result, we may assume unanticipated liabilities (including legal and compliance issues), or an acquired business may not perform as well as expected. We also face the risk that we will not be able to integrate acquisitions into our existing operations effectively as a result of, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into our organizational structure. We face the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses or the capital expenditures needed to develop such businesses.

In recent years, we have also undertaken a number of new joint ventures and strategic alliances. Although we endeavor to identify appropriate partners, our joint venture efforts may prove unsuccessful or may not justify our investment and other commitments.

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Operating and financial review

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Operating environment

The global economy faced significant challenges in 2012, and concerns regarding eurozone sovereign debt significantly impacted markets. With major central banks maintaining low interest rates and increased risk appetite in the second half of the year, equity markets ended the year higher. The US dollar weakened against most currencies except the Japanese yen. The Swiss National Bank continued to defend the previously announced floor of CHF 1.20 per euro.

Economic environment

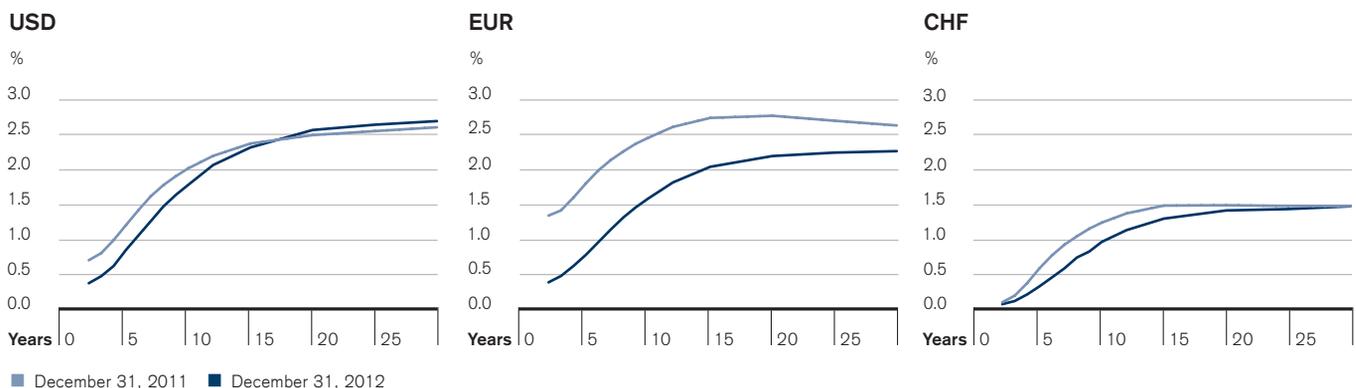
Global gross domestic product growth reported in 2012 remained relatively weak, reflecting low consumer confidence and weak business sentiment, continued high unemployment rates and uncertainty related to the eurozone sovereign debt crisis. Towards the end of the year, leading indicators, including the global manufacturing purchasing managers index, rose modestly. While US and Chinese growth was relatively robust in the second half of 2012, economic activity in the eurozone continued to shrink. In Switzerland, economic growth was comparatively strong, and unemployment was low. Inflation remained subdued in most developed countries, but was higher in emerging markets.

Central banks across the globe remained concerned about the growth outlook, and generally further eased monetary pol-

icy in 2012. The US Federal Reserve (Fed) reacted to the slow improvement in the US labor market by extending its pledge to keep short-term interest rates unchanged, noting that monetary policy would remain highly accommodative even after the recovery strengthens. The Fed also continued to shift its short-term US Treasury holdings towards longer-term securities and announced it would purchase significant amounts of mortgage-backed securities until there is substantial labor market improvement. The European Central Bank (ECB) announced that it would stand ready, under certain conditions, to buy unlimited amounts of short-dated eurozone sovereign bonds in order to lower governments' borrowing costs. This announcement resulted in a marked drop in the bond yields of troubled eurozone sovereigns. The Bank of Japan (BoJ) announced an official inflation target and expanded its asset purchase program further.

Yield curves

Near term interest rates generally declined further in 2012.



Source: Datastream, Credit Suisse

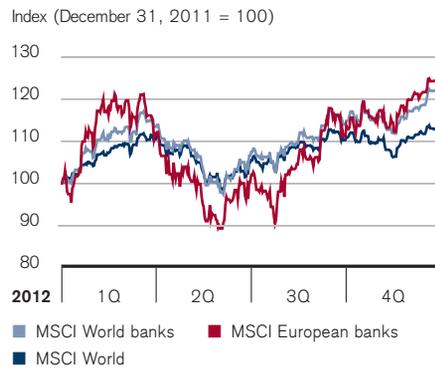
Equity markets

After a difficult first half year, equity markets closed 2012 higher with banks outperforming. Volatility peaked in summer.

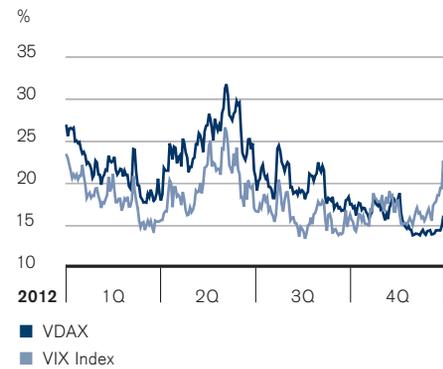
Performance by region



Performance world banks



Volatility



Source: Bloomberg, MSCI Barra, Credit Suisse

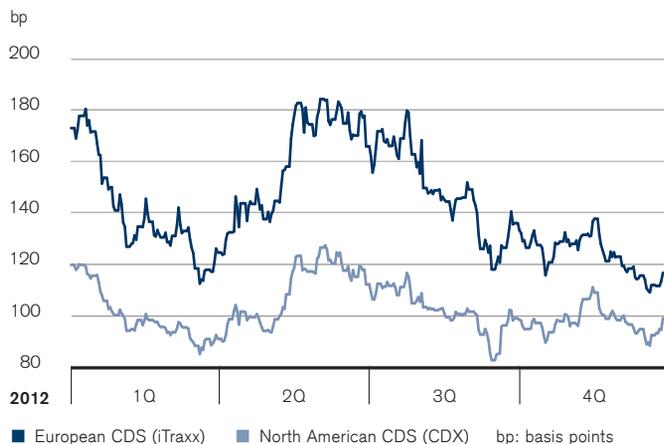
Source: Datastream, MSCI Barra, Credit Suisse

Source: Datastream, Credit Suisse

The eurozone sovereign debt crisis was a key theme, especially in the first half of the year. Eurozone member states increased the combined lending power of the European Financial Stability Facility and the European Stability Mechanism (ESM). European leaders agreed on a single banking supervisory mechanism to be run by the ECB and authorized the ESM to inject funds into banks directly once the supervisory mechanism is operative. Increased liquidity caused a sharp fall in short-term interest rates, with three-month London inter-bank offered rate (LIBOR) dropping below the ECB's target rate.

Credit spreads

Credit spreads tightened in 2012 due to monetary stimulus from major central banks and reduced political uncertainty.



Source: Bloomberg, Credit Suisse

After a good start at the beginning of the year, eurozone sovereign debt issues weighed on equity markets until May. The measures announced by the ECB supported stock markets mid-year, with equity markets posting strong gains following US elections in early November. With increased risk appetite and low bond yields at the end of the year, global equity prices finished the year higher. Equity market volatility, as indicated by the Chicago Board Options Exchange Market Volatility Index (VIX), increased temporarily in the first half of the year when the eurozone debt crisis was in focus, and again at the end of the year relating to the US "fiscal cliff" debate (refer to the charts "Equity markets"). The Dow Jones Credit Suisse Hedge Fund Index gained 8% in 2012. According to Hedge Fund Research, steady inflows combined with performance-based gains pushed total industry assets to a record high of USD 2.25 trillion.

Increased monetary stimulus from major central banks and reduced political uncertainties in the second half of the year led to a significant compression of credit spreads. Both corporate high yield and emerging markets bonds delivered total returns in the high teens in 2012. European sovereign debt concerns dominated market action beginning in 2Q12, sending Spanish yields to record highs and Italian credit spreads above 5% in the 10-year segment. However, expectations of increased ECB and US Fed stimulus and further ECB announcements sparked credit spread tightening which lasted through the year-end (refer to the charts "Credit spreads").

Tension in the eurozone sovereign debt market was a key foreign exchange market driver in 2012. Major currencies, including the euro, weakened against the US dollar in the first half of the year. However, ECB and Fed measures caused the

US dollar to weaken against the euro in the second half of the year as eurozone sovereign debt concerns eased and the Fed announced a further round of Treasury securities purchases. The Japanese yen declined against the US dollar and most other major currencies as BoJ monetary policies became further expansionary. 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 2012 to defend the floor. Emerging market currencies generally benefitted from stable global growth prospects and capital inflows.

Commodity markets ended 2012 largely unchanged from 2011 levels, though experienced significant price volatility during the year. Commodity prices reached a peak towards the end of 1Q12 but adjusted significantly downward when global economic growth slowed. Prices increased during 3Q12 and 4Q12 amid signs of growth and growing confidence that the eurozone sovereign debt crisis was increasingly contained. Oil prices saw divergent developments, with US benchmark oil West Texas Intermediate ending the year slightly lower, affected by increased shale oil production in the US, and European Brent ending the year 4% higher due to restricted global production. Gold prices were higher, partly reflecting low real interest rates, ending the year above USD 1,650.

Market volumes (growth in % year on year)

2012	Global	Europe
Equity trading volume ¹	(22)	(21)
Announced mergers and acquisitions ²	(1)	(5)
Completed mergers and acquisitions ²	(15)	(32)
Equity underwriting ²	(15)	(22)
Debt underwriting ²	33	13
Syndicated lending – investment-grade ²	(28)	–

¹ London Stock Exchange, Borsa Italiana, Deutsche Börse, BME and Euronext. Global also includes New York Stock Exchange and NASDAQ. ² Dealogic.

Sector environment

The banking sector benefitted from central bank measures while the sector continued to transition to new regulatory requirements. Global banks took significant steps to restructure businesses and decrease costs while also taking measures to increase capital and liquidity ratios. European and North American bank stocks outperformed global equity indices. After European bank stocks declined 10% in the first half of 2012, they finished the year 23% higher. North American bank stocks ended the year with a positive return of 16% (refer to the charts “Equity markets”).

Private banking clients remained cautious. Due to prevailing market uncertainty, clients’ cash deposits remained high despite record low interest rates. Strong inflows in bond and money market funds continued towards the end of the year, and exchange-traded funds (ETFs) posted net inflows. In Switzerland, concerns about the real estate market overheating in certain areas remained pronounced. The wealth management sector continued to adapt to further industry-specific regulatory changes.

In investment banking, equity trading volume decreased significantly compared to 2011. Activity from mergers and acquisitions (M&As) also decreased, most markedly in Europe. However, global debt underwriting improved by 33% compared to the previous year. In the second half of the year, hedge funds were able to capitalize on improved liquidity conditions, relatively increased risk appetite and generally favorable volatility.

Credit Suisse

In 2012, we recorded net income attributable to shareholders of CHF 1,349 million. Diluted earnings per share were CHF 0.81. Return on equity attributable to shareholders was 3.9%.

Results

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net interest income	7,150	6,433	6,541	11	(2)
Commissions and fees	13,073	12,952	14,078	1	(8)
Trading revenues	1,195	5,020	9,338	(76)	(46)
Other revenues	2,548	1,820	1,429	40	27
Net revenues	23,966	26,225	31,386	(9)	(16)
Provision for credit losses	170	187	(79)	(9)	–
Compensation and benefits	12,530	13,213	14,599	(5)	(9)
General and administrative expenses	7,310	7,372	7,231	(1)	2
Commission expenses	1,775	1,992	2,148	(11)	(7)
Total other operating expenses	9,085	9,364	9,379	(3)	0
Total operating expenses	21,615	22,577	23,978	(4)	(6)
Income from continuing operations before taxes	2,181	3,461	7,487	(37)	(54)
Income tax expense	496	671	1,548	(26)	(57)
Income from continuing operations	1,685	2,790	5,939	(40)	(53)
Income/(loss) from discontinued operations	0	0	(19)	–	100
Net income	1,685	2,790	5,920	(40)	(53)
Less net income attributable to noncontrolling interests	336	837	822	(60)	2
Net income/(loss) attributable to shareholders	1,349	1,953	5,098	(31)	(62)
of which from continuing operations	1,349	1,953	5,117	(31)	(62)
of which from discontinued operations	0	0	(19)	–	100
Earnings per share (CHF)					
Basic earnings per share from continuing operations	0.82	1.37	3.93	(40)	(65)
Basic earnings per share	0.82	1.37	3.91	(40)	(65)
Diluted earnings per share from continuing operations	0.81	1.36	3.91	(40)	(65)
Diluted earnings per share	0.81	1.36	3.89	(40)	(65)
Return on equity (%)					
Return on equity attributable to shareholders	3.9	6.0	14.4	–	–
Return on tangible equity attributable to shareholders ¹	5.2	8.1	19.8	–	–
Number of employees (full-time equivalents)					
Number of employees	47,400	49,700	50,100	(5)	(1)

¹ Based on tangible shareholders' equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets as shown on our balance sheet from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.

Credit Suisse and Core Results

in	Core Results			Noncontrolling interests without SEI			Credit Suisse		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Statements of operations (CHF million)									
Net revenues	23,606	25,429	30,625	360	796	761	23,966	26,225	31,386
Provision for credit losses	170	187	(79)	0	0	0	170	187	(79)
Compensation and benefits	12,494	13,151	14,562	36	62	37	12,530	13,213	14,599
General and administrative expenses	7,288	7,350	7,194	22	22	37	7,310	7,372	7,231
Commission expenses	1,775	1,992	2,148	0	0	0	1,775	1,992	2,148
Total other operating expenses	9,063	9,342	9,342	22	22	37	9,085	9,364	9,379
Total operating expenses	21,557	22,493	23,904	58	84	74	21,615	22,577	23,978
Income from continuing operations before taxes	1,879	2,749	6,800	302	712	687	2,181	3,461	7,487
Income tax expense	496	671	1,548	0	0	0	496	671	1,548
Income from continuing operations	1,383	2,078	5,252	302	712	687	1,685	2,790	5,939
Income/(loss) from discontinued operations	0	0	(19)	0	0	0	0	0	(19)
Net income	1,383	2,078	5,233	302	712	687	1,685	2,790	5,920
Less net income attributable to noncontrolling interests	34	125	135	302	712	687	336	837	822
Net income attributable to shareholders	1,349	1,953	5,098	0	0	0	1,349	1,953	5,098
Statement of operations metrics (%)									
Cost/income ratio	91.3	88.5	78.1	–	–	–	90.2	86.1	76.4
Pre-tax income margin	8.0	10.8	22.2	–	–	–	9.1	13.2	23.9
Effective tax rate	26.4	24.4	22.8	–	–	–	22.7	19.4	20.7
Net income margin ¹	5.7	7.7	16.6	–	–	–	5.6	7.4	16.2

¹ Based on amounts attributable to shareholders.

Credit Suisse reporting structure and Core Results

Credit Suisse results include revenues and expenses from the consolidation of certain private equity funds and other entities in which we have noncontrolling interests without significant economic interest (SEI) in such revenues and expenses. Core Results include the results of our two segments and the Corporate Center and discontinued operations, but do not include noncontrolling interests without SEI.

Credit Suisse					
Core Results				Noncontrolling interests without significant economic interest	
Private Banking & Wealth Management			Investment Banking		Corporate Center
Wealth Management Clients	Corporate & Institutional Clients	Asset Management			

Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking & Wealth Management and Investment Banking segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the two segments. However, since they are legally owned by the Group, they are not included in the Bank's financial statements. These related principally to the activities of Neue Aar-

gauer Bank and BANK-now, which are managed as part of Private Banking & Wealth Management, and hedging activities relating to share-based compensation awards. Core Results also includes certain Corporate Center activities of the Group that are not applicable to the Bank.

These operations and activities vary from period to period and give rise to differences between the Bank's assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group.

► Refer to "Note 39 – Subsidiary guarantee information" in V – Consolidated financial statements – Credit Suisse Group for further information on the Bank.

Differences between Group and Bank businesses

Entity	Principal business activity
Neue Aargauer Bank	Banking (in the Swiss canton of Aargau)
BANK-now	Private credit and car leasing (in Switzerland)
Financing vehicles of the Group	Special purpose vehicles for various funding activities of the Group, including for purposes of raising capital

Credit Suisse AG merged with Clariden Leu on April 2, 2012, assuming all of its rights and obligations.

Comparison of consolidated statements of operations

in	Group			Bank		
	2012	2011	2010	2012	2011	2010
Statements of operations (CHF million)						
Net revenues	23,966	26,225	31,386	23,533	25,187	30,533
Total operating expenses	21,615	22,577	23,978	21,472	22,563	24,118
Income from continuing operations before taxes	2,181	3,461	7,487	1,973	2,501	6,536
Income tax expense	496	671	1,548	478	459	1,307
Income from continuing operations	1,685	2,790	5,939	1,495	2,042	5,229
Income/(loss) from discontinued operations	0	0	(19)	0	0	(19)
Net income	1,685	2,790	5,920	1,495	2,042	5,210
Less net income/(loss) attributable to noncontrolling interests	336	837	822	(600)	901	802
Net income attributable to shareholders	1,349	1,953	5,098	2,095	1,141	4,408

Comparison of consolidated balance sheets

end of	Group		Bank	
	2012	2011	2012	2011
Balance sheet statistics (CHF million)				
Total assets	924,280	1,049,165	908,160	1,034,787
Total liabilities	881,996	1,008,080	865,999	996,436

Capitalization and indebtedness

end of	Group		Bank	
	2012	2011	2012	2011
Capitalization and indebtedness (CHF million)				
Due to banks	31,014	40,147	30,574	40,077
Customer deposits	308,312	313,401	297,690	304,130
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	132,721	176,559	132,721	176,559
Long-term debt	148,134	162,655	146,997	161,353
Other liabilities	261,815	315,318	258,017	314,317
Total liabilities	881,996	1,008,080	865,999	996,436
Total equity	42,284	41,085	42,161	38,351
Total capitalization and indebtedness	924,280	1,049,165	908,160	1,034,787

Capital adequacy – Basel II.5

end of	Group		Bank	
	2012	2011	2012	2011
Capital (CHF million)				
Tier 1 capital	43,547	36,844	39,660	35,098
of which hybrid instruments	8,781	10,888	8,781	10,888
Total eligible capital	49,936	48,654	47,752	48,390
Capital ratios (%)				
Tier 1 ratio	19.4	15.2	18.4	15.1
Total capital ratio	22.3	20.1	22.2	20.8

Dividends of the Bank to the Group

end of	2012	2011
Per share issued (CHF)		
Dividend ^{1,2}	0.23 ³	0.23

Registered shares of CHF 100.00 nominal value each. As of December 31, 2012 and 2011, total share capital consisted of 43,996,652 registered shares.

¹ Dividends are determined in accordance with Swiss law and the Bank's articles of incorporation. ² In 2010, 2009 and 2008, dividends per share issued were CHF 0.23, CHF 68.19 and CHF 0.23, respectively. ³ Proposal of the Board of Directors to the annual general meeting of the Bank.

Core Results

For 2012, net income attributable to shareholders was CHF 1,349 million. Net revenues were CHF 23,606 million and total operating expenses were CHF 21,557 million. Results included fair value losses before tax from movements in own credit spreads of CHF 2,939 million, compared to fair value gains of CHF 1,616 million in 2011. Our results also reflected realignment costs of CHF 680 million, gains of CHF 533 million before tax from the sale of real estate and gains of CHF 384 million before tax from the sale of our remaining ownership interest in Aberdeen Asset Management. Our Basel II.5 tier 1 ratio was 19.4% and we made substantial progress in reducing Basel III risk-weighted assets in Investment Banking and for the Group. We attracted CHF 10.8 billion of net new assets.

Results

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net interest income	7,133	6,405	6,474	11	(1)
Commissions and fees	13,100	12,984	14,131	1	(8)
Trading revenues	1,161	4,921	9,328	(76)	(47)
Other revenues	2,212	1,119	692	98	62
Net revenues	23,606	25,429	30,625	(7)	(17)
Provision for credit losses	170	187	(79)	(9)	–
Compensation and benefits	12,494	13,151	14,562	(5)	(10)
General and administrative expenses	7,288	7,350	7,194	(1)	2
Commission expenses	1,775	1,992	2,148	(11)	(7)
Total other operating expenses	9,063	9,342	9,342	(3)	–
Total operating expenses	21,557	22,493	23,904	(4)	(6)
Income from continuing operations before taxes	1,879	2,749	6,800	(32)	(60)
Income tax expense	496	671	1,548	(26)	(57)
Income from continuing operations	1,383	2,078	5,252	(33)	(60)
Income/(loss) from discontinued operations	0	0	(19)	–	100
Net income	1,383	2,078	5,233	(33)	(60)
Less net income attributable to noncontrolling interests	34	125	135	(73)	(7)
Net income/(loss) attributable to shareholders	1,349	1,953	5,098	(31)	(62)
of which from continuing operations	1,349	1,953	5,117	(31)	(62)
of which from discontinued operations	0	0	(19)	–	100
Statement of operations metrics (%)					
Cost/income ratio	91.3	88.5	78.1	–	–
Pre-tax income margin	8.0	10.8	22.2	–	–
Effective tax rate	26.4	24.4	22.8	–	–
Net income margin ¹	5.7	7.7	16.6	–	–
Number of employees (full-time equivalents)					
Number of employees	47,400	49,700	50,100	(5)	(1)

¹ Based on amounts attributable to shareholders.

Core Results reporting by division

	in			% change	
	2012	2011	2010	12 / 11	11 / 10
Net revenues (CHF million)					
Wealth Management Clients	8,952	9,085	10,039	(1)	(10)
Corporate & Institutional Clients	2,126	2,065	2,032	3	2
Asset Management	2,463	2,297	2,509	7	(8)
Private Banking & Wealth Management	13,541	13,447	14,580	1	(8)
Investment Banking	12,558	10,460	15,873	20	(34)
Corporate Center	(2,493)	1,522	172	–	–
Net revenues	23,606	25,429	30,625	(7)	(17)
Provision for credit losses (CHF million)					
Wealth Management Clients	110	78	69	41	13
Corporate & Institutional Clients	72	33	(52)	118	–
Private Banking & Wealth Management	182	111	17	64	–
Investment Banking	(12)	76	(96)	–	–
Provision for credit losses	170	187	(79)	(9)	–
Total operating expenses (CHF million)					
Wealth Management Clients	6,821	7,561	7,365	(10)	3
Corporate & Institutional Clients	1,110	1,111	1,113	0	0
Asset Management	1,653	1,703	1,943	(3)	(12)
Private Banking & Wealth Management	9,584	10,375	10,421	(8)	0
Investment Banking	10,568	10,977	12,375	(4)	(11)
Corporate Center	1,405	1,141	1,108	23	3
Total operating expenses	21,557	22,493	23,904	(4)	(6)
Income/(loss) from continuing operations before taxes (CHF million)					
Wealth Management Clients	2,021	1,446	2,605	40	(44)
Corporate & Institutional Clients	944	921	971	2	(5)
Asset Management	810	594	566	36	5
Private Banking & Wealth Management	3,775	2,961	4,142	27	(29)
Investment Banking	2,002	(593)	3,594	–	–
Corporate Center	(3,898)	381	(936)	–	–
Income from continuing operations before taxes	1,879	2,749	6,800	(32)	(60)

Core Results include the results of our two segments, the Corporate Center and discontinued operations. Core Results exclude revenues and expenses in respect of noncontrolling interests in which we do not have SEI.

As of November 30, 2012 we integrated our former Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division. In addition, the majority of our securities trading and sales business in Switzerland was transferred from the Investment Banking division into the Private Banking & Wealth Management division.

Certain reclassifications have been made to prior periods to conform to the current presentation.

- ▶ Refer to "Format of presentation and changes in reporting" in Information and developments for further information.

Core Results reporting by region

	in			% change	
	2012	2011	2010	12 / 11	11 / 10
Net revenues (CHF million)					
Switzerland	7,455	7,590	7,934	(2)	(4)
EMEA	6,749	6,520	7,718	4	(16)
Americas	9,507	7,272	11,726	31	(38)
Asia Pacific	2,388	2,525	3,075	(5)	(18)
Corporate Center	(2,493)	1,522	172	-	-
Net revenues	23,606	25,429	30,625	(7)	(17)
Income/(loss) from continuing operations before taxes (CHF million)					
Switzerland	2,536	2,407	2,775	5	(13)
EMEA	882	44	757	-	(94)
Americas	2,510	6	3,873	-	(100)
Asia Pacific	(151)	(89)	331	70	-
Corporate Center	(3,898)	381	(936)	-	-
Income from continuing operations before taxes	1,879	2,749	6,800	(32)	(60)

A significant portion of our business requires inter-regional coordination in order to facilitate the needs of our clients. The methodology for allocating our results by region is dependent on management judgment. For Wealth Management Clients and Corporate & Institutional Clients, results are allocated based on the management reporting structure of our relationship managers and the region where the transaction is recorded. For Asset Management, results are allocated based on the location of the investment advisors and sales teams. For Investment Banking, trading results are allocated based on where the risk is primarily managed and fee-based results are allocated where the client is domiciled.

Results overview

2012 versus 2011

In 2012, we recorded net income attributable to shareholders of CHF 1,349 million, down 31% compared to 2011. Net revenues were CHF 23,606 million, down 7%, and total operating expenses were CHF 21,557 million, down 4%, compared to 2011, mainly due to lower compensation and benefits. Our 2012 results included negative impacts of CHF 3.8 billion consisting of fair value losses before tax from movements in own credit spreads of CHF 2.9 billion, realignment costs of CHF 680 million from cost efficiency measures and additional litigation provisions of CHF 227 million before tax from the settlement of National Century Financial Enterprises, Inc. (NCFE)-related litigation. Also included were gains of CHF 533 million before tax from the sale of real estate and gains of CHF 384 million before tax from the sale of our remaining ownership interest in Aberdeen Asset Management (Aberdeen).

In **Private Banking & Wealth Management**, net revenues of CHF 13,541 million were stable compared to 2011, with lower recurring commissions and fees offset by higher other revenues. Transaction- and performance-based revenues and net interest income were stable. Lower recurring commissions and fees mainly reflected lower investment product management fees and lower discretionary mandate man-

agement fees. Other revenues of CHF 448 million were higher compared to 2011, mainly reflecting a gain of CHF 384 million on the sale of our remaining ownership interest in Aberdeen in 2012, partially offset by lower investment-related gains and impairments related to Asset Management Finance LLC (AMF).

In **Investment Banking**, net revenues were CHF 12,558 million, compared to net revenues of CHF 10,460 million in 2011. We delivered strong results in 2012 despite challenging market conditions and subdued levels of client activity in many of our businesses. Relative to 2011, our net revenues increased 20% on materially lower Basel III risk-weighted assets. In addition, we made substantial progress in reducing our cost base during the year. Our results demonstrated our strong franchise momentum and successful execution of our refined strategy to increase operating and capital efficiency. Fixed income sales and trading revenues were substantially higher compared to a weak 2011, reflecting significantly higher revenues from securitized products and global credit products in 2012, due to improved market conditions. Substantial inventory reductions in these businesses also resulted in lower revenue volatility in 2012. Revenues from emerging markets, corporate lending and foreign exchange were also higher. We incurred losses of CHF 589 million from businesses we are exiting in 2012 compared to losses of CHF 387 million in 2011.

Overview of results

in / end of	Private Banking & Wealth Management			Investment Banking		
	2012	2011	2010	2012	2011	2010
Statements of operations (CHF million)						
Net revenues	13,541	13,447	14,580	12,558	10,460	15,873
Provision for credit losses	182	111	17	(12)	76	(96)
Compensation and benefits	5,561	5,729	6,041	6,070	6,471	7,811
General and administrative expenses	3,219	3,818	3,502	3,551	3,388	3,369
Commission expenses	804	828	878	947	1,118	1,195
Total other operating expenses	4,023	4,646	4,380	4,498	4,506	4,564
Total operating expenses	9,584	10,375	10,421	10,568	10,977	12,375
Income/(loss) from continuing operations before taxes	3,775	2,961	4,142	2,002	(593)	3,594
Income tax expense	-	-	-	-	-	-
Income from continuing operations	-	-	-	-	-	-
Income/(loss) from discontinued operations	-	-	-	-	-	-
Net income	-	-	-	-	-	-
Less net income attributable to noncontrolling interests	-	-	-	-	-	-
Net income attributable to shareholders	-	-	-	-	-	-
Statement of operations metrics (%)						
Cost/income ratio	70.8	77.2	71.5	84.2	104.9	78.0
Pre-tax income margin	27.9	22.0	28.4	15.9	(5.7)	22.6
Effective tax rate	-	-	-	-	-	-
Income margin from continuing operations	-	-	-	-	-	-
Net income margin	-	-	-	-	-	-
Utilized economic capital and return						
Average utilized economic capital (CHF million)	9,981	10,115	9,934	18,729	18,882	19,586
Pre-tax return on average utilized economic capital (%) ³	38.5	29.9	42.4	11.4	(2.6)	19.0
Balance sheet statistics (CHF million)						
Total assets	407,329	392,201	383,902	658,622	790,167	783,266
Net loans	207,702	196,268	182,880	34,501	37,134	35,970
Goodwill	2,409	2,471	2,481	5,980	6,120	6,104
Number of employees (full-time equivalents)						
Number of employees	27,300	28,100	28,700	19,800	20,700	20,500

¹ Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontrolling interests without SEI. ² Includes diversification benefit. ³ Calculated using a return excluding interest costs for allocated goodwill. ⁴ Under the central treasury model, Group financing results in intra-Group balances between the segments. The elimination of these assets and liabilities occurs in the Corporate Center.

Equity sales and trading revenues were up modestly as stronger revenues in convertibles, derivatives and prime services were partially offset by declines in cash equities due to lower industry-wide trading volumes compared to 2011. Underwriting and advisory results were higher compared to 2011, due to strong debt underwriting revenues, particularly in leveraged finance, partially offset by lower equity underwriting revenues. Additionally, M&A fees increased as market share gains in completed M&A transactions more than offset lower industry-wide completed M&A activity.

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. In addition, the Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses. In 2012, losses before taxes were CHF 3,898 million compared to income before taxes of CHF 381 million in 2011, primarily reflecting fair value losses on our long-term vanilla debt of CHF 1,663 million, debit valuation adjustments (DVA) losses on certain structured notes liabilities of CHF 958 million and fair value losses on stand-alone derivatives of CHF 318 million.

Corporate Center			Core Results ¹			Noncontrolling interests without SEI			Credit Suisse		
2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010
(2,493)	1,522	172	23,606	25,429	30,625	360	796	761	23,966	26,225	31,386
0	0	0	170	187	(79)	0	0	0	170	187	(79)
863	951	710	12,494	13,151	14,562	36	62	37	12,530	13,213	14,599
518	144	323	7,288	7,350	7,194	22	22	37	7,310	7,372	7,231
24	46	75	1,775	1,992	2,148	0	0	0	1,775	1,992	2,148
542	190	398	9,063	9,342	9,342	22	22	37	9,085	9,364	9,379
1,405	1,141	1,108	21,557	22,493	23,904	58	84	74	21,615	22,577	23,978
(3,898)	381	(936)	1,879	2,749	6,800	302	712	687	2,181	3,461	7,487
-	-	-	496	671	1,548	0	0	0	496	671	1,548
-	-	-	1,383	2,078	5,252	302	712	687	1,685	2,790	5,939
-	-	-	0	0	(19)	0	0	0	0	0	(19)
-	-	-	1,383	2,078	5,233	302	712	687	1,685	2,790	5,920
-	-	-	34	125	135	302	712	687	336	837	822
-	-	-	1,349	1,953	5,098	0	0	0	1,349	1,953	5,098
-	-	-	91.3	88.5	78.1	-	-	-	90.2	86.1	76.4
-	-	-	8.0	10.8	22.2	-	-	-	9.1	13.2	23.9
-	-	-	26.4	24.4	22.8	-	-	-	22.7	19.4	20.7
-	-	-	5.9	8.2	17.1	-	-	-	7.0	10.6	18.9
-	-	-	5.7	7.7	16.6	-	-	-	5.6	7.4	16.2
2,530 ²	1,798 ²	1,124 ²	31,218	30,782	31,121	-	-	-	31,218	30,782	31,121
-	-	-	6.7	9.5	22.5	-	-	-	7.6	11.8	24.7
(145,777) ⁴	(137,952) ⁴	(142,018) ⁴	920,174	1,044,416	1,025,150	4,106	4,749	6,855	924,280	1,049,165	1,032,005
20	11	(8)	242,223	233,413	218,842	-	-	-	242,223	233,413	218,842
-	-	-	8,389	8,591	8,585	-	-	-	8,389	8,591	8,585
300	900	900	47,400	49,700	50,100	-	-	-	47,400	49,700	50,100

The fair value losses reflected the narrowing of credit spreads on senior and subordinated debt across most currencies. Additionally, the 2012 losses included business realignment costs of CHF 680 million, consisting primarily of severance and other compensation expenses relating to the Group-wide cost efficiency initiatives, additional litigation provisions of CHF 227 million before tax from the settlement of NCFE-related litigation and gains from the sale of real estate of CHF 533 million before tax.

Provision for credit losses reflected net provisions of CHF 170 million, with net provisions of CHF 182 million in

Private Banking & Wealth Management and releases of CHF 12 million in Investment Banking.

Total operating expenses were CHF 21,557 million, down 4%, mainly reflecting a 5% decrease in compensation and benefits due to lower discretionary performance-related compensation expense and lower salary expense, reflecting lower headcount, partly offset by an expense of CHF 500 million from cost efficiency measures. General and administrative expenses were stable, mainly reflecting a decrease in professional services, partly offset by an increase in occupancy expenses. General and administrative expenses also included costs of CHF 180 million in connection with our cost efficiency initiatives.

The **Core Results effective tax rate** was 26.4% in 2012, compared to 24.4% in 2011. The effective tax rate for full-year 2012 was mainly impacted by the geographical mix of results, an increase and a re-assessment in deferred tax balances in Switzerland and the release of tax contingency accruals. The effective tax rate also reflected re-assessments in valuation allowances against deferred tax assets in the US, the UK and Asia. In addition, the tax charge was negatively influenced by the impact of the change in UK corporation tax from 25% to 23%. Overall, net deferred tax assets decreased CHF 1,538 million to CHF 6,972 million during 2012.

- ▶ Refer to "Note 26 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information.

Assets under management of CHF 1,250.8 billion were CHF 65.6 billion higher compared to the end of 2011, driven primarily by positive market movements and by net new assets

of CHF 10.8 billion, partially offset by adverse foreign exchange-related movements. Wealth Management Clients contributed net new assets of CHF 19.0 billion with inflows particularly from emerging markets and from the ultra-high-net-worth individual (UHNWI) client segment, partially offset by outflows in Western Europe and outflows relating to the integration of Clariden Leu. Corporate & Institutional Clients reported net new assets of CHF 1.5 billion. Asset Management reported net asset outflows of CHF 9.0 billion primarily from multi-asset class solutions which included redemptions of CHF 14.7 billion from a single fixed income mandate, partially offset by inflows in index strategies and credit products. Assets under management continued to reflect a risk-averse asset mix, with investments in less complex, lower-margin products and a significant portion of assets in cash and money market products.

Impact from movements in own credit spreads

Our Core Results revenues are impacted by changes in credit spreads on fair-valued Credit Suisse long-term vanilla debt and DVA relating to certain structured notes liabilities carried at fair value. For segment reporting purposes through the end of 2011, the cumulative fair value gains of CHF 1.5 billion on Credit Suisse long-term vanilla debt as of the opening first quarter 2010 balance sheet was charged to the segments on a straight-line amortization basis, and the difference between this amortization and the fair valuation on this Credit Suisse debt from changes in credit spreads was included in the Corporate Center.

Beginning in the first quarter of 2012, we fully reflect the fair value impact from movements in credit spreads on our long-term vanilla debt and DVA on certain structured notes liabilities in the Corporate Center and discontinued the amortization in the segments of the past fair value gains on long-term

vanilla debt. DVA on certain structured notes liabilities was previously recorded in the Investment Banking segment and is now recorded in the Corporate Center in order to aggregate all credit-spread impacts on our funding instruments and to reflect that these impacts are driven by the creditworthiness of the Group rather than our Investment Banking segment or the issuer. Prior periods have been reclassified to conform to the current presentation and such reclassifications had no impact on the Group's net income/(loss) or total shareholders' equity.

Our Core Results are also impacted by fair valuation gains/(losses) on stand-alone derivatives relating to certain of our funding liabilities. These fair valuation gains/(losses) on the stand-alone derivatives are recorded in the Corporate Center, reflect the volatility of cross-currency swaps and yield curve volatility and, over the life of the derivatives, will result in no net gains/(losses).

in	2012	2011	2010
Net income/(loss) attributable to shareholders, excluding impact from movements in credit spreads (CHF million)	3,610	802	4,929
Fair value gains/(losses) from movements in own credit spreads	(2,939)	1,616	269
Fair value gains/(losses) on own long-term vanilla debt	(1,663)	1,210	341
Fair value gains/(losses) on debit valuation adjustments on structured notes	(958)	697	(73)
Fair value gains/(losses) on stand-alone derivatives	(318)	(291)	1
Tax expense/(benefit)	(678)	465	100
Net income attributable to shareholders	1,349	1,953	5,098

Regulatory capital excludes cumulative fair value gains/(losses) related to own long-term vanilla debt and structured notes, net of tax. Refer to "Capital management" in III – Treasury, risk, balance sheet and off-balance sheet for further information.

2011 versus 2010

In 2011, we recorded net income attributable to shareholders of CHF 1,953 million, down 62% compared to 2010. Net revenues were CHF 25,429 million, down 17%, and total operating expenses were CHF 22,493 million, down 6%, compared to 2010, mainly due to lower compensation and benefits. Our 2011 results included negative impacts of CHF 1.8 billion consisting of realignment costs of CHF 847 million from cost efficiency measures and CHF 974 million (CHF 547 million of negative revenues and CHF 427 million of associated costs) from businesses we are exiting and the reduction of risk-weighted assets in our Investment Banking fixed income business. Also included were litigation provisions of CHF 478 million in connection with German and US tax matters. We had fair value gains of CHF 1,210 million on Credit Suisse long-term vanilla debt, DVA gains of CHF 697 million on certain structured notes liabilities and fair value losses of CHF 291 million on stand-alone derivatives. Revenues were adversely impacted and expenses were favorably impacted by the strengthening of the Swiss franc against major currencies. Compared to 2010, the adverse impact on net revenues and income before taxes was CHF 3,092 million and CHF 909 million, respectively.

In **Private Banking & Wealth Management**, net revenues of CHF 13,447 million decreased 8% compared to 2010. The adverse impact of the lower average exchange rate of major currencies against the Swiss franc on net revenues and income before taxes was CHF 1,071 million and CHF 597 million, respectively. Excluding this adverse foreign exchange impact, revenues were stable compared to 2010. Recurring commissions and fees in 2011 compared to 2010 were down 7% as average assets under management decreased slightly, mainly due to the adverse foreign exchange translation impact. In an ongoing low interest rate environment net interest income decreased 6%. Transaction- and performance-based revenues decreased 8%, reflecting lower client activity and lower transaction-based volumes. Other revenues were down 35%, reflecting gains in 2010 on the sale of securities purchased from our money market funds and lower investment-related gains in 2011.

In **Investment Banking**, net revenues were CHF 10,460 million, compared to CHF 15,873 million in 2010. Results in many of our businesses in 2011 were negatively impacted by significantly lower levels of client activity and a volatile trading environment compared to 2010. In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, we announced a refinement of our Investment Banking strategy in November 2011, including an accelerated risk-weighted asset reduction plan. In 2011, we reduced our Basel III risk-weighted assets by USD 80 bil-

lion, or 25%, to USD 242 billion. Fixed income sales and trading revenues were significantly lower in 2011, reflecting challenging trading conditions, subdued client activity levels across most businesses and the execution of our risk reduction strategy. We incurred losses of CHF 512 million from businesses we are exiting and from the reduction of risk-weighted assets in 2011. Our equity sales and trading results declined primarily due to lower levels of client activity in cash equities. Prime services revenues declined, reflecting the foreign exchange translation impact. In US dollars, we had record prime services results due to higher client activity and higher client balances. We also had weak results in derivatives, reflecting reduced customer flow. In 2011, we maintained our market share and leading market share rankings in cash equities and prime services. Underwriting and advisory results were lower in 2011, reflecting a decline in industry-wide capital issuance levels and a decrease in our completed M&A market share from 2010, respectively.

Corporate Center reported income before taxes of CHF 381 million in 2011, compared to losses before taxes of CHF 936 million in 2010, primarily reflecting fair value gains on our long-term vanilla debt of CHF 1,210 million, DVA gains on certain structured notes liabilities of CHF 697 million and fair value losses on stand-alone derivatives of CHF 291 million, resulting in overall gains on such items of CHF 1,616 million. The fair value gains reflected the widening of credit spreads across all currencies, including senior and subordinated debt. Additionally, the 2011 result included CHF 847 million of costs consisting primarily of severance and other compensation expenses relating to the accelerated Group-wide cost efficiency initiatives.

Provision for credit losses reflected net provisions of CHF 187 million, with net provisions of CHF 111 million and CHF 76 million in Private Banking & Wealth Management and Investment Banking, respectively.

Total operating expenses were CHF 22,493 million, down 6%, mainly reflecting a 10% decrease in compensation and benefits due to lower discretionary performance-related compensation expense and the favorable foreign exchange translation impact, partly offset by CHF 715 million from cost efficiency measures. General and administrative expenses increased 2%, reflecting an increase in litigation provisions, IT investment costs and costs of CHF 132 million in connection with our cost efficiency initiatives, partially offset by lower professional fees and the favorable foreign exchange translation impact. Litigation provisions included CHF 478 million in connection with German and US tax matters.

The **Core Results effective tax rate** was 24.4% in 2011, compared to 22.8% in 2010. The effective tax rate for full-year 2011 was mainly impacted by the geographical mix of

results, an increase in deferred tax balances in Switzerland and the US and the release of tax contingency accruals. The effective tax rate also reflected an increase in valuation allowances against deferred tax assets in the UK and Asia and a write-down of deferred tax assets reflecting legislation in the UK and Japan that decreased the corporate income tax rate. Overall, net deferred tax assets decreased CHF 495 million to CHF 8,510 million during 2011.

- ▶ Refer to “Note 26 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information.

Assets under management as of the end of 2011 were CHF 1,185.2 billion, 1.7% lower compared to the end of 2010, as strong net new assets of CHF 46.6 billion were mainly offset by adverse market movements. Wealth Management Clients contributed net new assets of CHF 37.4 billion with strong contributions from emerging markets and from the UHNWI client segment. Corporate & Institutional Clients reported net new assets of CHF 5.3 billion. Asset Management reported net new assets of CHF 5.2 billion, primarily from inflows in real estate, commodities, multi-asset class solutions and ETFs, partially offset by net outflows from emerging markets, and from outflows from discontinued businesses and investment sales. Average assets under management in 2011 decreased slightly, as net new assets were more than offset by adverse market movements and foreign exchange-related movements.

Information and developments

Format of presentation and changes in reporting

In managing the business, revenues are evaluated in the aggregate, including an assessment of trading gains and losses and the related interest income and expense from financing and hedging positions. For this reason, individual revenue categories may not be indicative of performance.

Beginning in the first quarter of 2012, we fully reflect the fair value impact from movements in credit spreads on our long-term vanilla debt and ◊DVA on certain structured notes liabilities in the Corporate Center.

- ▶ Refer to “Impact from movements in own credit spreads” for further information.

In the second quarter 2012, we made a number of changes to the presentation of our results, mainly related to the legal merger of Clariden Leu into the Bank, and the integration of our Private Banking and Investment Banking operations into a

single function. We also performed a review of our policies regarding the measurement of assets under management and net new assets. As a result of this review we adopted a more restrictive definition of these metrics, leading to a decrease in assets under management of CHF 45 billion for the Group at the end of the second quarter 2012.

In the third quarter 2012, we began recording gains on the sale of real estate made in connection with our July 2012 capital measures in the Corporate Center.

In the fourth quarter 2012, we integrated our previously reported Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division and transferred the majority of our securities trading and sales business in Switzerland from Investment Banking into Private Banking & Wealth Management. This reorganization was effective November 30, 2012. The new presentation of Private Banking & Wealth Management results includes a presentation of the combined results of its three operating businesses: Wealth Management Clients, Corporate & Institutional Clients and Asset Management. The results of the transferred securities trading and sales business in Switzerland are allocated among the three operating businesses.

Prior periods have been restated to conform to the current presentation.

As of January 1, 2013, the ◊Basel Committee on Banking Supervision Basel III framework (◊Basel III) was implemented in Switzerland along with the Swiss ◊“Too Big to Fail” legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the final implementation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Our ratio calculations use estimated ◊risk-weighted assets as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

Subsequent event

On March 13, 2013, we entered into agreements with bond investors of affiliates of NCFE to end all bond investor litigation against Credit Suisse. As a result of this settlement, we increased existing NCFE-related litigation provisions by CHF 227 million, resulting in an after tax charge of CHF 134 million in respect of our previously reported 2012 financial results.

- ▶ Refer to “Note 37 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for further information.

Key performance indicators

Our KPIs are targets to be achieved over a three to five year period across market cycles. Our KPIs are assessed annually as part of our normal planning process.

in / end of	Target	2012	2011	2010
Growth (%)				
Collaboration revenues ¹	18–20% of net revenues	18.6	16.8	14.4
Net new asset growth	Above 6%	0.9	3.9	5.3
Efficiency and performance (%)				
Total shareholder return (Credit Suisse) ²	Superior return vs peer group	4.8	(39.4)	(23.3)
Total shareholder return of peer group ^{2,3}	–	49.2	(35.0)	(1.7)
Return on equity attributable to shareholders	Above 15%	3.9	6.0	14.4
Core Results pre-tax income margin	Pre-tax income margin above 28%	8.0	10.8	22.2
Capital (%)				
Tier 1 ratio (Basel II.5)	Compliance with Swiss "Too Big to Fail" and Basel III	19.4	15.2	14.2

¹ Includes revenues recognized when more than one of the Group's divisions participates in a particular transaction. ² Source: Bloomberg. Total shareholder return is calculated as equal to the appreciation or depreciation of a particular share, plus any dividends, over a given period, expressed as a percentage of the share's value as of the beginning of the period. ³ The peer group for this comparison comprises Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Société Générale and UBS. The total shareholder return of this peer group is calculated as a simple, unweighted average of the return reported by Bloomberg for each of the members of the peer group.

Key performance indicators

Our historical key performance indicators (KPIs) are provided in the table above. We assessed our KPIs as part of our normal planning process. Beginning in the first quarter of 2013, we have adjusted our KPIs for the Group and for our Private Banking & Wealth Management and Investment Banking divisions to reflect our strategic plan, the regulatory environment and the market cycle. Income statement based KPIs will be measured on underlying results, which are non-GAAP financial measures that exclude valuation impacts from movements in own credit spreads and certain other significant items for which a reconciliation to reported results will be provided.

For the Group, we have replaced the Core Results pre-tax income margin KPI with an underlying Core Results cost/income ratio target of below 70%. In addition, we are targeting an underlying return on equity attributable to shareholders above 15%. Our capital measures going forward will continue to be based on compliance with Swiss "Too Big to Fail" and Basel III capital standards and are targeting a Look-through Swiss Core Capital ratio above 10%. Our KPIs for collaboration revenues and total shareholder return remain unchanged at present and the KPI for net new asset growth will now be measured at the Wealth Management Clients and Asset Management business levels instead of at the Group level.

In our Private Banking & Wealth Management division, we will target net new asset growth of 6% for both the Wealth Management Clients and the Asset Management businesses.

We will also target an underlying divisional cost/income ratio of 65%.

In our Investment Banking division, we will replace the pre-tax income margin KPI with an underlying cost/income ratio target of 70%.

Collaboration revenues

Collaboration revenues are calculated as the percentage of the Group's net revenues represented by the aggregate collaboration revenues arising when more than one of the Group's divisions participates in a transaction. Collaboration revenues are measured by a dedicated governance structure and implemented through an internal revenue sharing structure. Only the net revenues generated by a transaction are considered. Position risk related to trading revenues, private equity and other investment-related gains, valuation adjustments and centrally managed treasury revenues are not included in collaboration revenues. Collaboration revenues are currently reported on the basis of the organizational structure prior to the establishment of the single Private Banking & Wealth Management division.

Capital trends and capital distribution proposal

Our consolidated Bank for International Settlements tier 1 ratio under Basel II.5 was strong at 19.4% as of the end of 2012, compared to 15.2% as of the end of 2011. The increase reflected decreased risk-weighted assets and increased tier 1 capital.

At the Annual General Meeting (AGM) on April 26, 2013, the Board of Directors will propose for the financial year 2012 a distribution of CHF 0.10 per share in cash out of reserves from capital contributions. In addition, the Board of Directors will propose the distribution of new shares (stock dividend). The new shares for the stock dividend will be paid in at the par value of CHF 0.04 per share out of reserves from capital contributions. The distribution out of reserves from capital contributions (cash and stock) will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. The ex-dividend date has been set to April 30, 2013 (for cash distribution and stock dividend).

The stock dividend will be distributed to all shareholders as follows: for every share that they own, shareholders will receive a non-tradable right to the receipt of a given number of new shares for free. Following distribution, the rights will automatically be exchanged for new shares at the ratio determined by the Board of Directors immediately prior to the AGM. The Board of Directors will set the subscription ratio in such a way that the theoretical value of each right will be approximately CHF 0.65.

- ▶ Refer to “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on capital trends.

Cost savings and strategy implementation

We continued to adapt our client-focused, capital-efficient strategy to optimize our use of capital and improve the cost structure. In 2011, we began implementing a number of cost efficiency initiatives with a goal of achieving a total of CHF 3.0 billion of expense reductions in 2013, CHF 3.5 billion in 2014 and CHF 4.0 billion in 2015. These targets have been measured against our annualized 6M11 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses. The majority of the expected future savings will be realized from shared infrastructure and support services across the Group, mainly through the consolidation of fragmented and duplicate functions globally and the continued consolidation of IT applications and functions. We have also targeted further savings within our two operating divisions. Within Investment Banking, we expect to deliver cost benefits from initiatives already completed in 2012 and from continuing to rationalize businesses in certain geographies. Within Private Banking & Wealth Management, we expect to deliver cost benefits from the integration of Clariden Leu completed in 2012, streamlining of front office support functions and the offshore affluent client coverage model and simplification of our operating platform.

As a result of the integration of our former reported Private Banking and Asset Management divisions into the new Private Banking & Wealth Management division and other measures, we are updating our overall cost savings targets to CHF 3.2 billion in 2013, CHF 3.8 billion by the end of 2014 and CHF 4.4 billion by the end of 2015, adjusted on the same basis as described above. We expect to incur approximately CHF 1.6 billion of business realignment costs associated with these measures during the course of 2013 to 2015.

We incurred CHF 680 million of business realignment costs associated with these measures in 2012.

In October 2012, we announced a balance sheet reduction of CHF 130 billion for the Group by year-end 2013 to under CHF 900 billion on a foreign exchange neutral basis compared to the end of the third quarter of 2012. As of the end of 2012, total assets were CHF 924 billion, down CHF 125 billion, or 12%, from 2011.

- ▶ Refer to “Strategy” in I – Information on the company for further information.

Share Issuances

In April 2012, the AGM approved a distribution against reserves from capital contributions instead of a dividend paid from net income for the year 2011 in the form of shares (scrip dividend) or cash. In May, shareholders made their election and, as a result, 24.2 million new Group shares were issued out of authorized capital, representing approximately 2% of our share capital upon issuance.

In the second quarter 2012, we issued 37.9 million new Group shares in connection with the settlement of vested share-based compensation awards, representing approximately 3.0% of our share capital upon issuance.

In the third quarter 2012, we issued 33.5 million new Group shares to cover the second quarter 2012 purchase of the residual stake in Credit Suisse Hedging-Griffo Investimentos S.A. (Hedging-Griffo), representing approximately 2.5% of our share capital upon issuance.

Risk trends

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank and remained a critical focus throughout 2012. Over the course of 2012, we took significant steps to adapt our businesses and our organization to the new regulatory requirements, which predominantly impacted the risk profile of Investment Banking. During 2012, we reduced our Group risk profile and shifted our portfolio toward less capital intense businesses. We continued to invest significantly in our IT infrastructure and further refined our risk appetite framework to ensure an appropriate balance of return and assumed risk, stability of earnings

and capital levels we seek to maintain. In 2012, overall position risk decreased 1%, utilized economic capital decreased 8% and average risk management VaR in US dollars for our trading books decreased 31%.

- ▶ Refer to “Risk management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on risk trends.

Board of Directors and management changes

At our AGM in April 2012, shareholders approved the election of Iris Bohnet and Jean-Daniel Gerber as new members to the Board of Directors, and the re-election of Walter B. Kielholz, Andreas N. Koopmann, Urs Rohner, Richard E. Thornburgh and John Tiner. Peter F. Weibel stepped down from the Board of Directors, having reached the internal age limit. The Board proposes that at the AGM on April 26, 2013, Kai S. Nargolwala, Lead Independent Director of Singapore Telecommunications Ltd., be elected to the Board and that the following members be re-elected to the Board: Jassim Bin Hamad J.J. Al Thani and Noreen Doyle. Robert H. Benmosche, Aziz R.D. Syriani and David W. Syz will retire from the Board of Directors at the AGM 2013.

Effective April 30, 2012, Karl Landert stepped down from the Executive Board and his position as Chief Information Officer. David Mathers, Chief Financial Officer and a member of the Executive Board, also assumed responsibility for the IT organization and since January 1, 2012, for the Group's global Operations functions.

Effective May 31, 2012, Antonio Quintella was appointed as Chairman of Hedging-Griffo and stepped down from the Executive Board and his position as Chief Executive Officer (CEO) Americas. Robert Shafir assumed the role as CEO Americas in addition to his role at the time as CEO Asset Management.

Effective November 30, 2012, Hans-Ulrich Meister and Robert Shafir were appointed to jointly lead the newly created Private Banking & Wealth Management division. As regional CEO, Hans-Ulrich Meister continues to have responsibility for all businesses and clients in the Swiss region. Robert Shafir continues to serve as the CEO of the Americas region.

Effective November 30, 2012, Eric Varvel and Gaël de Boissard were appointed to jointly lead the Investment Banking division. In addition, Eric Varvel was appointed CEO of the Asia Pacific region and Gaël de Boissard took on responsibility as CEO of the Europe, Middle East and Africa (EMEA) region. Gaël de Boissard joined the Executive Board as of January 1, 2013.

As of November 30, 2012, Osama Abbasi stepped down from the Executive Board and his position as CEO of the Asia

Pacific region, Walter Berchtold stepped down from the Executive Board and his position as Chairman Private Banking and Fawzi Kyriakos-Saad stepped down from the Executive Board and his position as CEO of the EMEA region.

Regulatory developments and proposals

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk.

- ▶ Refer to “Regulation and supervision” in I – Information on the company for further information on regulatory developments and proposals.

Compensation and benefits

Compensation and benefits for a given year reflect the strength and breadth of the business results and staffing levels and include fixed components, such as salaries, benefits and the amortization of share-based and other deferred compensation from prior-year awards, and a discretionary variable component. The variable component reflects the performance-based variable compensation for the current year. The portion of the performance-based compensation for the current year deferred through share-based and other awards is expensed in future periods and is subject to vesting and other conditions.

Our shareholders' equity reflects the effect of share-based compensation. Share-based compensation expense (which is generally based on fair value at the time of grant) reduces equity, however, the recognition of the obligation to deliver the shares increases equity by a corresponding amount. Equity is generally unaffected by the granting and vesting of share-based awards, including through the issuance of shares from approved conditional capital. The Group issues shares from conditional capital to meet its obligations to deliver share-based compensation awards. If Credit Suisse purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price. Shareholders' equity also includes, as additional paid-in capital, the excess tax benefits/charges that arise at settlement of share-based awards.

- ▶ Refer to “Compensation” in IV – Corporate Governance and Compensation for further information.
- ▶ Refer to “Consolidated statements of changes in equity” and “Note 27 – Employee deferred compensation” in V – Consolidated financial statements – Credit Suisse Group for further information.
- ▶ Refer to “Tax benefits associated with share-based compensation” in Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group for further information.

Allocations and funding

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis.

The aim of revenue-sharing and service level agreements is to reflect the pricing structure of unrelated third-party transactions.

Corporate services and business support in finance, operations, including human resources, legal and compliance, risk management and IT are provided by the Shared Services area. Shared Services costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

Funding

We centrally manage our funding activities. New securities for funding and capital purposes are issued primarily by the Bank. The Bank lends funds to our operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to capitalize on opportunities. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital.

Transfer pricing, using market rates, is used to record net revenues and expenses in each of the segments for this capital and funding. Our funds transfer pricing system is designed to allocate to our businesses funding costs in a way that incentivizes their efficient use of funding. Our funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet and the costs associated with funding liquidity and balance sheet items, such as goodwill, which are beyond the control of individual businesses. This is of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this system, our businesses are also credited to the extent they provide long-term stable funding.

Fair valuations

◉ Fair value can be a relevant measurement for financial instruments when it aligns the accounting for these instruments with how we manage our business. The levels of the fair value hierarchy as defined by the relevant accounting guidance are not a measurement of economic risk, but rather an indication of the observability of prices or valuation inputs.

- ▶ Refer to “Note 1 – Summary of significant accounting policies” and “Note 33 – Financial instruments” in V – Consolidated financial statements – Credit Suisse Group for further information.

Based on the Group’s regular review of observable parameters used in its pricing models, in 2012 the Group extended the adoption of overnight indexed swap discounting, instead of other reference rates such as ◉ LIBOR, to those businesses in fixed income where the adoption had not occurred and to certain equity derivatives, which resulted in a loss of CHF 57 million.

The fair value of the majority of the Group’s financial instruments is based on quoted prices in active markets (level 1) or observable inputs (level 2). These instruments include government and agency securities, certain ◉ commercial paper, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain ◉ over-the-counter (OTC) derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs (level 3). For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and ◉ collateralized debt obligation (CDO) securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance instruments.

Models were used to value these products. Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products. Consideration of these indices is more significant in periods of lower market activity.

As of the end of 2012, 51% and 38% of our total assets and total liabilities, respectively, were measured at fair value.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Private Banking & Wealth Management's Asset Management business, specifically certain private equity investments. Total assets recorded as level 3 declined by CHF 11.5 billion during 2012, primarily reflecting decreases in trading assets, loans held-for-sale and central bank funds sold, securities purchased under resale agreements and securities borrowing transactions. The decrease in trading assets primarily reflected net transfers out of level 3 due to improved observability of pricing data and net settlements. The decreases in loans held-for-sale and central bank funds sold, securities purchased under resale agreements and securities borrowing transactions were primarily due to net settlements.

Our level 3 assets, excluding noncontrolling interests and assets of consolidated VIEs that are not risk-weighted assets under the Basel framework, were CHF 29.7 billion, compared to CHF 39.3 billion as of the end of 2011. As of the end of 2012, these assets comprised 3% of total assets and 7% of total assets measured at fair value, both adjusted on the same basis, compared to 4% and 8% as of the end of 2011, respectively.

We believe that the range of any valuation uncertainty, in the aggregate, would not be material to our financial condition, however, it may be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

Personnel

Headcount at the end of 2012 was 47,400, down 2,300 from the end of 2011. This reflected reductions in headcount of 3,200 employees in connection with our cost efficiency initiatives in Investment Banking and Private Banking & Wealth Management and the sale of Wincasa AG, a real estate services group, offset by graduate hiring and contractor employee conversion. Compared to year-end 2010, headcount decreased 2,700.

- ▶ [Refer to "Overview" in IV – Corporate Governance and Compensation – Corporate Governance for additional information on personnel.](#)

Private Banking & Wealth Management

In 2012, we reported income before taxes of CHF 3,775 million and net revenues of CHF 13,541 million with an improved pre-tax margin of 27.9% compared to 2011. We attracted net new assets of CHF 10.8 billion, mainly from emerging markets and our ultra-high-net-worth individual client segment.

Results

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net revenues	13,541	13,447	14,580	1	(8)
Provision for credit losses	182	111	17	64	–
Compensation and benefits	5,561	5,729	6,041	(3)	(5)
General and administrative expenses	3,219	3,818	3,502	(16)	9
Commission expenses	804	828	878	(3)	(6)
Total other operating expenses	4,023	4,646	4,380	(13)	6
Total operating expenses	9,584	10,375	10,421	(8)	0
Income before taxes	3,775	2,961	4,142	27	(29)
of which Wealth Management Clients	2,021	1,446	2,605	40	(44)
of which Corporate & Institutional Clients	944	921	971	2	(5)
of which Asset Management	810	594	566	36	5
Statement of operations metrics (%)					
Cost/income ratio	70.8	77.2	71.5	–	–
Pre-tax income margin	27.9	22.0	28.4	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	9,981	10,115	9,934	(1)	2
Pre-tax return on average utilized economic capital (%) ¹	38.5	29.9	42.4	–	–
Number of employees (full-time equivalents)					
Number of employees	27,300	28,100	28,700	(3)	(2)

¹ Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Net revenue detail (CHF million)					
Net interest income	4,551	4,512	4,821	1	(6)
Recurring commissions and fees	4,864	5,068	5,462	(4)	(7)
Transaction- and performance-based revenues	3,678	3,607	3,900	2	(8)
Other revenues ¹	448	260	397	72	(35)
Net revenues	13,541	13,447	14,580	1	(8)
Provision for credit losses (CHF million)					
New provisions	316	277	288	14	(4)
Releases of provisions	(134)	(166)	(271)	(19)	(39)
Provision for credit losses	182	111	17	64	-
Balance sheet statistics (CHF million)					
Net loans	207,702	196,268	182,880	6	7
of which Wealth Management Clients ²	147,103	139,725	130,435	5	7
of which Corporate & Institutional Clients	60,595	56,543	52,445	7	8
Deposits	276,571	262,985	250,367	5	5
of which Wealth Management Clients ²	210,662	203,350	194,013	4	5
of which Corporate & Institutional Clients	65,909	59,635	56,354	11	6
Number of relationship managers					
Switzerland	1,550	1,730	1,680	(10)	3
EMEA	1,300	1,320	1,500	(2)	(12)
Americas	620	590	610	5	(3)
Asia Pacific	440	400	400	10	0
Wealth Management Clients	3,910	4,040	4,190	(3)	(4)
Corporate & Institutional Clients (Switzerland)	560	520	500	8	4
Number of relationship managers	4,470	4,560	4,690	(2)	(3)

¹ Includes investment-related gains/(losses), equity participations and other gains/(losses) and fair value gains/(losses) on the Clock Finance transaction. ² Wealth Management Clients covers individual clients, including affluent, high-net-worth and ultra-high-net-worth individual clients.

Results overview

For 2012, income before taxes was CHF 3,775 million, up 27% compared to 2011. Net revenues of CHF 13,541 million were stable compared to 2011, with lower recurring commissions and fees offset by higher other revenues. Transaction- and performance-based revenues and net interest income were stable. Lower recurring commissions and fees mainly reflected lower investment product management fees and lower discretionary mandate management fees. Other revenues of CHF 448 million were higher compared to 2011, mainly reflecting a gain of CHF 384 million on the sale of our remaining ownership interest in Aberdeen in 2012, partially offset by lower investment-related gains and impairments related to AMF.

Provision for credit losses in 2012 was CHF 182 million compared to CHF 111 million in 2011 on a net loan portfolio

of CHF 208 billion, including higher new provisions and lower releases in 2012 compared to 2011.

Total operating expenses were CHF 9,584 million, down 8% compared to 2011. Excluding litigation provisions of CHF 478 million in connection with the German and US tax matters in 2011, total operating expenses decreased by CHF 313 million, or 3%, reflecting lower compensation and benefits, driven by lower headcount, and lower general and administrative expenses, reflecting our efficiency measures.

Assets under management of CHF 1,250.8 billion were CHF 65.6 billion higher compared to the end of 2011, driven primarily by positive market movements and by net new assets of CHF 10.8 billion, partially offset by adverse foreign exchange-related movements. Wealth Management Clients contributed net new assets of CHF 19.0 billion with inflows particularly from emerging markets and from our UHNWI client segment, partially offset by outflows in Western Europe

and outflows relating to the integration of Clariden Leu. Corporate & Institutional Clients reported net new assets of CHF 1.5 billion. Asset Management reported net asset outflows of CHF 9.0 billion primarily from multi-asset class solutions which included redemptions of CHF 14.7 billion from a single fixed income mandate, partially offset by inflows in index strategies and credit products. Assets under management continued to reflect a risk-averse asset mix, with investments in less complex, lower-margin products and a significant portion of assets in cash and money market products.

For 2011, we reported income before taxes of CHF 2,961 million, down 29% compared to 2010. Net revenues of CHF 13,447 million decreased 8% compared to 2010. The adverse impact of the lower average exchange rate of major currencies against the Swiss franc on net revenues and income before taxes was CHF 1,071 million and CHF 597 million, respectively. Excluding this adverse foreign exchange impact, revenues were stable compared to 2010.

Recurring commissions and fees in 2011 compared to 2010 were down 7% as average assets under management decreased slightly, mainly due to the adverse foreign exchange translation impact. In an ongoing low interest rate environment net interest income decreased 6%. Transaction- and performance-based revenues decreased 8%, reflecting lower client activity and lower transaction-based volumes. Other revenues were down 35%, reflecting gains in 2010 on the sale of securities purchased from our money market funds and lower investment-related gains in 2011.

Provision for credit losses in 2011 was CHF 111 million compared to CHF 17 million in 2010, mainly driven by lower releases in 2011 compared to 2010.

Total operating expenses of CHF 10,375 million in 2011 were stable compared to 2010. Excluding 2011 litigation provisions in connection with the German and US tax matters, operating expenses decreased 5%. Compensation and benefits decreased 5%, reflecting a favorable foreign exchange translation impact and lower discretionary performance-related compensation expense.

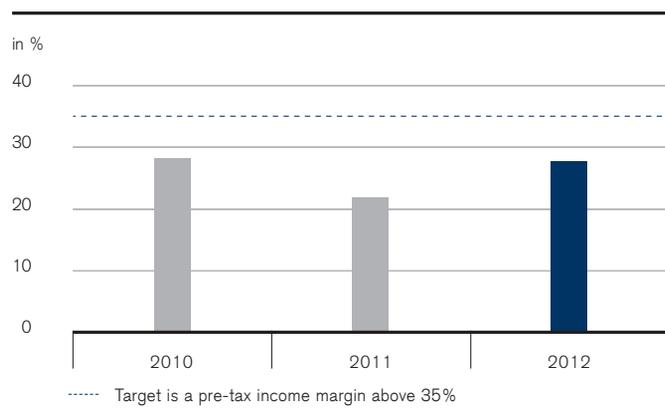
Assets under management as of the end of 2011 were CHF 1,185.2 billion, 1.7% lower compared to the end of 2010, as strong net new assets of CHF 46.6 billion were mainly offset by adverse market movements. Wealth Management Clients contributed net new assets of CHF 37.4 billion with strong contributions from emerging markets and from our UHNWI client segment. Corporate & Institutional Clients reported net new assets of CHF 5.3 billion. Asset Management reported net new assets of CHF 5.2 billion, primarily from inflows in real estate, commodities, multi-asset class solutions and ETFs, partially offset by net outflows from emerging markets and from outflows from discontinued businesses and investment sales. Average assets under management in 2011 decreased slightly, as net new assets were more than offset by adverse market movements and foreign exchange-related movements.

Assets under management – Private Banking & Wealth Management

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Assets under management by business (CHF billion)					
Wealth Management Clients	798.5	750.2	763.1	6.4	(1.7)
Corporate & Institutional Clients	223.8	203.0	195.9	10.2	3.6
Asset Management	371.6	365.2	382.0	1.8	(4.4)
Assets managed across businesses ¹	(143.1)	(133.2)	(135.7)	7.4	(1.8)
Assets under management	1,250.8	1,185.2	1,205.3	5.5	(1.7)
Average assets under management (CHF billion)					
Average assets under management	1,224.7	1,187.1	1,204.6	3.2	(1.5)
Net new assets by business (CHF billion)					
Wealth Management Clients	19.0	37.4	40.6	(49.2)	(7.9)
Corporate & Institutional Clients	1.5	5.3	8.0	(71.7)	(33.8)
Asset Management	(9.0)	5.2	20.2	–	(74.3)
Assets managed across businesses ¹	(0.7)	(1.3)	(6.4)	(46.2)	(79.7)
Net new assets	10.8	46.6	62.4	(76.8)	(25.3)

¹ Assets managed by Asset Management for Wealth Management Clients and Corporate & Institutional Clients.

Pre-tax income margin (KPI)



Results detail

In connection with the integration relating to Private Banking & Wealth Management, we reviewed and adjusted our KPI targets.

- ▶ Refer to “Key performance indicators” in Core Results – Information and developments for further information.

The following provides a comparison of our 2012 results versus 2011 and 2011 results versus 2010.

Net revenues

Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Recurring commissions and fees includes investment product management, discretionary mandate and other asset management-related fees and fees for general banking products and services. Transaction- and performance-based revenues arise primarily from brokerage and product issuing fees, foreign exchange fees from client transactions, performance-based fees related to assets under management and custody assets, trading and sales income, placement fees, equity participations income and other transaction-based income. Other revenues include investment-related gains and losses and equity participations and other gains and losses.

2012 vs 2011: Stable at CHF 13,541 million

Net revenues were stable, with lower recurring commissions and fees offset by higher other revenues. Transaction- and performance-based revenues and net interest income were stable. Lower recurring commissions and fees mainly reflected lower investment product management fees, driven by lower fund management fees, and lower discretionary mandate management fees. Other revenues of CHF 448 million mainly reflected a CHF 384 million gain from the sales of our remain-

ing ownership interest in Aberdeen, a CHF 45 million gain from the sale of Wincasa and a CHF 41 million gain related to the sale of a non-core business, partially offset by lower investment-related gains, which included losses of CHF 82 million in connection with the planned sale of certain private equity investments, impairment charges of CHF 61 million related to AMF and impairments of a joint venture investment. Transaction- and performance-based revenues were stable with higher performance fees from our Hedging-Griffo subsidiary, single manager hedge funds and credit strategies, higher revenues from integrated solutions and gains related to a change in life insurance accounting, offset by lower brokerage and product issuing fees and lower equity participations income. Net interest income was stable, as the impact of lower deposit margins, reflecting the continued low interest rate environment, and stable loan margins were offset by higher average deposit and loan volumes.

2011 vs 2010: Down 8% from CHF 14,580 million to CHF 13,447 million

The decrease was driven by lower revenues across all revenue categories and an adverse foreign translation impact of CHF 1,071 million. Recurring commissions and fees declined due to lower revenues across most categories, mainly reflecting the adverse foreign exchange translation impact, including the impact on average assets under management. Net interest income decreased due to lower deposit margins on lower average volumes and lower loan margins on slightly higher average volumes. Lower deposit margins reflected the low interest environment with a relatively flat interest curve. Transaction- and performance-based revenues were lower, mainly due to significantly lower brokerage and product issuing fees, particularly from equities and bonds, and lower trading and sales income, both reflecting lower client activity and lower transaction-based volumes. Lower other revenues reflected gains in 2010 on the sale of securities purchased from our money market funds, and lower investment-related gains in 2011, partially offset by lower equity participations losses and a decrease in fair value losses on the Clock Finance transactions.

Provision for credit losses

The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities. Our Corporate & Institutional Clients loan portfolio has relatively low concentrations and is mainly secured by mortgages, securities and other financial collateral.

2012 vs 2011: Up 64% from CHF 111 million to CHF 182 million

Provision for credit losses of CHF 182 million was up CHF 71 million compared to 2011, including 14% higher new provisions and 19% lower releases of provisions compared to

2011. Provisions for credit losses reflected net provisions of CHF 110 million in Wealth Management Clients and CHF 72 million in Corporate & Institutional Clients.

2011 vs 2010: Up from CHF 17 million to CHF 111 million

Provision for credit losses of CHF 111 million was up CHF 94 million compared to 2010, driven by 39% lower releases of provisions compared to 2010. New provisions were 4% lower. Provisions for credit losses reflected net provisions of CHF 78 million in Wealth Management Clients and CHF 33 million in Corporate & Institutional Clients.

Operating expenses

Compensation and benefits

2012 vs 2011: Down 3% from CHF 5,729 million to CHF 5,561 million

Compensation and benefits decreased slightly, driven by lower salary expense, reflecting lower headcount, and lower discretionary performance-related compensation.

2011 vs 2010: Down 5% from CHF 6,041 million to CHF 5,729 million

The decrease reflected a favorable foreign exchange translation impact and lower discretionary performance-related compensation expense.

General and administrative expenses

2012 vs 2011: Down 16% from CHF 3,818 million to CHF 3,219 million

The decrease primarily reflected 2011 litigation provisions of CHF 478 million in connection with the German and US tax matters. Excluding these litigation provisions, general and administrative expenses decreased CHF 121 million, reflecting our cost efficiency measures, including lower marketing and travel and entertainment expenses.

2011 vs 2010: Up 9% from CHF 3,502 million to CHF 3,818 million

The increase primarily reflected the litigation provisions in 2011. 2010 included CHF 44 million of provisions related to auction rate securities. Excluding these litigation provisions, general and administrative expenses decreased slightly.

Results – Wealth Management Clients

	in			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net revenues	8,952	9,085	10,039	(1)	(10)
Provision for credit losses	110	78	69	41	13
Total operating expenses	6,821	7,561	7,365	(10)	3
Income before taxes	2,021	1,446	2,605	40	(44)
Statement of operations metrics (%)					
Cost/income ratio	76.2	83.2	73.4	–	–
Pre-tax income margin	22.6	15.9	25.9	–	–
Net revenue detail (CHF million)					
Net interest income	3,344	3,327	3,631	1	(8)
Recurring commissions and fees	3,106	3,309	3,540	(6)	(7)
Transaction- and performance-based revenues	2,461	2,449	2,868	0	(15)
Other revenues	41 ¹	0	0	–	–
Net revenues	8,952	9,085	10,039	(1)	(10)
Gross margin on assets under management (bp)²					
Net interest income	42	45	47	–	–
Recurring commissions and fees	40	44	46	–	–
Transaction- and performance-based revenues	31	33	37	–	–
Other revenues	1	0	0	–	–
Gross margin	114	122	130	–	–

¹ Reflects gains related to the sale of a non-core business in 2012. ² Net revenues divided by average assets under management.

Wealth Management Clients

Net revenues

Net interest income

2012 vs 2011: Stable at CHF 3,344 million

Stable net interest income reflected lower deposit margins and stable loan margins on higher average volumes.

2011 vs 2010: Down 8% from CHF 3,631 million to CHF 3,327 million

The decrease primarily reflected lower deposit margins on lower average volumes, and lower loan margins on slightly higher average volumes.

Recurring commissions and fees

2012 vs 2011: Down 6% from CHF 3,309 million to CHF 3,106 million

The decrease reflected lower revenues across all major revenue categories, primarily lower investment product management fees, driven by lower fund management fees, and lower discretionary mandate management fees.

2011 vs 2010: Down 7% from CHF 3,540 million to CHF 3,309 million

The decrease reflected lower revenues in investment product management fees, discretionary mandate management fees and banking services fees, partially offset by higher investment account and services fees. Overall the decrease was driven by lower average assets under management, mainly due to adverse market movements and the strengthening of the average exchange rate of the Swiss franc against major currencies compared to 2010.

Transaction- and performance-based revenues

2012 vs 2011: Stable at CHF 2,461 million

Stable transaction- and performance-based revenues reflected lower brokerage and product issuing fees, primarily in equities and mutual funds, and lower foreign exchange fees from client transactions, offset by gains of CHF 35 million in 2012 related to a change in life insurance accounting, higher performance fees from Hedging-Griffo and higher revenues from integrated solutions.

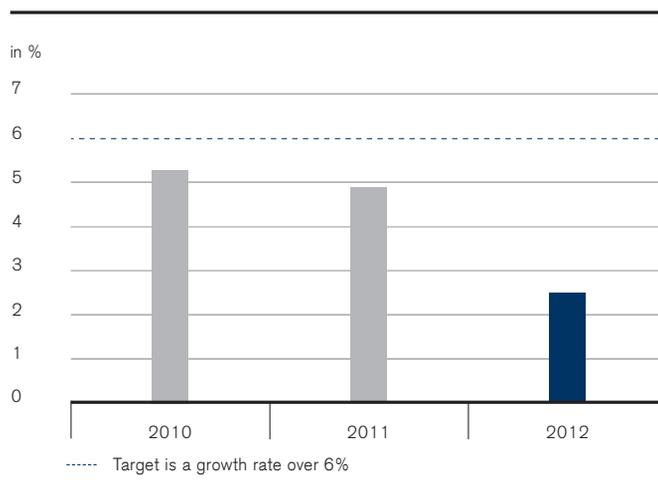
2011 vs 2010: Down 15% from CHF 2,868 million to CHF 2,449 million

The decline was driven by substantially lower brokerage and product issuing fees, primarily in equities and bonds, and lower trading and sales income, both reflecting significantly lower client activity and lower transaction-based volumes.

Gross margin

Our gross margin was 114 basis points in 2012, eight basis points lower compared to 2011 and 16 basis points lower than 2010. Compared to 2011, the net interest income margin decreased three basis points, reflecting stable net interest income and 4.8% higher average assets under management. The recurring commissions and fees margin decreased four basis points in 2012, as recurring commissions and fees decreased 6% while average assets under management increased. The transaction- and performance-based margin decreased two basis points, reflecting stable transaction- and performance-based revenues and the increase in average assets under management.

Net new asset growth rate (KPI)



Assets under management – Wealth Management Clients

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Assets under management by region (CHF billion)					
Switzerland	253.6	253.7	301.9	0.0	(16.0)
EMEA	273.1	265.1	247.0	3.0	7.3
Americas	165.0	143.5	135.7	15.0	5.7
Asia Pacific	106.8	87.9	78.5	21.5	12.0
Assets under management	798.5	750.2	763.1	6.4	(1.7)
Average assets under management (CHF billion)					
Average assets under management	782.5	746.5	776.2	4.8	(3.8)
Assets under management by currency (CHF billion)					
USD	293.7	266.4	270.9	10.2	(1.7)
EUR	171.7	180.7	198.4	(5.0)	(8.9)
CHF	188.2	177.0	179.0	6.3	(1.1)
Other	144.9	126.1	114.8	14.9	9.8
Assets under management	798.5	750.2	763.1	6.4	(1.7)
Net new assets by region (CHF billion)					
Switzerland	2.3	4.9	5.2	(53.1)	(5.8)
EMEA	(3.5)	13.8	13.5	–	2.2
Americas	10.1	8.3	9.5	21.7	(12.6)
Asia Pacific	10.1	10.4	12.4	(2.9)	(16.1)
Net new assets	19.0	37.4	40.6	(49.2)	(7.9)
Growth in assets under management (CHF billion)					
Net new assets	19.0	37.4	40.6	–	–
Other effects	29.3	(50.3)	(37.2)	–	–
of which market movements	49.1	(35.9)	36.0	–	–
of which currency	(12.6)	(7.6)	(67.2)	–	–
of which other	(7.2)	(6.8)	(6.0)	–	–
Growth in assets under management	48.3	(12.9)	3.4	–	–
Growth in assets under management (%)					
Net new assets	2.5	4.9	5.3	–	–
Other effects	3.9	(6.6)	(4.9)	–	–
Growth in assets under management	6.4	(1.7)	0.4	–	–

Results – Corporate & Institutional Clients

	in			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net revenues	2,126	2,065	2,032	3	2
Provision for credit losses	72	33	(52)	118	–
Total operating expenses	1,110	1,111	1,113	0	0
Income before taxes	944	921	971	2	(5)
Statement of operations metrics (%)					
Cost/income ratio	52.2	53.8	54.8	–	–
Pre-tax income margin	44.4	44.6	47.8	–	–
Net revenue detail (CHF million)					
Net interest income	1,207	1,185	1,190	2	0
Recurring commissions and fees	450	421	446	7	(6)
Transaction- and performance-based revenues	479	476	445	1	7
Other revenues ¹	(10)	(17)	(49)	(41)	(65)
Net revenues	2,126	2,065	2,032	3	2

¹ Includes fair value losses of CHF 35 million on the Clock Finance transaction and gains of CHF 25 million related to a recovery case in 2012. Prior periods relate to fair value losses on the Clock Finance transaction.

Corporate & Institutional Clients

Net revenues

Net interest income

2012 vs 2011: Up 2% from CHF 1,185 million to CHF 1,207 million

The slight increase reflected lower deposit margins and slightly lower loan margins on higher average volumes.

2011 vs 2010: Stable at CHF 1,185 million

Stable net interest income reflected slightly higher deposit margins on higher average volumes and lower loan margins on slightly higher average volumes.

Recurring commissions and fees

2012 vs 2011: Up 7% from CHF 421 million to CHF 450 million

The increase was driven by higher banking services fees and higher investment account and services fees, primarily from custody services, partially offset by lower investment product management fees, mainly from lower fund management fees.

2011 vs 2010: Down 6% from CHF 446 million to CHF 421 million

The decline was mainly driven by lower investment account and services fees and lower banking services fees.

Transaction- and performance-based revenues

2012 vs 2011: Stable at CHF 479 million

Stable transaction- and performance-based revenues reflected higher trading and sales income and higher revenues from integrated solutions, primarily offset by lower brokerage and product issuing fees, mainly from interest rate swaps.

2011 vs 2010: Up 7% from CHF 445 million to CHF 476 million

The increase was driven by higher foreign exchange fees from client transactions, higher brokerage and product issuing fees and higher revenues from integrated solutions, partially offset by lower trading and sales income.

Results – Asset Management

	in			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net revenues	2,463	2,297	2,509	7	(8)
Provision for credit losses	0	0	0	–	–
Total operating expenses	1,653	1,703	1,943	(3)	(12)
Income/(loss) before taxes	810	594	566	36	5
Statement of operations metrics (%)					
Cost/income ratio	67.1	74.1	77.4	–	–
Pre-tax income margin	32.9	25.9	22.6	–	–
Net revenue detail (CHF million)					
Recurring commissions and fees	1,308	1,338	1,476	(2)	(9)
Transaction- and performance-based revenues	738	682	587	8	16
Other revenues	417	277	446	51	(38)
Net revenues	2,463	2,297	2,509	7	(8)
Net revenue detail by type (CHF million)					
Asset management fees	1,308	1,338	1,476	(2)	(9)
Placement, transaction and other fees	246	276	233	(11)	18
Performance fees and carried interest	355	221	187	61	18
Equity participations income	72	122	89	(41)	37
Fee-based revenues	1,981	1,957	1,985	1	(1)
Investment-related gains/(losses)	155	305	432	(49)	(29)
Equity participations and other gains/(losses)	361	3	(105)	–	–
Other revenues ¹	(34)	32	197	–	(84)
Net revenues	2,463	2,297	2,509	7	(8)
Fee-based margin on assets under management (bp)					
Fee-based margin ²	54	52	52	–	–

¹ Includes allocated funding costs. ² Fee-based revenues divided by average assets under management.

Asset Management

Net revenues

Fee-based revenues

2012 vs 2011: Up 1% from CHF 1,957 million to CHF 1,981 million

The increase primarily reflected higher performance fees offset by lower carried interest on private equity gains and lower equity participations income. Higher performance fees were recognized from Hedging-Griffo, credit strategies, single-manager hedge funds and from the management of the 2008 Partner Asset Facility (PAF). Carried interest from realized private equity gains in 2012 was lower than a strong 2011, which included the sale of a portfolio company in the health-care sector. Equity participations income was lower due to the sale of our ownership interest in Aberdeen and from lower revenues in single-manager hedge funds. The decrease in placement, transaction and other fees mainly reflected lower private

equity placement fees. Asset management fees decreased slightly as a result of lower average assets under management in traditional products and hedge fund of funds and from the closure and restructuring of certain product lines and private equity investment sales in 2011, partially offset by higher fees from a new secondary private equity fund and from asset inflows into index products.

2011 vs 2010: Down 1% from CHF 1,985 million to CHF 1,957 million

The decrease primarily reflected a decrease in asset management fees and performance fees offset by higher carried interest on realized private equity gains, private equity placement fees and equity participations income. The decrease in asset management fees resulted from the adverse foreign exchange translation impact, the spin-off of our real estate private equity fund and our credit hedge fund in 2010, the end of our agreement to service Aberdeen assets on a transitional basis and lower fees in traditional products and hedge fund of funds.

These were partially offset by higher fees from index products, emerging markets strategies and credit strategies. Within performance fees and carried interest, we recognized higher carried interest from realized private equity gains, partially offset by lower performance fees from Hedging-Griffo, single manager hedge funds and the management of the PAF. The increase in equity participations income was mainly due to higher income in single manager hedge funds.

Investment-related gains/(losses)

2012 vs 2011: Down 49% from CHF 305 million to CHF 155 million

In 2012, the gains of CHF 155 million reflected gains in hedge fund investments and gains in private equity investments mainly in the energy, healthcare and transportation sectors, partially offset by losses in private equity investments in the technology sector, and losses of CHF 82 million in connection with the planned sale of certain private equity investments. In 2011, the gains of CHF 305 million reflected gains in private equity investments mainly in the healthcare, industrial, commodities and transportation sectors, partially offset by losses in the technology sector.

2011 vs 2010: Down 29% from CHF 432 million to CHF 305 million

In 2011, the gains of CHF 305 million reflected gains in private equity investments mainly in the healthcare, industrial, commodities and transportation sectors, partially offset by losses in the technology sector. In 2010, the gains of CHF 432 million reflected gains in private equity investments mainly in the energy, industrial and commodities sectors, and in credit-related investments.

Equity participations and other gains/(losses)

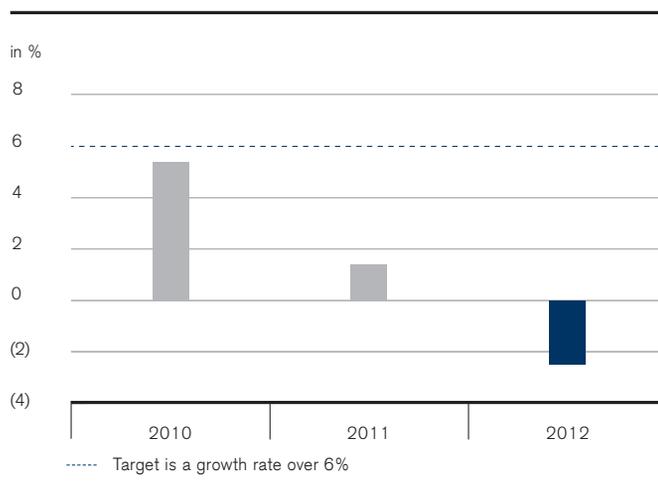
2012 vs 2011: Up from CHF 3 million to CHF 361 million

In 2012, we recognized a gain of CHF 384 million from the sales of our remaining 19.8% ownership interest in Aberdeen and a gain of CHF 45 million from the sale of Wincasa, partially offset by impairment charges of CHF 61 million related to AMF and impairments of a joint venture investment. The gain in 2011 reflected the partial sale of our ownership interest in Aberdeen, reducing our interest in Aberdeen to 19.8% from 21.0%, partially offset by an impairment of the same joint venture investment.

2011 vs 2010: Up from CHF (105) million to CHF 3 million

The gain in 2011 reflected the partial sale of our ownership interest in Aberdeen partially offset by the impairment of the joint venture investment. The losses in 2010 resulted from impairments related to AMF and a reduction in our ownership interest in Aberdeen due to an issuance of shares by Aberdeen.

Net new asset growth rate (KPI)



Assets under management – Asset Management

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Assets under management (CHF billion)					
Hedge funds	25.1	24.9	27.3	0.8	(8.8)
Private equity	27.9	28.4	30.8	(1.8)	(7.8)
Real estate & commodities	48.6	47.1	43.4	3.2	8.5
Credit	23.8	19.0	18.3	25.3	3.8
ETF	16.1	14.6	14.6	10.3	0.0
Index strategies	64.0	51.5	54.2	24.3	(5.0)
Multi-asset class solutions	105.4	116.0	122.2	(9.1)	(5.1)
Fixed income & equities	55.2	57.4	63.4	(3.8)	(9.5)
Other	5.5	6.3	7.8	(12.7)	(19.2)
Assets under management ¹	371.6	365.2	382.0	1.8	(4.4)
Average assets under management (CHF billion)					
Average assets under management	366.8	376.2	384.5	(2.5)	(2.2)
Assets under management by currency (CHF billion)					
USD	96.5	93.5	100.8	3.2	(7.2)
EUR	47.4	59.0	58.7	(19.7)	0.5
CHF	199.1	190.7	201.3	4.4	(5.3)
Other	28.6	22.0	21.2	30.0	3.8
Assets under management	371.6	365.2	382.0	1.8	(4.4)
Growth in assets under management (CHF billion)					
Net new assets ²	(9.0)	5.2	20.2	–	–
Other effects	15.4	(22.0)	(11.5)	–	–
of which market movements	26.2	(10.6)	10.8	–	–
of which currency	(5.7)	(3.3)	(26.0)	–	–
of which other	(5.1)	(8.1) ³	3.7	–	–
Growth in assets under management	6.4	(16.8)	8.7	–	–
Growth in assets under management (%)					
Net new assets	(2.5)	1.4	5.4	–	–
Other effects	4.3	(5.8)	(3.1)	–	–
Growth in assets under management	1.8	(4.4)	2.3	–	–
Principal investments (CHF billion)					
Principal investments ⁴	2.9	3.4	3.4	(14.7)	–

¹ Excludes our portion of assets under management from our equity participation in Aberdeen. ² Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned. ³ Includes an adjustment to present private equity assets under management at cost for invested assets and unfunded commitments only where a fee was earned. Periods prior to 3Q11 have not been restated. ⁴ Primarily private equity investments.

Investment Banking

For 2012, we reported income before taxes of CHF 2,002 million and net revenues of CHF 12,558 million. We delivered strong results in 2012, with revenues increasing 20% from 2011, despite challenging market conditions and subdued levels of client activity in many of our businesses. In addition, we made substantial progress in executing our refined strategy, including lowering our cost base and reducing our Basel III risk-weighted assets from USD 242 billion at the end of 2011 to USD 187 billion at the end of 2012.

Results

	in / end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net revenues	12,558	10,460	15,873	20	(34)
Provision for credit losses	(12)	76	(96)	–	–
Compensation and benefits	6,070	6,471	7,811	(6)	(17)
General and administrative expenses	3,551	3,388	3,369	5	1
Commission expenses	947	1,118	1,195	(15)	(6)
Total other operating expenses	4,498	4,506	4,564	–	(1)
Total operating expenses	10,568	10,977	12,375	(4)	(11)
Income/(loss) before taxes	2,002	(593)	3,594	–	–
Statement of operations metrics (%)					
Cost/income ratio	84.2	104.9	78.0	–	–
Pre-tax income margin	15.9	(5.7)	22.6	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	18,729	18,882	19,586	(1)	(4)
Pre-tax return on average utilized economic capital (%) ¹	11.4	(2.6)	19.0	–	–
Number of employees (full-time equivalents)					
Number of employees	19,800	20,700	20,500	(4)	1

¹ Calculated using a return excluding interest costs for allocated goodwill.

Results (continued)

	in			% change	
	2012	2011	2010	12 / 11	11 / 10
Net revenue detail (CHF million)					
Debt underwriting	1,617	1,404	1,960	15	(28)
Equity underwriting	552	713	894	(23)	(20)
Total underwriting	2,169	2,117	2,854	2	(26)
Advisory and other fees	1,042	856	1,089	22	(21)
Total underwriting and advisory	3,211	2,973	3,943	8	(25)
Fixed income sales and trading	5,349	3,341	6,401	60	(48)
Equity sales and trading	4,330	4,279	5,683	1	(25)
Total sales and trading	9,679	7,620	12,084	27	(37)
Other	(332)	(133)	(154)	150	(14)
Net revenues	12,558	10,460	15,873	20	(34)
Average one-day, 98% risk management Value-at-Risk (CHF million) ¹					
Interest rate and credit spread	53	74	94	(28)	(21)
Foreign exchange	15	13	16	15	(19)
Commodity	3	9	15	(67)	(40)
Equity	23	23	25	0	(8)
Diversification benefit	(39)	(39)	(50)	0	(22)
Average one-day, 98% risk management Value-at-Risk	55	80	100	(31)	(20)
Basel III risk-weighted assets (billion) ²					
Risk-weighted assets (CHF)	172	228	302	(25)	(25)
Risk-weighted assets (USD)	187	242	322	(23)	(25)

¹ As part of the ongoing review to improve risk management approaches and methodologies, the average one-day risk management VaR measure was revised in the second quarter of 2011. Refer to "Market risk" in III – Treasury, Risk, Balance sheet and off-balance sheet – Risk management for further information on VaR and changes in VaR methodology. ² As of January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. Our calculations of Basel III risk-weighted assets are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the final implementation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. We use estimated risk-weighted assets as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

Results overview

In 2012, we reported income before taxes of CHF 2,002 million and net revenues of CHF 12,558 million, compared to a loss before taxes of CHF 593 million and net revenues of CHF 10,460 million in 2011. We delivered strong results in 2012 despite challenging market conditions and subdued levels of client activity in many of our businesses. Relative to 2011, our net revenues increased 20% on materially lower Basel III risk-weighted assets. In addition, we made substantial progress in reducing our cost base during the year. Our results demonstrated our strong franchise momentum and successful execution of our refined strategy to increase operating and capital efficiency.

- ▶ Refer to "Progress across key strategic pillars" in I – Information on the company – Strategy and "Investment Banking" in I – Information on the company – Our businesses for further information.

Fixed income sales and trading revenues were substantially higher compared to a weak 2011, reflecting significantly higher revenues from securitized products and global credit products in 2012, due to improved market conditions. Substantial inventory reductions in these businesses also resulted in lower revenue volatility in 2012. Revenues from emerging markets, corporate lending and foreign exchange were also higher. We incurred losses of CHF 589 million from businesses we are exiting in 2012 compared to losses of CHF 387 million in 2011.

Equity sales and trading revenues were up modestly as stronger revenues in convertibles, derivatives and prime services were partially offset by declines in cash equities due to lower industry-wide trading volumes compared to 2011.

Underwriting and advisory results were higher compared to 2011, due to strong debt underwriting revenues, particularly in leveraged finance, partially offset by lower equity underwriting revenues. Additionally, M&A fees increased as market share

gains in completed M&A transactions more than offset lower industry-wide completed M&A activity.

We had net releases of provision for credit losses of CHF 12 million in 2012 compared to provision for credit losses of CHF 76 million in 2011, driven by significantly lower provisions and higher releases in 2012.

Total operating expenses were CHF 10,568 million, down 4%, primarily driven by a 6% decrease in compensation and benefits. The decrease in compensation and benefits was due to lower deferred compensation expense from prior-year awards, lower salaries and other employee benefits, reflecting lower headcount, and lower discretionary performance-related compensation expense. Total other operating expenses were flat as a decline in commission expenses was offset by a 5% increase in general and administrative expenses, primarily from higher litigation provisions compared to 2011.

Results in 2012 were impacted by the strengthening of the average rate of the US dollar against the Swiss franc, compared to 2011, which favorably impacted revenues and adversely impacted expenses. In Swiss francs, net revenues increased 20% and total operating expenses declined 4%. In US dollars, net revenues increased 15% and total operating expenses declined 9% from 2011.

For 2011, we reported a loss before taxes of CHF 593 million, compared to income before taxes of CHF 3,594 million in 2010. Net revenues were CHF 10,460 million, compared to CHF 15,873 million in 2010. Results in many of our businesses in 2011 were negatively impacted by significantly lower levels of client activity and a volatile trading environment compared to 2010. In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, we announced a refinement of our Investment Banking strategy in November 2011, including an accelerated risk-weighted asset reduction plan. In 2011, we reduced our Basel III risk-weighted assets by USD 80 billion, or 25%, to USD 242 billion.

Fixed income sales and trading revenues were significantly lower in 2011, reflecting challenging trading conditions, subdued client activity levels across most businesses and the execution of our risk reduction strategy. We incurred losses of CHF 512 million from businesses we are exiting and from the reduction of risk-weighted assets in 2011.

Our equity sales and trading results declined primarily due to lower levels of client activity in cash equities. Prime services revenues declined, reflecting the foreign exchange translation impact. In US dollars, we had record prime services results due to higher client activity and higher client balances. We also had weak results in derivatives, reflecting reduced customer flow. In 2011, we maintained our market share and leading market share rankings in cash equities and prime services.

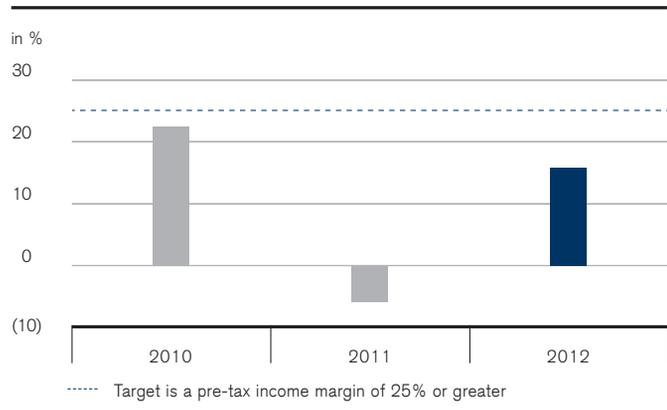
Underwriting and advisory results were lower in 2011, reflecting a decline in industry-wide capital issuance levels and a decrease in our completed M&A market share from 2010, respectively.

We had provision for credit losses of CHF 76 million in 2011 compared to net releases of provision of CHF 96 million in 2010.

Total operating expenses were CHF 10,977 million, down 11%, reflecting a 17% decrease in compensation and benefits.

The weakening of the average rate of the US dollar against the Swiss franc in 2011 adversely impacted revenues and favorably impacted expenses. In US dollars, net revenues were 23% lower and total operating expenses were up 4% compared to 2010.

Pre-tax income margin (KPI)



Results detail

As part of our normal planning process, we reviewed and adjusted our KPI targets.

- ▶ Refer to "Key performance indicators" in Core Results – Information and developments for further information.

The following provides a comparison of our 2012 results versus 2011 and 2011 results versus 2010.

Net revenues

Debt underwriting

2012 vs 2011: Up 15% from CHF 1,404 million to CHF 1,617 million

The increase was primarily due to higher results in leveraged finance, reflecting significantly higher industry-wide high yield issuance volumes. We also had higher investment grade revenues, driven by higher industry-wide issuance volumes that more than offset a modest decline in market share.

2011 vs 2010: Down 28% from CHF 1,960 million to CHF 1,404 million

The decrease was primarily due to weaker results in leveraged finance, reflecting reduced industry-wide high yield issuance volumes. We also had lower results in investment grade issuance, driven by slightly lower market share.

Equity underwriting

2012 vs 2011: Down 23% from CHF 713 million to CHF 552 million

The decrease was due to lower revenues from follow-on offerings as lower market share more than offset higher industry-wide issuance volumes. We also had lower revenues from initial public offerings (IPOs), reflecting lower industry-wide issuance volumes compared to 2011.

2011 vs 2010: Down 20% from CHF 894 million to CHF 713 million

The decrease was primarily driven by lower revenues from IPOs, reflecting lower industry-wide issuance volumes compared to 2010. We also had lower results from convertibles and follow-on offerings.

Advisory and other fees

2012 vs 2011: Up 22% from CHF 856 million to CHF 1,042 million

The increase reflected substantially higher M&A fees and other advisory fees, driven by higher completed M&A market share, more than offsetting lower completed M&A industry-wide activity. We also had higher private placement fees, reflecting a large Private Investment in Public Equity transaction in the energy sector in 3Q12.

2011 vs 2010: Down 21% from CHF 1,089 million to CHF 856 million

The decrease reflected lower M&A fees and other advisory fees, driven by a slight decline in completed M&A market share.

Fixed income sales and trading

2012 vs 2011: Up 60% from CHF 3,341 million to CHF 5,349 million

The increase was primarily due to significantly improved results in securitized products compared to a weak performance in 2011. The weak 2011 results reflected valuation reductions on client inventory, including commercial mortgage-backed securities (CMBS) and residential mortgage-backed securities (RMBS), losses on sales of client inventory as we reduced risk-weighted assets, and subdued client flow. In 2012, we had higher revenues in global credit products due to improved market conditions and increased client appetite for high-yielding products. Substantial inventory reductions in securitized products and global credit products in late 2011 and early 2012 resulted in lower revenue volatility in 2012. In addition, we had higher results in emerging markets, reflecting strong performance in Latin America. Revenues from corporate lending and foreign exchange also increased. These increases were offset by lower revenues in global rates due to subdued client activity. In addition, we incurred losses of CHF 589 million from businesses we are exiting in 2012 compared to losses of CHF 387 million in 2011. At the end of 2012, fixed income Basel III risk-weighted assets totaled USD 122 billion, a reduction of USD 54 billion, or 31% from a year ago, while revenues increased significantly.

2011 vs 2010: Down 48% from CHF 6,401 million to CHF 3,341 million

The decrease was primarily due to significantly weaker results in securitized products, reflecting valuation reductions on client inventory, including CMBS and RMBS, losses on sales of client inventory as we reduced risk-weighted assets, and subdued client flow. We also had weaker results in our credit business, including leveraged finance and investment grade trading, primarily reflecting mark-to-market losses on client inventory. Revenues were lower across all other fixed income businesses as well, including global rates, foreign exchange, emerging markets, corporate lending, and commodities, reflecting difficult trading conditions. In addition, we incurred losses of CHF 512 million from businesses we are exiting and from the reduction of risk-weighted assets. At the end of 2011, fixed income Basel III risk-weighted assets totaled USD 176 billion, a reduction of USD 93 billion, or 35% from 2010.

Equity sales and trading

2012 vs 2011: Up 1% from CHF 4,279 million to CHF 4,330 million

The increase was due to significantly higher revenues in convertibles driven by improved market conditions. We also had improved derivatives results compared to weak performance in 2011. We had resilient results in prime services with increased market share ranking and higher client balances that more than offset lower hedge fund activity and leverage levels. These revenue increases were offset by lower results in cash equities due to muted client activity and lower trading volumes compared to 2011.

2011 vs 2010: Down 25% from CHF 5,683 million to CHF 4,279 million

The decrease was due to lower cash equities results, driven by reduced client trading activity. Prime services revenues declined, reflecting the foreign exchange translation impact. In US dollars, we had record prime services results due to higher client activity and higher client balances. We also had weak results in derivatives, reflecting reduced customer flow. In 2011, we maintained our market share and leading market share rankings in cash equities and prime services.

Provision for credit losses

2012 vs 2011: From CHF 76 million to CHF (12) million

The change reflected significantly higher provisions in 2011 from a guarantee provided to a third-party bank, and higher releases in 2012.

2011 vs 2010: From CHF (96) million to CHF 76 million

The change reflected higher provisions, mainly against a guarantee provided in a prior year to a third-party bank, and lower releases and recoveries.

Operating expenses

Compensation and benefits

2012 vs 2011: Down 6% from CHF 6,471 million to CHF 6,070 million

The decrease was primarily driven by lower deferred compensation expense from prior-year awards, lower salaries and other employee benefits, reflecting lower headcount, and lower discretionary performance-related compensation expense.

2011 vs 2010: Down 17% from CHF 7,811 million to CHF 6,471 million

The decrease was primarily driven by lower deferred compensation expense from prior-year awards, lower discretionary performance-related compensation expense, reflecting the lower results, and lower salary expense.

General and administrative expenses

2012 vs 2011: Up 5% from CHF 3,388 million to CHF 3,551 million

The increase reflected the foreign exchange translation impact. In US dollars, expenses decreased 1%, reflecting lower professional service fees and other expenses, primarily offset by higher litigation provisions incurred during the year.

2011 vs 2010: Stable from CHF 3,369 million to CHF 3,388 million

General and administrative expenses reflected the foreign exchange translation impact. In US dollars, expenses increased 18%. The increase reflected an accrual for the UK bank levy of CHF 115 million, increases in IT investments, higher litigation provisions and an increase in risk management costs.

Corporate Center

In 2012, we recorded a loss from continuing operations before taxes of CHF 3,898 million, primarily reflecting fair value losses from movements in own credit spreads and severance and other compensation expenses relating to the Group-wide cost efficiency initiatives, partly offset by gains from the sale of real estate.

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

Beginning in the first quarter 2012, we fully reflect the fair value impact from movements in credit spreads on our long-term vanilla debt and DVA on certain structured notes liabilities in the Corporate Center and discontinued the amortization in the segments of the past fair value gains on long-term vanilla debt. Prior periods have been reclassified to conform to the current presentation.

- ▶ Refer to "Impact from movements in own credit spreads" in Core Results for further information.

The following provides a comparison of our 2012 results versus 2011 and 2011 results versus 2010.

Income/(loss) from continuing operations before taxes

2012 vs 2011: From CHF 381 million to CHF (3,898) million

The decrease from a gain to a loss primarily reflected fair value losses on our long-term vanilla debt of CHF 1,663 million, DVA losses on certain structured notes liabilities of CHF 958 million and fair value losses on stand-alone derivatives of

CHF 318 million, resulting in overall losses on such items of CHF 2,939 million. The fair value losses reflected the narrowing of credit spreads on senior and subordinated debt across most currencies. In 2011, results included fair value gains from movements in own credit spreads of CHF 1,616 million. The 2012 losses also included business realignment costs of CHF 680 million, consisting primarily of severance and other compensation expenses relating to the Group-wide cost efficiency initiatives, additional litigation provisions of CHF 227 million from the settlement of NCFE-related litigation and gains from the sale of real estate of CHF 533 million.

2011 vs 2010: From CHF (936) million to CHF 381 million

The increased income primarily reflected fair value gains on our long-term vanilla debt of CHF 1,210 million, DVA gains on certain structured notes liabilities of CHF 697 million and fair value losses on stand-alone derivatives of CHF 291 million, resulting in overall gains on such items of CHF 1,616 million. The fair value gains reflected the widening of credit spreads across all currencies, including senior and subordinated debt. In 2010, results included fair value gains from movements in own credit spreads of CHF 269 million. The 2011 result also included CHF 847 million of costs consisting primarily of severance and other compensation expenses relating to the accelerated Group-wide cost efficiency initiatives.

Results

	in			% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net revenues	(2,493)	1,522	172	–	–
Provision for credit losses	0	0	0	–	–
Compensation and benefits	863	951	710	(9)	34
General and administrative expenses	518	144	323	260	(55)
Commission expenses	24	46	75	(48)	(39)
Total other operating expenses	542	190	398	185	(52)
Total operating expenses	1,405	1,141	1,108	23	3
Income/(loss) from continuing operations before taxes	(3,898)	381	(936)	–	–

Assets under management

As of December 31, 2012, assets under management were CHF 1,250.8 billion, up 5.5% compared to December 31, 2011, primarily reflecting positive market movements and net new assets of CHF 10.8 billion, partly offset by adverse foreign exchange-related movements.

Assets under management

Assets under management reflect the changes in reporting as discussed in “Core Results – Information and developments – Format of presentation and changes in reporting”.

Assets under management comprise assets that are placed with us for investment purposes and include discretionary and advisory counterparty assets.

Discretionary assets are assets for which the client fully transfers the discretionary power to a Credit Suisse entity with a management mandate. Discretionary assets are reported in the business in which the advice is provided as well as in the business in which the investment decisions take place. Assets managed by Asset Management for Wealth Management Clients and Corporate & Institutional Clients are reported in each applicable business and eliminated at the divisional level.

Advisory assets include assets placed with us where the client is provided access to investment advice but retains discretion over investment decisions.

Assets under management and net new assets include assets managed by consolidated entities, joint ventures and strategic participations. Assets from joint ventures and participations are counted in proportion to our share in the respective entity.

In 2012, assets under management of CHF 1250.8 billion, increased by CHF 65.6 billion, or 5.5%, compared to 2011, reflecting positive market movements and net new assets, partly offset by adverse foreign exchange-related movements. In Wealth Management Clients, assets under management of CHF 798.5 billion increased 6.4% compared to the end of 2011, as positive market movements and net new assets of CHF 19.0 billion were partially offset by adverse foreign exchange-related movements. In Asset Management, assets under management were CHF 371.6 billion, an increase of CHF 6.4 billion, or 1.8%, compared to the end of 2011, reflecting positive market performance, partially offset by net asset outflows of CHF 9.0 billion and negative foreign exchange-related movements.

Assets under management and client assets

	end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Assets under management (CHF billion)					
Wealth Management Clients	798.5	750.2	763.1	6.4	(1.7)
Corporate & Institutional Clients	223.8	203.0	195.9	10.2	3.6
Asset Management ¹	371.6	365.2	382.0	1.8	(4.4)
Assets managed across businesses ²	(143.1)	(133.2)	(135.7)	7.4	(1.8)
Assets under management	1,250.8	1,185.2	1,205.3	5.5	(1.7)
of which discretionary assets	407.6	390.2	408.0	4.5	(4.4)
of which advisory assets	843.2	795.0	797.3	6.1	(0.3)
Assets under management	1,250.8	1,185.2	1,205.3	5.5	(1.7)
Client assets (CHF billion)					
Wealth Management Clients	913.8	854.2	868.6	7.0	(1.7)
Corporate & Institutional Clients	323.1	305.2	300.1	5.9	1.7
Asset Management ¹	371.6	365.2	382.0	1.8	(4.4)
Assets managed across businesses ²	(143.1)	(133.2)	(135.7)	7.4	(1.8)
Client assets	1,465.4	1,391.4	1,415.0	5.3	(1.7)

¹ Excludes our portion of assets under management from our former investment in Aberdeen.

² Assets managed by Asset Management for Wealth Management Clients and Corporate & Institutional Clients.

Growth in assets under management

in	2012	2011	2010
Growth in assets under management (CHF billion)			
Net new assets	10.8	46.6	62.4
of which Wealth Management Clients	19.0	37.4	40.6
of which Corporate & Institutional Clients	1.5	5.3	8.0
of which Asset Management ¹	(9.0)	5.2	20.2
of which assets managed across businesses ²	(0.7)	(1.3)	(6.4)
Other effects	54.8	(66.7)	(41.9)
of which Wealth Management Clients	29.3	(50.3)	(37.2)
of which Corporate & Institutional Clients	19.3	1.8	5.3
of which Asset Management	15.4	(22.0) ³	(11.5)
of which assets managed across businesses ²	(9.2)	3.8	1.5
Total growth in assets under management	65.6	(20.1)	20.5
of which Wealth Management Clients	48.3	(12.9)	3.4
of which Corporate & Institutional Clients	20.8	7.1	13.3
of which Asset Management ¹	6.4	(16.8)	8.7
of which assets managed across businesses ²	(9.9)	2.5	(4.9)
Growth in assets under management (%)			
Net new assets	0.9	3.9	5.3
of which Wealth Management Clients	2.5	4.9	5.3
of which Corporate & Institutional Clients	0.7	2.7	4.4
of which Asset Management ¹	(2.5)	1.4	5.4
of which assets managed across businesses ²	0.5	1.0	4.9
Other effects	4.6	(5.6)	(3.6)
of which Wealth Management Clients	3.9	(6.6)	(4.9)
of which Corporate & Institutional Clients	9.5	0.9	2.9
of which Asset Management	4.3	(5.8)	(3.1)
of which assets managed across businesses ²	6.9	(2.8)	(1.2)
Total growth in assets under management	5.5	(1.7)	1.7
of which Wealth Management Clients	6.4	(1.7)	0.4
of which Corporate & Institutional Clients	10.2	3.6	7.3
of which Asset Management ¹	1.8	(4.4)	2.3
of which assets managed across businesses ²	7.4	(1.8)	3.7

¹ Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned. ² Assets managed by Asset Management for Wealth Management Clients and Corporate & Institutional Clients. ³ Includes an adjustment to present private equity assets under management at cost for invested assets and unfunded commitments only where a fee was earned. Periods prior to 3Q11 have not been restated.

- ▶ Refer to "Private Banking & Wealth Management" and "Note 36 – Assets under management" in V – Consolidated financial statements – Credit Suisse Group for further information on assets under management.

Client assets

Client assets is a broader measure than assets under management as it includes transactional and custody accounts (assets held solely for transaction-related or safekeeping/custody purposes) and assets of corporate clients and public institutions used primarily for cash management or transaction-related purposes.

Net new assets

Net new assets include individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not included as they do not reflect success in acquiring assets under management.

Furthermore, changes due to foreign exchange-related and market movements as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

Wealth Management Clients contributed net new assets of CHF 19.0 billion, with inflows particularly from emerging markets and from the UHNWI client segment, partially offset by outflows in Western Europe and outflows relating to the integration of Clariden Leu. Corporate & Institutional Clients reported net new assets of CHF 1.5 billion. Asset Management recorded net asset outflows of CHF 9.0 billion, primarily from multi-asset class solutions which included redemptions of CHF 14.7 billion from a single fixed income mandate, partially offset by inflows in index strategies and credit products.

Critical accounting estimates

In order to prepare the consolidated financial statements in accordance with accounting principles generally accepted in the US (US GAAP), management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgment 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 the consolidated financial statements are prudent, reasonable and consistently applied.

We believe that the critical accounting estimates discussed below involve the most complex judgments and assessments.

- ▶ Refer to “Note 1 – Summary of significant accounting policies” and “Note 2 – Recently issued accounting standards” in V – Consolidated financial statements – Credit Suisse Group for further information on significant accounting policies and new accounting pronouncements. For financial information relating to the Bank, refer to the corresponding notes in the consolidated financial statements of the Bank.

Fair value

A significant portion of our assets and liabilities are carried at ◻ fair value. The fair value of the majority of these financial instruments is based on quoted prices in active markets or observable inputs.

In addition, we hold financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain ◻ OTC derivatives including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and ◻ CDO securities, private equity investments, certain loans and credit products (including leveraged finance, certain syndicated loans and certain high yield bonds) and life finance instruments.

We have availed ourselves of the simplification in accounting offered under the fair value option guidance in Accounting Standards Codification (ASC) Topic 825 – Financial Instruments, primarily in Investment Banking and in Private Banking

& Wealth Management’s Asset Management business. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. For instruments for which there was an inability to achieve hedge accounting and for which we are economically hedged, we have elected the fair value option. Where we manage an activity on a fair value basis but previously have been unable to achieve fair value accounting, we have utilized the fair value option to align our financial accounting to our risk management reporting.

Control processes are applied to ensure that the fair values of the financial instruments reported in the consolidated financial statements, including those derived from pricing models, are appropriate and determined on a reasonable basis.

These control processes include the review and approval of new instruments, review of profit and loss at regular intervals, risk monitoring and review, price verification procedures and reviews of models used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

- ▶ Refer to “Note 2 – Recently issued accounting standards” and “Note 33 – Financial instruments” in V – Consolidated financial statements – Credit Suisse Group for further information on fair value.

Variable interest entities

As a normal part of our business, we engage in various transactions that include entities which are considered variable interest entities (VIEs). VIEs are special purpose entities that typically lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under US GAAP, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that has the power to direct the activities that most significantly affect the economics of the VIE and potentially has significant benefits or losses in the VIE. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, including ongoing reassessment of VIEs for

possible consolidation, may require the exercise of significant management judgment.

- ▶ Refer to “Note 1 – Summary of significant accounting policies” and “Note 32 – Transfers of financial assets and variable interest entities” in V – Consolidated financial statements – Credit Suisse Group for further information on VIEs.

Contingencies and loss provisions

A contingency is an existing condition that involves a degree of uncertainty that will ultimately be resolved upon the occurrence or non-occurrence of future events.

Litigation contingencies

We are involved in a variety of judicial, regulatory and arbitration matters in connection with the conduct of our businesses. It is inherently difficult to predict the outcome of many of these matters, particularly those cases in which the matters are brought on behalf of various classes of claimants, seek damages of unspecified or indeterminate amounts or involve novel legal claims. In presenting our consolidated financial statements, management makes estimates regarding the outcome of judicial, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Charges, other than those taken for costs of defense, are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, our defenses and experience in similar matters, as well as our assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings.

- ▶ Refer to “Note 37 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for further information on legal proceedings.

Allowance and provision for credit losses

As a normal part of our business, we are exposed to credit risk through our lending relationships, commitments and letters of credit as well as counterparty risk on derivatives, foreign exchange and other transactions. Credit risk is the possibility of a loss being incurred 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. In the event of a default, we generally incur a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the

restructuring of the debtor company. The allowance for loan losses is considered a reasonable estimate of credit losses existing at the dates of the consolidated balance sheets. This allowance is for probable credit losses inherent in existing exposures and credit exposures specifically identified as impaired.

- ▶ Refer to “Note 1 – Summary of significant accounting policies” and “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group for further information on allowance for loan losses.

Inherent loan loss allowance

The inherent loan loss allowance is for all credit exposures not specifically identified as impaired and that, on a portfolio basis, are considered to contain probable inherent loss. The estimate of this component of the allowance for the consumer loans portfolio involves applying historical and current default probabilities, historical recovery experience and related current assumptions to homogenous loans based on internal risk rating and product type. To estimate this component of the allowance for the corporate & institutional loans portfolio, the Group segregates loans by risk, industry or country rating. The methodology for Investment Banking adjusts the rating-specific default probabilities to incorporate not only historic third-party data but also those implied from current quoted credit spreads.

Many factors are evaluated in estimating probable credit losses inherent in existing exposures. These factors include: the volatility of default probabilities; rating changes; the magnitude of the potential loss; internal risk ratings; geographic, industry and other economic factors; and imprecision in the methodologies and models used to estimate credit risk. Overall credit risk indicators are also considered, such as trends in internal risk-rated exposures, classified exposures, cash-basis loans, recent loss experience and forecasted write-offs, as well as industry and geographic concentrations and current developments within those segments or locations. Our current business strategy and credit process, including credit approvals and limits, underwriting criteria and workout procedures, are also important factors.

Significant judgment is exercised in the evaluation of these factors. For example, estimating the amount of potential loss requires an assessment of the period of the underlying data. Data that does not capture a complete credit cycle may compromise the accuracy of loss estimates. Determining which external data relating to default probabilities should be used and when it should be used also requires judgment. The use of market indices and ratings that do not sufficiently correlate to our specific exposure characteristics could also affect the accuracy of loss estimates. Evaluating the impact of uncer-

tainties regarding macroeconomic and political conditions, currency devaluations on cross-border exposures, changes in underwriting criteria, unexpected correlations among exposures and other factors all require significant judgment. Changes in our estimates of probable loan losses inherent in the portfolio could have an impact on the provision and result in a change in the allowance.

Specific loan loss allowances

We make provisions for specific loan losses on impaired loans based on regular and detailed analysis of each loan in the portfolio. This analysis includes an estimate of the realizable value of any collateral, the costs associated with obtaining repayment and realization of any such collateral, the counterparty's overall financial condition, resources and payment record, the extent of our other commitments to the same counterparty and prospects for support from any financially responsible guarantors.

The methodology for calculating specific allowances involves judgments at many levels. First, it involves the early identification of deteriorating credit. Extensive judgment is required in order to properly evaluate the various indicators of financial condition of a counterparty and likelihood of repayment. The failure to identify certain indicators or give them proper weight could lead to a different conclusion about the credit risk. The assessment of credit risk is subject to inherent limitations with respect to the completeness and accuracy of relevant information (for example, relating to the counterparty, collateral or guarantee) that is available at the time of the assessment. Significant judgment is exercised in determining the amount of the allowance. Whenever possible, independent, verifiable data or our own historical loss experience is used in models for estimating loan losses. However, a significant degree of uncertainty remains when applying such valuation techniques. Under our loan policy, the classification of loan status also has a significant impact on the subsequent accounting for interest accruals.

- ▶ Refer to "Risk Management" in III – Treasury, Risk, Balance sheet and Off-balance sheet and "Note 18 – Loans, allowance for loan losses and credit quality" in V – Consolidated financial statements – Credit Suisse Group for loan portfolio disclosures, valuation adjustment disclosures and certain other information relevant to the evaluation of credit risk and credit risk management.

Goodwill impairment

Under US GAAP, goodwill is not amortized, but is reviewed for potential impairment on an annual basis as of December 31 and at any other time that events or circumstances indicate that the carrying value of goodwill may not be recoverable.

For the purpose of testing goodwill for impairment, each reporting unit is assessed individually. A reporting unit is an operating segment or one level below an operating segment, also referred to as a component. A component of an operating segment is deemed to be a reporting unit if the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. In Private Banking & Wealth Management, Wealth Management Clients, Corporate & Institutional Clients and Asset Management are considered to be reporting units. Investment Banking is considered to be one reporting unit.

With the adoption of Accounting Standards Update 2011-08, "Testing Goodwill for Impairment" (ASU 2011-08), on January 1, 2012 a qualitative assessment is permitted to evaluate whether a reporting unit's fair value is less than its carrying value. If on the basis of the qualitative assessment it is more likely than not that the reporting unit's fair value is higher than its carrying value, no quantitative goodwill impairment test is required. If on the basis of the qualitative assessment it is more likely than not that the reporting unit's fair value is lower than its carrying value, the first step of the quantitative goodwill impairment test must be performed, by calculating the fair value of the reporting unit and comparing that amount to its carrying value. If the fair value of a reporting unit exceeds its carrying value, there is no goodwill impairment. If the carrying value exceeds the fair value, the second step of the quantitative goodwill impairment test, measuring the amount of an impairment loss, if any, has to be performed.

The qualitative assessment is intended to be a simplification of the annual impairment test and can be bypassed for any reporting unit and any period to proceed directly to performing the first step of the quantitative goodwill impairment test. When bypassing the qualitative assessment in any period as per the current practice of the Group, the preparation of a qualitative assessment can be resumed in any subsequent period.

Circumstances that could trigger an initial qualitative assessment or the first step of the goodwill impairment test include, but are not limited to: (i) macroeconomic conditions such as a deterioration in general economic conditions or other developments in equity and credit markets; (ii) industry and market considerations such as a deterioration in the environment in which the entity operates, an increased competitive

environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), and regulatory or political developments; (iii) other relevant entity-specific events such as changes in management, key personnel or strategy; (iv) a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit; (v) results of testing for recoverability of a significant asset group within a reporting unit; (vi) recognition of a goodwill impairment in the financial statements of a subsidiary that is a component of a reporting unit; and (vii) a sustained decrease in share price (considered in both absolute terms and relative to peers).

The carrying value of each reporting unit for purposes of the goodwill impairment test is determined on the basis of the reporting units' allocated economic capital, a consistent and comprehensive tool for risk management, capital management and performance measurement. Any residual equity, after considering the total economic capital, is allocated to the reporting units on a pro-rata basis. As of December 31, 2012, such residual equity was equal to CHF 5,302 million.

Projected economic capital allocations to each reporting unit are integrated within our three-year financial planning process and are approved by the Board on an annual basis. The carrying values of the reporting units are also presented to the Audit Committee on an annual basis.

Factors considered in determining the fair value of reporting units include, among other things: an evaluation of recent acquisitions of similar entities in the market place; current share values in the market place for similar publicly traded entities, including price multiples; recent trends in our share price and those of competitors; estimates of our future earnings potential based on our three-year strategic business plan; and the level of interest rates.

Estimates of our future earnings potential, and that of the reporting units, involve considerable judgment, including management's view on future changes in market cycles, the regulatory environment, the anticipated result of the implementation of business strategies, competitive factors and assumptions concerning the retention of key employees. Adverse changes in the estimates and assumptions used to determine the fair value of the Group's reporting units may result in a goodwill impairment in the future.

An estimated balance sheet for each reporting unit is prepared on a quarterly basis. If the second step of the goodwill impairment test is required, the implied fair value of the relevant reporting unit's goodwill is compared with the carrying value of that goodwill. If the carrying value exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to that excess. The loss recognized as a goodwill impairment cannot exceed the carrying value of that

goodwill. The implied fair value of goodwill is calculated in the same manner as the amount of goodwill recognized in a business combination and, as such, the current fair value of a reporting unit is assigned to all of the assets and liabilities of that unit (including any unrecognized intangible assets, but excluding goodwill) as if the reporting unit had been acquired in a business combination. An independent valuation expert would likely be engaged to assist in the valuation of the reporting unit's unrecognized intangible assets.

Based on our goodwill impairment analysis performed as of December 31, 2012, we concluded that the estimated fair value for the three reporting units in Private Banking & Wealth Management substantially exceeded the related carrying value and no impairment was necessary as of December 31, 2012.

There was also no impairment necessary for our Investment Banking reporting unit as the estimated fair value exceeded its carrying value by 10%. The goodwill allocated to this reporting unit has become more exposed to a future impairment as the valuation of the reporting unit is highly correlated with economic and financial market conditions, client trading and investing activity and the regulatory environment in which it operates. We engaged the services of an independent valuation specialist to assist in the valuation of the reporting unit as of December 31, 2012 using a combination of the market approach and income approach. Under the market approach, consideration is given to price to projected earnings multiples or price to book value multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries. Under the income approach, a discount rate was applied that reflects the risk and uncertainty related to the reporting unit's projected cash flows.

The results of the impairment evaluation of the Investment Banking reporting unit's goodwill would be significantly impacted by adverse changes in the underlying parameters used in the valuation process. If actual outcomes adversely differ by a sufficient margin from our best estimates of the key economic assumptions and associated cash flows applied in the valuation of the reporting unit, we could potentially incur material impairment charges in the future with respect to the CHF 5,980 million of goodwill recorded in Investment Banking.

► Refer to "Note 20 – Goodwill" in V – Consolidated financial statements – Credit Suisse Group for further information on goodwill.

Taxes

Uncertainty of income tax positions

The Group follows the guidance in ASC Topic 740 – Income Taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain income tax positions.

Significant judgment is required in determining whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Further judgment is required to determine the amount of benefit eligible for recognition in the consolidated financial statements.

- ▶ Refer to “Note 26 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information on income tax positions.

Deferred tax valuation allowances

Deferred tax assets and liabilities are recognized for the estimated future tax effects of operating loss carry-forwards and temporary differences between the carrying values of existing assets and liabilities and their respective tax bases at the dates of the consolidated balance sheets.

The realization of deferred tax assets on temporary differences is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. The realization of such deferred tax assets on net operating losses is dependent upon the generation of taxable income during the periods prior to their expiration, if applicable. Management regularly evaluates whether deferred tax assets will be realized. If management considers it more likely than not that all or a portion of a deferred tax asset will not be realized, a corresponding valuation allowance is established. In evaluating whether deferred tax assets will be realized, management considers both positive and negative evidence, including projected future taxable income, the reversal of deferred tax liabilities which can be scheduled and tax planning strategies.

This evaluation requires significant management judgment, primarily with respect to projected taxable income. Future taxable income can never be predicted with certainty. It is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management’s control. Substantial variance of actual results from estimated future taxable profits, or changes in our estimate of future taxable profits and potential restructurings, could lead to changes in deferred tax assets being realizable, or considered realizable, and would require a corresponding adjustment to the valuation allowance.

As part of its normal practice, management has conducted a detailed evaluation of its expected future results. This evaluation has taken into account the Group’s commitment to the integrated banking model and the importance of the Investment Banking segment within the integrated bank, as well as the changes announced in 2012 and the reduction in risk since 2008. This evaluation has indicated the expected future results that are likely to be earned in jurisdictions where the Group has significant deferred tax assets, such as the US, the UK and Switzerland. Management then compared those expected future results with the applicable law governing utilization of deferred tax assets. US tax law allows for a 20-year carry-forward period for net operating losses, UK tax law allows for an unlimited carry-forward period for net operating losses and Swiss tax law allows for a seven-year carry-forward period for net operating losses.

- ▶ Refer to “Note 26 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information on deferred tax assets.

Pension plans

The Group

The Group covers pension requirements, in both Swiss and non-Swiss locations, through various defined benefit pension plans and defined contribution pension plans.

Our funding policy with respect to the non-Swiss pension plans is consistent with local government and tax requirements.

The calculation of the expense and liability associated with the defined benefit pension plans requires an extensive use of assumptions, which include the discount rate, expected return on plan assets and rate of future compensation increases as determined by us. Management determines these assumptions based upon currently available market and industry data and historical performance of the plans. Management also consults with an independent actuarial firm to assist in selecting appropriate assumptions and valuing its related liabilities. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of the participants. Any such differences could have a significant impact on the amount of pension expense recorded in future years.

The funded status of our defined benefit pension and other post-retirement defined benefit plans are recorded in the consolidated balance sheets. The impacts from re-measuring the funded status (reflected in actuarial gains or losses) and from amending the plan (reflected in prior service cost or credits)

are recognized in equity as a component of accumulated other comprehensive income/(loss) (AOCI).

The projected benefit obligation (PBO) of our total defined benefit pension plans as of December 31, 2012 included an amount related to our assumption for future salary increases of CHF 534 million, compared to CHF 568 million as of December 31, 2011. The accumulated benefit obligation (ABO) is defined as the PBO less the amount related to estimated future salary increases. The difference between the fair value of plan assets and the ABO was an overfunding of CHF 698 million for 2012, compared to an overfunding of CHF 139 million for 2011.

We are required to estimate the expected long-term rate of return on plan assets, which is then used to compute pension cost recorded in the consolidated statements of operations. Estimating future returns on plan assets is particularly subjective, as the estimate requires an assessment of possible future market returns based on the plan asset mix. In calculating pension expense and in determining the expected long-term rate of return, we use the market-related value of assets. The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic pension cost for the 12-month period following this date.

The expected weighted-average long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs in 2012 and 2011 was 4.3% and 4.8%, respectively, for the Swiss plans and 6.4% and 7.3%, respectively, for the international plans. In 2012, if the expected long-term rate of return had been increased/decreased one percentage point, net pension expense for the Swiss plans would have decreased/increased CHF 145 million and net pension expense for the international plans would have decreased/increased CHF 25 million.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, we take into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows from benefit payments. The discount rate used for Swiss plans decreased 0.6 percentage point from 2.8% as of December 31, 2011, to 2.2% as of December 31, 2012, mainly due to a decrease in Swiss bond market rates. The average discount rate used for international plans decreased 0.3 percentage point from 4.8% as of December 31, 2011, to 4.5% as of December 31, 2012, mainly due to a decrease in bond market rates in the EU, the UK and the US. The discount rate affects both the pension expense and the PBO. For the year ended December 31, 2012, a one percentage point decline in the discount rate for the Swiss plans would have

resulted in an increase in the PBO of CHF 1,796 million and an increase in pension expense of CHF 134 million, and a one percentage point increase in the discount rate would have resulted in a decrease in the PBO of CHF 1,581 million and a decrease in the pension expense of CHF 127 million. A one percentage point decline in the discount rate for the international plans as of December 31, 2012 would have resulted in an increase in the PBO of CHF 578 million and an increase in pension expense of CHF 53 million, and a one percentage point increase in the discount rate would have resulted in a decrease in the PBO of CHF 468 million and a decrease in the pension expense of CHF 46 million.

Actuarial losses and prior service cost are amortized over the average remaining service period of active employees expected to receive benefits under the plan, which, as of December 31, 2012, was approximately nine years for the Swiss plans and four to 26 years for the international plans. The pre-tax expense associated with the amortization of net actuarial losses and prior service cost for defined benefit pension plans for the years ended December 31, 2012, 2011 and 2010 was CHF 165 million, CHF 152 million and CHF 140 million, respectively. The amortization of recognized actuarial losses and prior service cost for defined benefit pension plans for the year ending December 31, 2013, which is assessed at the beginning of the year, is expected to be CHF 175 million, net of tax. The impact from deviations between our actuarial assumptions and the actual developments of such parameters observed for our pension plans further impacts the amount of net actuarial losses or gains recognized in equity, resulting in a higher or lower amount of amortization expense in periods after 2013.

- ▶ Refer to "Note 29 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information on pension benefits.

The Bank

The Bank covers pension requirements for its employees in Switzerland through participation in a defined benefit pension plan sponsored by the Group (Group plan). Various legal entities within the Group participate in the Group plan, which is set up as an independent trust domiciled in Zurich. The Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic pension expense, PBO, ABO and the related amounts recognized in the consolidated balance sheets. The funded status of the Group plan is recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs or credits are recognized in equity as a component of AOCI.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expense or balance sheet amounts related to the Group plan are recognized by the Bank.

The Bank covers pension requirements for its employees in international locations through participation in various pension plans, which are accounted for as single-employer defined benefit pension plans or defined contribution pension plans.

In 2012, if the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs would have been 4.3%. In 2012, the weighted-average expected long-term rate of return used to calculate the expected return on plan assets as a component of the net periodic pension cost for the international single-employer defined benefit pension plans was 6.4%.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. For the year ended December 31, 2012, if the Bank had accounted for the Group plan as a defined benefit plan, the discount rate used in the measurement of the benefit obligation and net periodic pension cost

would have been 2.2% and 2.8%, respectively. For the year ended December 31, 2012, the weighted-average discount rates used in the measurement of the benefit obligation and the net periodic pension costs for the international single-employer defined benefit pension plans were 4.5% and 4.8%, respectively. A one percentage point decline in the discount rate for the international single-employer plans would have resulted in an increase in PBO of CHF 578 million and an increase in pension expense of CHF 53 million, and a one percentage point increase in the discount rate would have resulted in a decrease in PBO of CHF 468 million and a decrease in pension expense by CHF 46 million.

The Bank does not recognize any amortization of actuarial losses and prior service cost for the Group pension plan. Actuarial losses and prior service cost related to the international single-employer defined benefit pension plans are amortized over the average remaining service period of active employees expected to receive benefits under the plan. The pre-tax expense associated with the amortization of recognized net actuarial losses and prior service cost for the years ended December 31, 2012, 2011 and 2010 was CHF 73 million, CHF 51 million and CHF 37 million, respectively. The amortization of recognized actuarial losses and prior service cost for the year ending December 31, 2013, which is assessed at the beginning of the year, is expected to be CHF 47 million, net of tax.



Treasury, Risk, Balance sheet and Off-balance sheet

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and other contractual obligations

Liquidity and funding management

During 2012, we maintained a strong liquidity and funding position. The majority of our unsecured funding was generated from core customer deposits and long-term debt.

Overview

Our liquidity and funding strategy is approved by the Capital Allocation and Risk Management Committee (CARMC) and overseen by the Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury. Treasury ensures adherence to our funding policy and the efficient coordination of the secured funding desks. This approach enhances our ability to manage potential liquidity and funding risks and to promptly adjust our liquidity and funding levels to meet stress situations. Our liquidity and funding profile is regularly reported to CARMC and the Board of Directors, who define our risk tolerance and set parameters for the balance sheet usage of our businesses. The Board of Directors is responsible for defining our overall tolerance for risk in the form of a risk appetite statement.

Our liquidity and funding profile reflects our strategy and risk appetite and is driven by business activity levels and the overall operating environment. We have adapted our liquidity and funding profile to reflect lessons learned from the financial crisis, the subsequent change in our business strategy and regulatory developments. We have been an active participant in regulatory and industry forums to promote best practice standards on quantitative and qualitative liquidity management. Our internal liquidity risk management framework is subject to review and monitoring by the [Swiss Financial Market Supervisory Authority \(FINMA\)](#), other regulators and rating agencies.

Regulatory framework

In April 2010 and March 2011, we implemented revised liquidity principles agreed with [FINMA](#), following its consultation with the Swiss National Bank (SNB), to ensure that the Group and the Bank have adequate holdings on a consolidated basis of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time.

In December 2010, the [Basel Committee on Banking Supervision \(BCBS\)](#) issued the [Basel III international framework for liquidity risk measurement, standards and monitoring](#).

The Basel III framework includes a [liquidity coverage ratio \(LCR\)](#) and a [net stable funding ratio \(NSFR\)](#). The BCBS has stated that it will continue to review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

The LCR, which will be phased in beginning January 1, 2015 through January 1, 2019, following an observation period which began in 2011, addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet short-term liquidity needs under a severe stress scenario. The LCR is comprised of two components, the value of the stock of high-quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows is subject to an initial minimum requirement of 60%, which will increase by 10% for four years, reaching 100% by January 1, 2019.

The NSFR, which is expected to be introduced on January 1, 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is a complementary measure to the LCR and is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The NSFR is defined as the ratio of available stable funding over the amount of required stable funding and should always be at least 100%.

In November 2012, the Swiss Federal Council adopted a liquidity ordinance that implements Basel III liquidity requirements into Swiss law subject, in part, to further rule-making in Switzerland. Both quantitative and qualitative requirements generally are consistent with our existing agreement with [FINMA](#) on liquidity principles.

Our revised liquidity principles and our liquidity risk management framework as agreed with [FINMA](#) are in line with the Basel III liquidity framework.

- ▶ [Refer to "Basel framework" in I – Information on the company – Regulation and supervision – Recent regulatory developments and proposals for further information.](#)

Liquidity risk management framework

Our approach to liquidity risk management

Our liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this through a conservative asset/liability management strategy aimed at maintaining long-term funding, including stable deposits, well in excess of illiquid assets. To address short-term liquidity stress, we maintain a liquidity pool, described below, that covers unexpected outflows in the event of severe market and idiosyncratic stress. Our liquidity risk parameters reflect various liquidity stress assumptions that we believe are conservative. We manage our liquidity profile at a sufficient level such that, in the event we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time in excess of our minimum target.

Although the NSFR is not expected to be introduced until 2018 and is still subject to adjustment by the BCBS and FINMA, we began using the NSFR in 2012 as the primary tool to monitor our structural liquidity position, plan funding and as the basis for our funds transfer pricing policy. Pursuant to our plans announced in October 2012 to reduce our balance sheet by the end of 2013 to below CHF 900 billion on a foreign exchange neutral basis compared to the end of the third quarter of 2012, we further strengthened our long-term funding profile to accelerate the increase of our NSFR. We estimate that our NSFR under the current FINMA framework was in excess of 100% as of the end of 2012. Where requirements are unclear or left to be determined by the BCBS and FINMA, we have made our own interpretation and assumptions.

In parallel with the NSFR, we continue to use our internal liquidity barometer to manage liquidity to internal targets and as a basis to model both Credit Suisse-specific and systemic market stress scenarios and their impact on funding and liquidity. Our internal barometer framework supports the management of our funding structure. It allows us to manage the time horizon over which the adjusted market value of unencumbered assets (including cash) exceeds the aggregate value of contractual outflows of unsecured liabilities plus a conservative forecast of anticipated contingent commitments. This barometer framework allows us to manage liquidity to a desired profile under stress in order to be able to continue to pursue activities for an extended period of time (also known as a liquidity horizon) without changing business plans during times of Credit Suisse-specific or market-specific stress. Under this framework, we also have short-term targets based

on additional stress scenarios to ensure uninterrupted liquidity for short time frames.

Our liquidity management framework allows us to run stress analyses on our balance sheet and off-balance sheet positions, which include, but are not limited to, the following:

- A multiple-notch downgrade in the Bank's long-term debt credit ratings, which would require additional funding as a result of certain contingent off-balance sheet obligations;
- Significant withdrawals from private banking client deposits;
- Potential cash outflows associated with the prime brokerage business;
- Availability of secured funding is subject to significant over-collateralization;
- Capital markets, certificates of deposit and commercial paper (CP) markets will not be available;
- Other money market access will be significantly reduced;
- A loss in funding value of unencumbered assets;
- The inaccessibility of assets held by subsidiaries due to regulatory, operational and other constraints;
- The possibility of providing non-contractual liquidity support in times of market stress, including purchasing our unsecured debt;
- Monitoring the concentration in sources of wholesale funding and thus encourage funding diversification;
- Monitoring the composition and analysis of the unencumbered assets;
- Restricted availability of foreign currency swap markets; and
- Other scenarios as deemed necessary from time to time.

Governance

Funding, liquidity, capital and our foreign exchange exposures in the banking book are managed centrally by Treasury. Oversight of these activities is provided by the CARMC, a committee that includes the chief executive officers (CEOs) of the Group and the divisions, the Chief Financial Officer, the Chief Risk Officer (CRO) and the Treasurer.

It is CARMC's responsibility to review the capital position, balance sheet development, current and prospective funding, interest rate risk and foreign exchange exposure and to define and monitor adherence to internal risk limits. CARMC regularly reviews the methodology and assumptions of our liquidity risk management framework and determines the liquidity horizon to be maintained.

All liquidity stress tests are coordinated and overseen by the CRO to ensure a consistent and coordinated approach across all risk disciplines.

Contingency planning

In the event of a liquidity crisis, our liquidity contingency plan provides for specific actions to be taken depending on the nature of the crisis. Our Treasurer activates the contingency plan upon receipt of various reports that contain trigger levels. Pre-defined further escalation ensures the involvement of senior management and CARMC, the delivery of information to regulators and the meeting of the funding execution committee, which establishes a specific action plan and coordinates business and funding activities. In all cases, the plan's priorities are to strengthen liquidity (immediate), reduce funding needs (medium term) and assess recovery options (longer term).

Liquidity pool

Treasury manages a sizeable portfolio of liquid assets, comprised of cash, high grade bonds, major market equity securities and other liquid securities, which serves as a liquidity pool. A portion of the liquidity pool is generated through reverse repurchase agreements with top-rated counterparties. Most of these liquid assets qualify as eligible assets under the BCBS liquidity standards. We are mindful of potential credit risk and therefore focus our liquidity holdings strategy on cash at central banks and short-term reverse repurchase agreements relating to highly rated government bonds. The bonds are eligible as collateral for liquidity facilities with various central banks including the SNB, the US Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of England. Our direct exposure on these bonds is limited to highly liquid, top-rated sovereign entities or fully guaranteed agencies of sovereign entities. These securities may also serve to meet liquidity requirements for our local businesses.

All securities, including those obtained from reverse repurchase agreements, are subject to a stress level haircut that

we apply for stress scenarios to reflect the risk that emergency funding may not be available at market value.

We centrally manage the liquidity pool and hold it at our main operating entities. Holding securities in these entities ensures that we can make liquidity and funding available to local entities in need without delay.

As of December 31, 2012, our liquidity pool based on our internal model was CHF 127 billion, net of the stress level haircut. The liquidity pool consisted of CHF 47 billion of cash held by major central banks, primarily the SNB, the Fed and the ECB, CHF 57 billion of securities issued by governments and government agencies, primarily of the US, Germany, France and the UK, and CHF 23 billion of other highly liquid assets including equity securities that form part of major indices.

Funding sources and uses

We primarily fund our balance sheet through core customer deposits, long-term debt and shareholders' equity. We monitor the funding sources, including their concentrations, according to their currency and geography and whether they are secured or unsecured. A substantial portion of our balance sheet is match funded and requires no unsecured funding. Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and values so that the liquidity and funding generated or required by the positions are substantially equivalent. Cash and due from banks and reverse repurchase agreements are highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, is comprised of securities inventories and collateralized receivables that fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities.

Balance sheet funding structure

as of December 31, 2012 (CHF billion)

Reverse repurchase agreements	143	Match funded	163	Repurchase agreements	
Encumbered trading assets	71		51	Short positions	
Funding-neutral assets ¹	123		123	Funding-neutral liabilities ¹	
Cash & due from banks	64		39	Other short-term liabilities ²	
Unencumbered liquid assets ³	151		54	Due to banks	
			19	Short-term borrowings	
Loans ⁴	237	120% coverage	285	time	61
				demand	133
				savings	60
				fiduciary	31
Other illiquid assets	135		148	Long-term debt	
			42	Total equity	
Assets: 924			Liabilities and Equity: 924		

¹ Primarily includes brokerage receivables/payables, positive/negative replacement values and cash collateral. ² Primarily includes excess of funding neutral liabilities (brokerage payables) over corresponding assets. ³ Primarily includes unencumbered trading assets, unencumbered investment securities and excess reverse repurchase agreements, after haircuts. ⁴ Excludes loans with banks. ⁵ Excludes due to banks and certificates of deposit.

These assets include our liquidity pool, which amounted to CHF 127 billion as of the end of 2012 that can be monetized in a time frame consistent with our short-term stress assumptions. As a consequence of our strategy to reduce our balance sheet, we reduced our short-term liabilities by 27% to CHF 112 billion as of the end of 2012 compared to the end of 2011. This allowed us to reduce an equivalent amount of liquid assets and decrease our liquidity pool by 28% compared to the end of 2011, without a material impact on our liquidity risk.

Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess coverage of 20% as of the end of 2012, down from 22% as of the end of 2011, reflecting a higher increase in loans than the increase in core customer deposits. We fund other illiquid assets, including real estate, private equity and other long-term investments and a haircut for the illiquid portion of securities, with long-term debt and equity, where we try to maintain a substantial funding buffer.

Our core customer deposits totaled CHF 285 billion as of the end of 2012, an increase of 3% compared to CHF 278 billion as of the end of 2011, as a result of a growth in the customer deposit base in Private Banking & Wealth Management. Core customer deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits from banks and certificates of deposit. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions.

Treasury is responsible for the development, execution and regular updating of our funding plan. The plan reflects projected business growth, development of the balance sheet, future funding needs and maturity profiles as well as the effects of changing market conditions.

Interest expense on long-term debt, excluding structured notes, is monitored and managed relative to certain indices, such as the London Interbank Offered Rate, that are relevant to the financial services industry. This approach to term funding best reflects the sensitivity of both our liabilities and our assets to changes in interest rates. Our average funding cost, which is allocated to the divisions, remained largely unchanged compared to the end of 2011.

We continually manage the impact of funding spreads through careful management of our liability maturity mix and opportunistic issuance of debt. The effect of funding spreads on interest expense depends on many factors, including the absolute level of the indices on which our funding is based.

We diversify our funding sources by issuing structured notes, which are debt securities on which the return is linked to commodities, stocks, indices or currencies or other assets. We generally hedge structured notes with positions in the underlying assets or derivatives. Our liquidity planning includes settlement of structured notes. We had CHF 36.6 billion of structured notes outstanding as of the end of 2012 compared to CHF 35.7 billion as of the end of 2011.

We also use collateralized financings, including repurchase agreements and securities lending agreements. The level of our repurchase agreements fluctuates, reflecting market opportunities, client needs for highly liquid collateral, such as US treasuries and agency securities, and the impact of bal-

ance sheet and risk-weighted asset (RWA) limits. In addition, matched book trades, under which securities are purchased under agreements to resell and are simultaneously sold under agreements to repurchase with comparable maturities, earn spreads, are relatively risk-free and are generally related to client activity.

Our primary source of liquidity is funding through consolidated entities. The funding through non-consolidated special purpose entities (SPEs) and asset securitization activity is immaterial.

Securities for funding and capital purposes are issued primarily by the Bank, our principal operating subsidiary and a US registrant. The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed; the latter typically to meet capital requirements, or as desired by management to support business initiatives.

Debt issuances and redemptions

Our capital markets debt includes senior and subordinated debt issued in US-registered offerings and medium-term note programs, euro market medium-term note programs, Australian dollar domestic medium-term note programs, a Samurai shelf registration statement in Japan and covered bond programs. As a global bank, we have access to multiple markets worldwide and our major funding centers are Zurich, New York, London and Tokyo.

We use a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Substantially all of our unsecured senior debt is issued without financial covenants, such as adverse changes in our credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in our cost of financing or accelerate the maturity of the debt. Our covered bond funding is in the form of mortgage-backed loans funded by domestic covered bonds issued through Pfandbriefbank Schweizerischer Hypothekarinstitute, one of two institutions established by a 1930 act of the Swiss parliament to centralize the issuance of covered bonds, or from our own international covered bond program.

In 2012, we issued CHF 1.4 billion of domestic covered bonds, CHF 3.3 billion of international covered bonds and

CHF 0.4 billion of senior debt, while CHF 1.1 billion of domestic covered bonds and CHF 10.8 billion of senior debt matured or were redeemed. In connection with our tender offer in July 2012, we repurchased CHF 1.7 billion of senior debt. As of December 31, 2012, we had CHF 15.2 billion of domestic and international covered bonds outstanding.

As of December 31, 2012, the weighted average maturity of long-term debt was 6.1 years (including certificates of deposit with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity or in 2030 for instruments without a stated final maturity).

▶ Refer to "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information.

Short-term borrowings decreased 29% to CHF 18.6 billion as of the end of 2012. The percentage of unsecured funding from long-term debt, excluding non-recourse debt associated with the consolidation of VIEs was 25% as of the end of 2012, a decrease from 26% as of the end of 2011.

▶ Refer to "Capital issuances and redemptions" in Capital management for further information on capital issuances, including buffer capital notes and our tender offers.

Funds transfer pricing

We maintain an internal funds transfer pricing system based on market rates. Our funds transfer pricing system is designed to allocate to our businesses all funding costs in a way that incentivizes their efficient use of funding. Our funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet usages and off-balance sheet contingencies and the costs associated with funding liquidity and balance sheet items, such as goodwill, which are beyond the control of individual businesses. This is of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this system, our businesses are also credited to the extent they provide long-term stable funding.

Cash flows from operating, investing and financing activities

As a global financial institution, our cash flows are complex and interrelated and bear little relation to our net earnings and net assets. Consequently, we believe that traditional cash flow analysis is less meaningful in evaluating our liquidity position than the funding and liquidity policies described above. Cash flow analysis may, however, be helpful in highlighting certain macro trends in our business.

For the year ended December 31, 2012, net cash used in operating activities of continuing operations was CHF 12.7 billion, primarily reflecting a decrease in trading assets and liabilities, a decrease in other liabilities, an increase in other assets and the 2012 income from continuing operations. Our operating assets and liabilities vary significantly in the normal course of business due to the amount and timing of cash flows. Management believes cash flows from operations, available cash balances and short-term and long-term borrowings will be sufficient to fund our operating liquidity needs.

Our investing activities primarily include originating loans to be held to maturity, other receivables and the investment securities portfolio. For the year ended December 31, 2012, net cash of CHF 43.0 billion was provided by investing activities from continuing operations, primarily due to a decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions and an increase in loans.

Our financing activities primarily include the issuance of debt and receipt of customer deposits. We pay annual dividends on our common shares. In 2012, net cash used in financing activities of continuing operations was CHF 77.9 billion, mainly reflecting repayments of long-term debt and a decrease in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions, partly offset by the issuances of long-term debt.

Credit ratings

Our access to the debt capital markets and our borrowing costs depend significantly on our credit ratings. Rating agencies take many factors into consideration in determining a company's rating, including such factors as earnings performance, business mix, market position, ownership, financial strategy, level of capital, risk management policies and practices, management team and the broader outlook for the financial services industry. The rating agencies may raise, lower or withdraw their ratings, or publicly announce an intention to raise or lower their ratings, at any time.

Although retail and private bank deposits are generally less sensitive to changes in a bank's credit ratings, the cost and availability of other sources of unsecured external funding is generally a function of credit ratings. Credit ratings are especially important to us when competing in certain markets and when seeking to engage in longer-term transactions, including over-the-counter (OTC) derivative instruments.

A downgrade in credit ratings could reduce our access to capital markets, increase our borrowing costs, require us to post additional collateral or allow counterparties to terminate transactions under certain of our trading and collateralized financing and derivative contracts. This, in turn, could reduce our liquidity and negatively impact our operating results and financial position. Our liquidity barometer takes into consideration contingent events associated with a two-notch downgrade in our credit ratings. The maximum impact of a simultaneous one, two or three-notch downgrade by all three major rating agencies in the Bank's long-term debt ratings would result in additional collateral requirements or assumed termination payments under certain derivative instruments of CHF 0.7 billion, CHF 2.4 billion and CHF 3.5 billion, respectively, as of December 31, 2012, and would not be material to our liquidity and funding planning. If the downgrade does not involve all three rating agencies, the impact may be smaller. The Moody's ratings downgrade announced in June 2012 had an impact of less than CHF 100 million on our collateral requirement.

As of the end of 2012, we were compliant with the requirements related to maintaining a specific credit rating under these derivative instruments.

- ▶ Refer to "Investor information" in the Appendix for further information on Group and Bank credit ratings.

Capital management

Our capital position remained strong with a BIS tier 1 ratio under Basel II.5 of 19.4% as of the end of 2012 reflecting a 7% decrease in risk-weighted assets and an increase of CHF 6.7 billion in tier 1 capital.

Capital strategy and framework

Credit Suisse considers a strong and efficient capital position to be a priority. Through our capital strategy, we continue to strengthen our capital position and optimize the use of ◉RWA, particularly in light of emerging regulatory capital requirements.

The overall capital needs of Credit Suisse reflect management's regulatory and credit rating objectives as well as our underlying risks. Our framework considers the capital needed to absorb losses, both realized and unrealized, while remaining a strongly capitalized institution. Multi-year projections and capital plans are prepared for the Group and its major subsidiaries and reviewed throughout the year with its regulators. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios. Capital contingency plans are developed in connection with these stress tests to ensure that possible mitigating actions are consistent with both the amount of capital at risk and the market conditions for accessing additional capital.

Our capital management framework relies on economic capital, which is a comprehensive tool that is also used for risk management and performance measurement. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength as reflected in our long-term credit rating.

- ▶ Refer to "Economic capital and position risk" in Risk Management for further information on economic capital.

The improvement of our regulatory capital position over the last few years has left us well positioned to meet the stricter capital requirements under the ◉Basel III framework and the Swiss ◉"Too Big to Fail" legislation. In July 2012, we announced a number of measures to accelerate the strengthening of our capital position in light of the current regulatory and market environment.

- ▶ Refer to "July 2012 capital measures" below for a detailed description of our capital measures announced in July 2012.

Regulatory capital framework

Overview

There continue to be substantial changes to the regulatory environment under which Credit Suisse operates, bringing ever more conservative standards of measurement and increases in mandatory capital ratios.

Since 2008, we operated under the international capital adequacy standards known as ◉Basel II set forth by the ◉BCBS as implemented by ◉FINMA, with some additional requirements for large Swiss banks known as "Swiss Finish". Basel II provides the framework for measuring capital adequacy and the minimum standards to be applied by local regulators, affecting the measurement of both ◉RWA and total eligible capital. Beginning in January 2011, as required by FINMA, Credit Suisse implemented BCBS's "Revisions to the Basel II market risk framework" (◉Basel II.5) for FINMA regulatory capital purposes, with some additional requirements for large Swiss banks known as "Swiss Finish", which was applicable until December 31, 2012.

The Basel framework is based on three pillars, which are viewed as mutually reinforcing:

- Pillar 1: Minimum Capital Requirements – requires an institution to hold sufficient capital to cover its credit, market and operational risks.
- Pillar 2: Supervisory Review Process – discusses the role of supervisors in ensuring that institutions have in place a proper process for assessing and maintaining their capital ratios above the minimum requirements.
- Pillar 3: Market Discipline – sets out disclosure requirements, especially for those institutions seeking approval to use their own internal models to calculate their capital requirements. Information required under Pillar 3 relating to capital adequacy is available at www.credit-suisse.com/pillar3.

The Basel framework describes a range of options for determining capital requirements in order to provide banks and supervisors the ability to select approaches that are most appropriate for their operations and their financial market infrastructure. In general, Credit Suisse has adopted the most advanced approaches, which align with the way that risk is internally managed and provide the greatest risk sensitivity.

For measuring credit risk, we received approval from FINMA to use the advanced internal ratings-based approach (A-IRB). Under the A-IRB for measuring credit risk, risk weights are determined by using internal risk parameters for probability of default (PD), loss given default (LGD) and transactional maturity. The exposure at default is either derived from balance sheet values or by using models.

For calculating the capital requirements for market risk, the internal models approach, the standardized measurement method and the standardized approach are used.

Non-counterparty risk arises from holdings of premises and equipment, real estate and investments in real estate entities.

Under the Basel framework, operational risk is included in RWA and we received approval from FINMA to use the advanced measurement approach (AMA). Under the AMA for measuring operational risk, we identified key scenarios that describe our major operational risks using an event model.

Effective January 1, 2013, the Basel II.5 framework under which we operated in 2012 was replaced by the Basel III framework. In 2010, the BCBS issued the Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards.

As of January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the final implementation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Our ratio calculations below use estimated RWA as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

- ▶ Refer to "New capital framework in 2013" and "Regulation and supervision" in I – Information on the company for further information on the Basel III framework and the Swiss "Too Big to Fail" legislation.

Risk measurement models

Within the Basel II.5 framework for FINMA regulatory capital purposes, we implemented new risk measurement models, including an incremental risk charge and stressed Value-at-Risk (VaR). The incremental risk charge is a regulatory capital charge for default and migration risk on positions in the trading books and is intended to complement additional standards being applied to the VaR modeling framework, including stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking into account a one-year observation period relating to significant financial stress and helps reduce the pro-cyclicality of the minimum capital requirements for market risk.

FINMA, in line with Bank for International Settlements (BIS) requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR backtesting exception over four in the prior rolling 12-month period. For the purposes of this measurement, backtesting exceptions are calculated using a subset of actual daily trading revenues that includes only the impact of daily movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night's positions. In 2012, our market risk capital multiplier remained at FINMA and BIS minimum levels and we did not experience an increase in market risk capital.

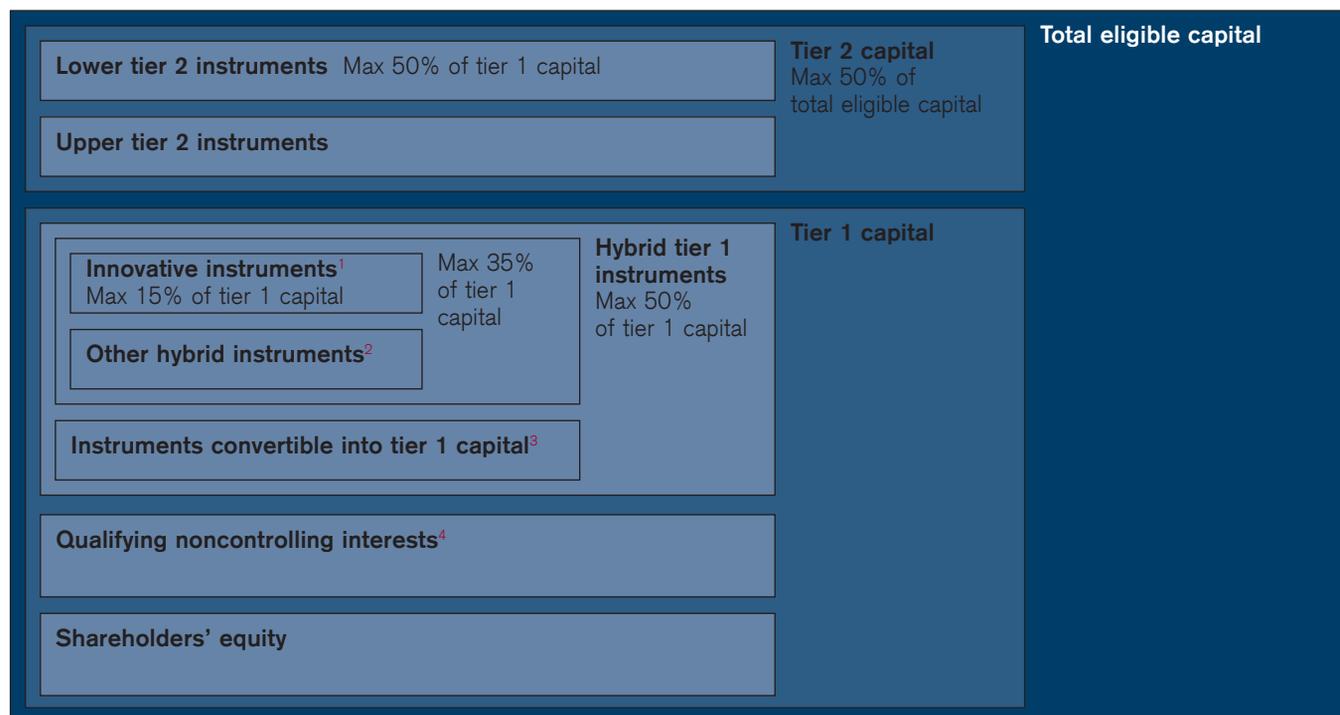
With FINMA approval, we have implemented a Comprehensive Risk Measure framework to calculate a capital charge covering all price risks (default, spread and correlation risk) within the credit correlation products within our trading book portfolio.

- ▶ Refer to "Market risk" in Risk management for further information on Credit Suisse's risk measurement models and backtesting exceptions.

Capital structure

Total eligible capital as defined under Basel II.5 as implemented by FINMA is outlined in the following table and text.

Capital structure – Basel II.5 “Swiss Finish”



Percentages refer to tier 1 and total eligible capital before capital deductions.

¹ Hybrid instruments in the form of non-cumulative perpetual preferred securities and capital notes that either have a fixed maturity or an incentive to repay, such as a step-up in the coupon if the instrument is not redeemed when callable. ² Hybrid instruments in the form of non-cumulative perpetual preferred securities and capital notes that have no fixed maturity and no incentive for repayment. ³ Hybrid instruments with a pre-defined mechanism that converts them into tier 1 capital, such as mandatory convertible bonds convertible into common shares. ⁴ Qualifying noncontrolling interests including common shares in majority owned and consolidated banking and finance subsidiaries and tier 1 capital securities securing deeply subordinated notes issued by special purpose entities.

Tier 1 capital

BIS tier 1 capital consists of total shareholders' equity, qualifying noncontrolling interests and hybrid tier 1 capital instruments.

Qualifying noncontrolling interests include common shares in majority-owned and consolidated banking and finance subsidiaries held by third parties as well as participation securities of the Bank issued to a third-party SPE (tier 1 capital securities). The third-party SPE issued perpetual, non-cumulative notes secured by the tier 1 capital securities of the Bank and preferred securities issued by a subsidiary of the Group that are guaranteed on a subordinated basis by the Bank. Payments of dividends on the tier 1 capital securities and preferred securities are subject to adequacy of distributable profits, no regulatory prohibition on payments on the tier 1 capital securities or the preferred securities and compliance with capital adequacy and liquidity requirements. The redemption of the tier 1 capital securities or the preferred securities is subject to capital adequacy, solvency requirements and prior approval of FINMA.

Hybrid tier 1 capital instruments include preferred securities, which are issued by SPEs, and capital notes issued directly by the Bank. These hybrid tier 1 instruments are unsecured, perpetual, non-cumulative, deeply subordinated instruments senior only to common shares and qualifying noncontrolling interests. We are obligated to pay interest or dividends on hybrid tier 1 instruments only if we pay dividends on common shares and qualifying noncontrolling interests. These hybrid tier 1 instruments are risk-bearing on a comparable basis with common shares and qualifying noncontrolling interests and can, up to a 15% limit, have step-ups in the coupon in conjunction with call options only after a minimum of five years from the issue date. Payment of interest or dividends on these instruments is subject to adequacy of distributable profits, compliance with capital adequacy requirements and solvency. The redemption of these instruments is subject to capital adequacy, solvency requirements and prior approval of FINMA.

Hybrid tier 1 instruments are subject to a limit of 50% of tier 1 capital. The following categories and maximum values

determine the extent to which these hybrid tier 1 instruments can be attributed to tier 1 capital:

- A maximum of 15% of tier 1 capital can be in the form of “innovative instruments” that either have a fixed maturity or an incentive to repay, such as a step-up in the coupon if the instrument is not redeemed when callable.
- A maximum of 35% of tier 1 capital, less the instruments subject to the 15% limit, can be in the form of other hybrid tier 1 instruments that have no fixed maturity and no incentive for repayment.
- A maximum of 50% of tier 1 capital, less the instruments subject to the 15% and 35% limits, can be in the form of instruments that include a predefined mechanism that converts them into tier 1 capital, such as mandatory convertible bonds convertible into common shares.

To derive tier 1 capital, certain deductions are made from total shareholders' equity as follows:

- goodwill and other intangible assets;
- participations in insurance entities, investments in certain bank and finance entities, and certain securitization exposures (equally deducted from tier 1 and tier 2 capital); and
- other adjustments, including cumulative fair value adjustments on Credit Suisse debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans.

Tier 2 capital

Tier 2 capital consists of upper and lower tier 2 instruments. Upper tier 2 instruments are unsecured, perpetual, subordinated instruments that are senior only to tier 1 instruments. Interest payments are deferrable, but we are obligated to pay interest (including deferred interest) on these upper tier 2 instruments if we pay dividends on tier 1 capital or on redemption. These upper tier 2 instruments can have moderate step-ups in conjunction with call options only after a minimum of five years from the issue date. The redemption of these instruments is subject to solvency. Upper tier 2 capital also includes any excess in eligible provisions over expected losses (up to a maximum amount of 0.6% of the risk-weighted positions) for exposures subject to the credit risk A-IRB.

Lower tier 2 instruments are unsecured, subordinated instruments that are senior only to tier 1 instruments and upper tier 2 instruments and have a maturity on issuance of at least five years. Lower tier 2 capital eligibility is subject to regulatory amortization over the five years prior to redemption.

Capital issuances and redemptions

In February 2011, we entered into definitive agreements with entities affiliated with Qatar Investment Authority (QIA) and The Olayan Group (the Investors) to issue tier 1 buffer capital notes (Tier 1 BCN). Under the agreements, the Investors agreed to purchase USD 3.45 billion Tier 1 BCN and CHF 2.5 billion Tier 1 BCN in exchange for their holdings of USD 3.45 billion 11% tier 1 capital notes and CHF 2.5 billion 10% tier 1 capital notes issued in 2008 (Tier 1 Capital Notes) or, in the event that the Tier 1 Capital Notes have been redeemed in full, for cash. The purchase or exchange was originally expected to occur by October 23, 2013, the first call date of the Tier 1 Capital Notes. As part of the July 2012 capital measures, we entered into an agreement to accelerate the exchange of USD 1.725 billion of the Tier 1 Capital Notes for Tier 1 BCN. The remainder of the Tier 1 Capital Notes is expected to be purchased or exchanged in October 2013.

In March 2012, pursuant to a tender offer, we repurchased for CHF 4.7 billion outstanding hybrid tier 1 instruments and tier 2 instruments, which will no longer qualify for regulatory capital treatment under the Basel III framework. In July 2012, in connection with a second tender offer and additional repurchase transactions, we repurchased tier 1 securities of CHF 0.5 billion and tier 2 securities of CHF 2.2 billion.

In March 2012, we completed an issuance of CHF 750 million 7.125% tier 2 buffer capital notes (Tier 2 BCN) due in 2022. The Tier 2 BCN were convertible into ordinary Group shares if, prior to Basel III, our core tier 1 ratio fell below 7% or under Basel III will be converted into ordinary Group shares if our CET1 ratio falls below 7%. The Tier 2 BCN may be redeemed by the issuer in March 2017.

As part of the July 2012 capital measures, we issued CHF 3.8 billion of mandatory and contingent convertible securities (MACCS) that are mandatorily convertible into 233.5 million shares at a conversion price of CHF 16.29 per share on March 29, 2013 (subject to early conversion upon certain contingency and viability events), with settlement and delivery of shares in early April 2013.

In January 2013, we redeemed perpetual bonds of EUR 77 million of lower tier 2 notes with a maturity date of January 23, 2018. In February 2013, we announced the redemption of our outstanding USD 1.525 billion 7.9% Tier 1 Capital Notes on March 28, 2013.

- ▶ Refer to “July 2012 capital measures” for further information.
- ▶ Refer to “Related party transactions” in IV – Corporate Governance and Compensation – Corporate Governance – Banking relationships with members of the Board and Executive Board and related party transactions for further information on Tier 1 BCN and MACCS.

Capital metrics under Basel II.5

Regulatory capital – Group

Our tier 1 ratio was 19.4% as of the end of 2012, compared to 15.2% as of the end of 2011, reflecting higher tier 1 capital and lower ◉RWA. Our core tier 1 ratio was 15.5% as of the end of 2012, compared to 10.7% as of the end of 2011, reflecting higher core tier 1 capital and lower RWA. Our total capital ratio was 22.3% as of the end of 2012 compared to 20.1% as of the end of 2011.

Tier 1 capital was CHF 43.5 billion as of the end of 2012 compared to CHF 36.8 billion as of the end of 2011. The increase was primarily driven by net income (excluding the impact of ◉fair value gains/(losses) on Credit Suisse debt, net of tax), the issuance of MACCS and the effect of share-based compensation including the Adjustable Performance Plan awards conversion. These increases were partially offset by the buyback of hybrid tier 1 instruments in connection with two debt tender offers in combination with certain other repurchase transactions and an adverse foreign exchange translation impact.

Tier 2 capital was CHF 6.4 billion as of the end of 2012 compared to CHF 11.8 billion as of the end of 2011. The decrease was primarily driven by the buyback of tier 2 capital instruments in connection with the tender offers and an adverse foreign exchange translation impact, partially offset by the issuance of Tier 2 BCN in March 2012. Total eligible capital as of the end of 2012 was CHF 49.9 billion compared to CHF 48.7 billion as of the end of 2011.

RWA decreased CHF 17.5 billion to CHF 224.3 billion as of the end of 2012, reflecting a material decrease in credit risk and market risk, together with a beneficial impact from foreign exchange translation and a decrease in non-counterparty risk, partially offset by an increase in operational risk.

Excluding the foreign exchange translation impact, credit risk in Investment Banking decreased due to reductions in

counterparty-related derivative risk resulting from the 2011 Partner Asset Facility transaction, other reductions in derivative and lending exposures and parameter updates primarily related to LGD. Within Private Banking & Wealth Management, credit risk decreased resulting from enhancements to the processing of LGD data, a net decrease in fund investments and parameter updates on residential mortgages, partially offset by increased credit exposures.

Market risk decreased over the period driven by a number of factors including lower exposures across Investment Banking that reduced ◉incremental risk charges, VaR and stressed VaR. There were reductions in the incremental risk charge resulting from incorporating sovereign risk that was previously a fixed regulatory add on into the risk model. Increases resulting from the inclusion of risks not covered by our VaR model were partially offset by a corresponding reduction in the regulatory multipliers. In addition, there were minor decreases following our implementation of a Comprehensive Risk Measure framework covering the credit correlation products within our trading book portfolio.

The decrease in non-counterparty risk was driven by real estate sales.

Operational risk increased to reflect anticipated changes to our model. The increase has been agreed with ◉FINMA for capital purposes and represents a 20% regulatory uplift on operational risk RWA. In addition, there were marginal increases in operational risk due to minor updates to loss parameters and maturity haircuts applied to insurance policies.

- ▶ Refer to the table “BIS statistics – Basel II.5” for further information regarding market risk and the VaR methodology.
- ▶ Refer to https://www.credit-suisse.com/investment_banking/financial_regulatory/en/subsidiaries_pillar_3.jsp for further information on capital ratios of certain significant subsidiaries.
- ▶ Refer to “Market risk”, “Credit risk” and “Operational risk” in Risk management for further information.
- ▶ Refer to “Risk-weighted assets” for further information.

BIS statistics – Basel II.5

end of	Group			Bank		
	2012	2011	% change	2012	2011	% change
Eligible capital (CHF million)						
Total shareholders' equity	35,498	33,674	5	34,767	29,403	18
Goodwill and intangible assets	(8,634)	(8,876)	(3)	(7,756)	(7,979)	(3)
Qualifying noncontrolling interests	3,227	3,365	(4)	4,204	4,476	(6)
Capital deductions 50% from tier 1	(1,462)	(2,274)	(36)	(1,413)	(2,242)	(37)
Other adjustments	6,137 ¹	67	–	1,077	552	95
Core tier 1 capital	34,766	25,956	34	30,879	24,210	28
Hybrid tier 1 capital instruments ²	8,781 ³	10,888	(19)	8,781 ³	10,888	(19)
Tier 1 capital	43,547	36,844	18	39,660	35,098	13
Upper tier 2	352	1,841	(81)	377	1,925	(80)
Lower tier 2	7,499	12,243	(39)	9,128	13,609	(33)
Capital deductions 50% from tier 2	(1,462)	(2,274)	(36)	(1,413)	(2,242)	(37)
Tier 2 capital	6,389	11,810	(46)	8,092	13,292	(39)
Total eligible capital	49,936	48,654	3	47,752	48,390	(1)
Risk-weighted assets (CHF million)						
Credit risk	143,679	157,237	(9)	134,760	148,378	(9)
Market risk	29,366	40,609	(28)	29,338	40,571	(28)
Non-counterparty risk	6,126	7,819	(22)	5,873	7,564	(22)
Operational risk	45,125	36,088	25	45,125	36,088	25
Risk-weighted assets	224,296	241,753	(7)	215,096	232,601	(8)
Capital ratios (%)						
Core tier 1 ratio	15.5	10.7	–	14.4	10.4	–
Tier 1 ratio	19.4	15.2	–	18.4	15.1	–
Total capital ratio	22.3	20.1	–	22.2	20.8	–

¹ Includes mandatory and contingent convertible securities net of fees and interest of CHF 3.6 billion, an adjustment of CHF 2.7 billion for the accounting treatment of pension plans, cumulative fair value adjustments of CHF (0.1) billion on own vanilla debt and structured notes, net of tax and the 2012 dividend accrual on Group shares of CHF (0.2) billion (representing a distribution of CHF 0.10 per share in cash out of reserves from capital contributions and a distribution of new shares by way of allocation of non-tradable rights with a theoretical value of approximately CHF 0.65 per right). ² Non-cumulative perpetual preferred securities and capital notes. FINMA has advised that the Group and the Bank may continue to include as tier 1 capital CHF 33 million and CHF 1.6 billion, respectively, in 2012 (2011: CHF 0.6 billion and CHF 3.2 billion, respectively) of equity from special purpose entities that are deconsolidated under US GAAP. ³ FINMA has advised that a maximum of 35% of tier 1 capital can be in the form of hybrid capital instruments, which will be phased out under Basel III. Hybrid tier 1 capital represented 19.5% and 21.4% of the Group's and the Bank's adjusted tier 1 capital, respectively, as of the end of 2012.

As of the end of 2012, we had CHF 3.2 billion of qualifying noncontrolling interests, all of which were core tier 1 capital securities secured by participation securities issued by the Bank. In addition, we had CHF 8.8 billion of hybrid tier 1 instruments, of which CHF 0.3 billion were innovative instruments. The hybrid tier 1 instruments currently include USD 1.7 billion 11% Tier 1 Capital Notes and CHF 2.5 billion

10% Tier 1 Capital Notes that are expected to be exchanged for Tier 1 BCN on October 23, 2013, the first call date of the Tier 1 Capital Notes. USD 1.725 billion 11% Tier 1 Capital Notes were exchanged for Tier 1 BCN in July 2012.

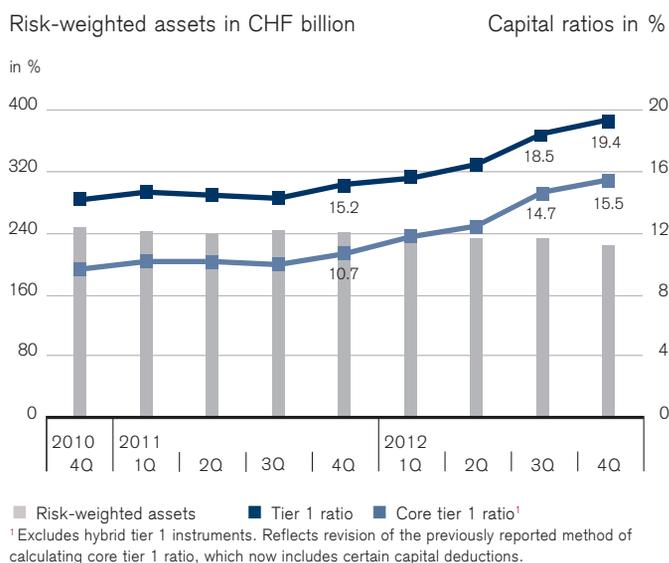
► Refer to “Capital issuances and redemptions” for further information.

Tier 1 capital movement – Basel II.5

end of	2012	2011	% change
Tier 1 capital (CHF million)			
Balance at beginning of period	36,844	35,225	5
Net income	1,349	1,953	(31)
Adjustments for fair value gains/(losses) reversed for regulatory purposes, net of tax	2,626	(1,415)	–
Foreign exchange impact on tier 1 capital	(861)	(368)	134
Other	3,589 ¹	1,449	148
Balance at end of period	43,547	36,844	18

¹ Reflects the issuance and redemption of tier 1 capital, including the issuance of the mandatory and contingent convertible securities, the effect of share-based compensation and the change in regulatory deductions.

Risk-weighted assets and capital ratios – Basel II.5



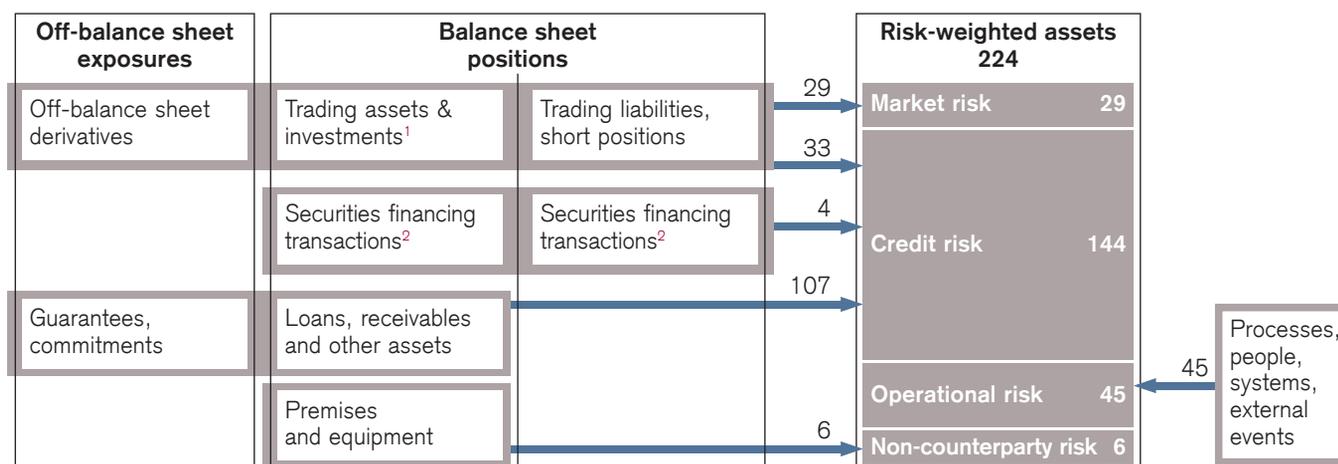
Risk-weighted assets by division – Basel II.5

end of	2012	2011	% change
Risk-weighted assets by division (CHF million)			
Private Banking & Wealth Management	87,190	90,743	(4)
Investment Banking	124,378	138,694	(10)
Corporate Center	12,728	12,316	3
Risk-weighted assets	224,296	241,753	(7)

For management purposes, the Group allocates to the divisions risk-weighted asset equivalents related to regulatory capital and certain intangible asset deductions from Group tier 1 capital.

Risk-weighted assets – Basel II.5

as of December 31, 2012 (CHF billion)



¹ Includes primarily trading assets, investment securities and other investments. ² Includes central bank funds sold, securities purchased under resale agreements and central bank funds purchased, securities sold under repurchase agreements and securities lending transactions.

Risk-weighted assets

Our balance sheet positions and off-balance sheet exposures translate into RWA that are categorized as market, credit, operational and non-counterparty-risk RWA. Market risk RWA reflect the capital requirements of potential changes in the fair values of financial instruments in response to market movements inherent in both the balance sheet and the off-balance sheet items. Credit risk RWA reflect the capital requirements for the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Operational risk RWA reflect the capital requirements for the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty-risk RWA primarily reflect the capital requirements for our premises and equipment. It is

not the nominal size, but the nature (including risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWA.

Regulatory capital – Bank

The Bank's tier 1 ratio was 18.4% as of the end of 2012, an increase from 15.1% as of the end of 2011. The increase in the tier 1 ratio reflected an increase in tier 1 capital and a decrease in RWA. The Bank's core tier 1 ratio was 14.4% as of the end of 2012, compared to 10.4% as of the end of 2011. The Bank's total capital ratio was 22.2% as of the end of 2012, compared to 20.8% as of the end of 2011, reflecting the increase in tier 1 capital and the decrease in RWA.

The Bank's total eligible capital decreased to CHF 47.8 billion as of the end of 2012 from CHF 48.4 billion as of the end of 2011.

RWA decreased CHF 17.5 billion to CHF 215.1 billion as of the end of 2012 and the Bank's tier 1 capital increased to CHF 39.7 billion as of the end of 2012 from CHF 35.1 billion as of the end of 2011.

The business of the Bank is substantially the same as the business of the Group. The trends for the Bank are consistent with those for the Group.

Leverage ratios

The capital levels of the Group and the Bank are subject to qualitative judgments by regulators, including FINMA, about the components of capital, risk weightings and other factors. In November 2008, FINMA issued a decree that defined capital adequacy and leverage ratio requirements, with compliance phased in by 2013. The capital adequacy target included in

this decree is a range between 50% and 100% above the Pillar 1 requirements under the Basel framework. In addition, the decree includes leverage limits that require us to maintain a minimum leverage ratio of tier 1 capital to total adjusted average assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank on an unconsolidated basis by 2013.

Total assets are adjusted for purposes of calculating this leverage ratio. The adjustments include assets from Swiss lending activities (excluding Swiss interbank lending), cash and balances with central banks, certain Swiss franc reverse repurchase agreements and certain other assets, such as goodwill and intangible assets that are excluded in determining regulatory tier 1 capital.

Leverage ratios – Basel II.5

end of	Group			Bank		
	2012	2011	% change	2012	2011	% change
Tier 1 capital (CHF billion)						
Tier 1 capital	43.5	36.8	18	39.7	35.1	13
Adjusted average assets (CHF billion) ¹						
Average assets	973	1,038	(6)	957	1,024	(7)
Adjustments:						
Assets from Swiss lending activities ²	(150)	(145)	3	(128)	(123)	4
Cash and balances with central banks	(59)	(81)	(27)	(58)	(81)	(28)
Other	(13)	(15)	(13)	(12)	(14)	(14)
Adjusted average assets	751	797	(6)	759	806	(6)
Leverage ratio (%)						
Leverage ratio	5.8	4.6	–	5.2	4.4	–

¹ Calculated as the average of the month-end values for the previous three calendar months. ² Excludes Swiss interbank lending.

The leverage ratios for the Group and Bank as of the end of 2012 were 5.8% and 5.2%, respectively, compared to 4.6% and 4.4% as of the end of 2011, calculated using Basel II.5 tier 1 capital. The increase in the Basel II.5 leverage ratios reflected substantially higher tier 1 capital and lower adjusted average assets. The 6% lower adjusted average assets reflected measures taken in connection with our balance sheet

reduction initiative announced in October 2012, particularly relating to Investment Banking assets, and the foreign exchange translational impact.

► Refer to "FINMA Basel III Leverage Ratio" in Ratios based on new capital frameworks and Regulation and Supervision in I – Information on the company for further information.

Total shareholders' equity**Group**

Our total shareholders' equity was CHF 35.5 billion as of the end of 2012 compared to CHF 33.7 billion as of the end of 2011. Total shareholders' equity was impacted by the issuance of common shares primarily used to settle share-based compensation and the share component of the scrip dividend distributed in 2012, net income in 2012, the effect of share-based compensation, including the Adjustable Performance Plan awards conversion described below, and the effect of pension adjustments, partially offset by the dividend payment in cash and shares, the impact of foreign exchange-related movements on cumulative translation adjustments and treasury share purchases and sales.

- ▶ Refer to the "Consolidated statements of changes in equity" in V – Consolidated financial statements – Credit Suisse Group for further information on the Group's total shareholders' equity.

Bank

The Bank's total shareholder's equity was CHF 34.8 billion as of the end of 2012 compared to CHF 29.4 billion as of the end of 2011. Total shareholder's equity was impacted by a capital contribution from the Group following the issuance of MACCS, net income in 2012, the effect of share-based compensation, including the Adjustable Performance Plan awards conversion, and the purchase of subsidiary shares from non-controlling interests, partially offset by the impact of foreign exchange-related movements on cumulative translation adjustments and cash dividends paid in 2012.

- ▶ Refer to the "Consolidated statements of changes in equity" in VII – Consolidated financial statements – Credit Suisse (Bank) for further information on the Bank's total shareholder's equity.

Capital

end of	Group			Bank		
	2012	2011	% change	2012	2011	% change
Shareholders' equity (CHF million)						
Common shares	53	49	8	4,400	4,400	0
Additional paid-in capital	23,636	21,796	8	28,686	24,134	19
Retained earnings	28,171	27,053	4	13,637	11,824	15
Treasury shares, at cost	(459)	(90)	410	0	0	–
Accumulated other comprehensive income/(loss)	(15,903)	(15,134)	5	(11,956)	(10,955)	9
Total shareholders' equity	35,498	33,674	5	34,767	29,403	18
Goodwill	(8,389)	(8,591)	(2)	(7,510)	(7,700)	(2)
Other intangible assets	(243)	(288)	(16)	(243)	(280)	(13)
Tangible shareholders' equity¹	26,866	24,795	8	27,014	21,423	26
Shares outstanding (million)						
Common shares issued	1,320.8	1,224.3	8	44.0	44.0	0
Treasury shares	(27.0)	(4.0)	–	0.0	0.0	–
Shares outstanding	1,293.8	1,220.3	6	44.0	44.0	0
Par value (CHF)						
Par value	0.04	0.04	0	100.00	100.00	0
Book value per share (CHF)						
Total book value per share	27.44	27.59	(1)	790.16	668.25	18
Goodwill per share	(6.48)	(7.04)	(8)	(170.68)	(175.00)	(2)
Other intangible assets per share	(0.19)	(0.23)	(17)	(5.53)	(6.36)	(13)
Tangible book value per share¹	20.77	20.32	2	613.95	486.89	26

¹ Management believes that tangible shareholders' equity and tangible book value per share, both non-GAAP financial measures, are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

July 2012 capital measures

In July 2012, we announced a number of measures, described below, designed to accelerate the strengthening of our capital position in light of the current regulatory and market environment, including the implementation of the Basel III framework and the Swiss “Too Big to Fail” legislation.

During the second half of 2012, we substantially completed the July 2012 capital measures, the effects of which were influenced by an adverse foreign exchange translation impact and the decrease in Basel III RWA. We have reached a Look-through Swiss Core Capital ratio of 9.0% as of the end of 2012 by adding CHF 11.5 billion of Swiss Core Capital and decreasing our Basel III RWA by CHF 20 billion over the last two quarters. We expect to add CHF 0.8 billion of capital in the near term through the completion of the remaining capital measures announced in July 2012, primarily related to strategic divestments and other measures, which would result in a pro forma Look-through Swiss Core Capital ratio of 9.3%.

As discussed below, the majority of the measures have a capital benefit for common equity tier 1 (CET1) capital. Certain measures only impact Swiss Core Capital. In aggregate, all of the measures impact Swiss Total Capital. Capital benefits consist of changes in equity, gains on sales, reduced deductions and RWA relief. The definitions of regulatory capital and capital ratios mentioned below refer to the Swiss “Too Big to Fail” legislation as determined by FINMA.

► Refer to “New capital framework in 2013” for further information.

We also believe that these actions, together with the comprehensive periodic disclosures we have made regarding these capital measures and our regulatory capital metrics beginning with our 2Q12 Financial Report, have fully addressed the two key recommendations raised in the SNB’s June 2012 Financial Stability Report. In that report, the SNB recommended that we expand our loss-absorbing capital base beginning in 2012 so that, when evaluated under the new Basel III regulatory framework as implemented in Switzerland, we would rank among the best capitalized banks in the world. Their second recommendation was that the large banks in Switzerland (including us) increase transparency by making regular disclosures of key metrics under the new regulatory capital framework, in particular loss-absorbing capital and risk-weighted assets under Basel III once fully implemented.

Mandatory and contingent convertible securities

In July 2012, we issued CHF 3.8 billion MACCS that are mandatorily convertible into 233.5 million shares at a conversion price of CHF 16.29 per share on March 29, 2013 (subject to early conversion upon certain contingency and viability events), with settlement and delivery of shares in early April 2013. Among the shares to be delivered upon conversion are 33.5 million treasury shares in respect of our 2012 purchase of the residual minority stake in Credit Suisse Hedging-Griffo Investimentos S.A.

Strategic and institutional investors purchased CHF 2.0 billion of MACCS and shareholders exercised preferential subscription rights for CHF 1.8 billion of MACCS, resulting in a CET1 capital benefit of CHF 3.6 billion, net of fees and interest.

Adjustable Performance Plan awards exchange

In the third quarter of 2012, we completed a voluntary exchange offer under which certain employees elected to convert any future cash payments from deferred compensation awards under the Adjustable Performance Plan awards for shares at the same price as the conversion price under the MACCS. Delivery of the shares will be consistent with the Adjustable Performance Plan awards deferred payment schedule, which provides for payments from 2013 to 2015. The Adjustable Performance Plan was initially a cash-based deferred compensation plan awarded in respect of 2009 and 2010, where the award value was linked to the financial performance of the employees’ business areas and the Group’s return on equity. The exchange resulted in a CET1 capital benefit of CHF 0.5 billion. This represented a conversion rate of approximately 50%.

Tender offer

In the third quarter of 2012, we completed a tender offer to repurchase certain outstanding public capital and senior funding instruments. The offer targeted 11 capital instruments denominated in US dollars, euros and British pounds and five additional senior bonds denominated in US dollars. The offers allowed the Group’s bond investors to sell holdings in capital and senior funding securities. Through the tender offer, in combination with certain additional repurchase transactions, we repurchased for CHF 4.8 billion outstanding tier 1 and tier 2 instruments and senior debt, resulting in a CET1 capital benefit of CHF 0.4 billion.

Real estate sales

During the second half of 2012, we completed real estate sales, including a significant sale-and-lease-back transaction in the fourth quarter of 2012, that resulted in a CET1 capital benefit of CHF 0.7 billion.

Sale of residual stake in Aberdeen Asset Management

We completed the sale of our residual stake in Aberdeen Asset Management in July 2012 for a CET1 capital benefit of CHF 0.2 billion.

Strategic divestments

In line with the accelerated implementation of our strategy toward a more liquid alternatives business in the Asset Management business and given the remaining uncertainty regarding the implementation of the "Volcker Rule", we intend to sell certain private equity businesses and investments and, as announced in January 2013, our ETF business, the sale of which is expected to close by the end of 2Q13. We made progress on these measures in 2012, adding a CET1 capital benefit of CHF 0.6 billion, primarily related to our redemptions of investments in funds and the sale of Wincasa.

Earnings-related effects/lower capital deductions

Positive earnings during the second half of 2012 and lower capital deductions also during the second half of 2012 including decreased deductions from lower deferred tax assets on net operating losses, together with the capital effect of share-based compensation awards, added a CET1 capital benefit of CHF 3.0 billion.

- ▶ Refer to "Note 26 – Tax" in – V – Consolidated financial statements – Credit Suisse Group for further information on deferred tax assets.

Tier 1 participation securities recognition

In 2008 and 2010, the Bank issued tier 1 participation securities to "Claudius", a third-party SPE which, in turn, issued perpetual, non-cumulative, secured notes to investors of which USD 1.5 billion bear interest at 8.25% and the other USD 1.5 billion bear interest at 7.875%. ◊FINMA has ruled that, under the Swiss "Too Big to Fail" legislation, the existing USD 3.0 billion in tier 1 participation securities (with a ◊haircut of 20%) will qualify as part of the Swiss equity requirement in excess of the 8.5% ◊Basel III Global Systemically Important Bank (G-SIB) CET1 ratio. This resulted in a Swiss Core Capital benefit of CHF 2.5 billion until the earlier of redemption or 2018 on a non-reducing basis.

Accelerated exchange of Tier 1 Capital Notes

In July 2012, we entered into an agreement to accelerate the exchange of USD 1.725 billion of our existing Tier 1 Capital Notes into high trigger Tier 1 BCN, which was initially scheduled for October 2013. The conversion floor price of the BCN delivered in the exchange (as well as the remaining BCN scheduled to be delivered in 2013) has been adjusted to the conversion price of the MACCS described above. The BCN qualify for a Swiss Total Capital benefit of CHF 1.5 billion, based on the US dollar exchange rate as of the end of 2012, net of fees.

New capital framework in 2013

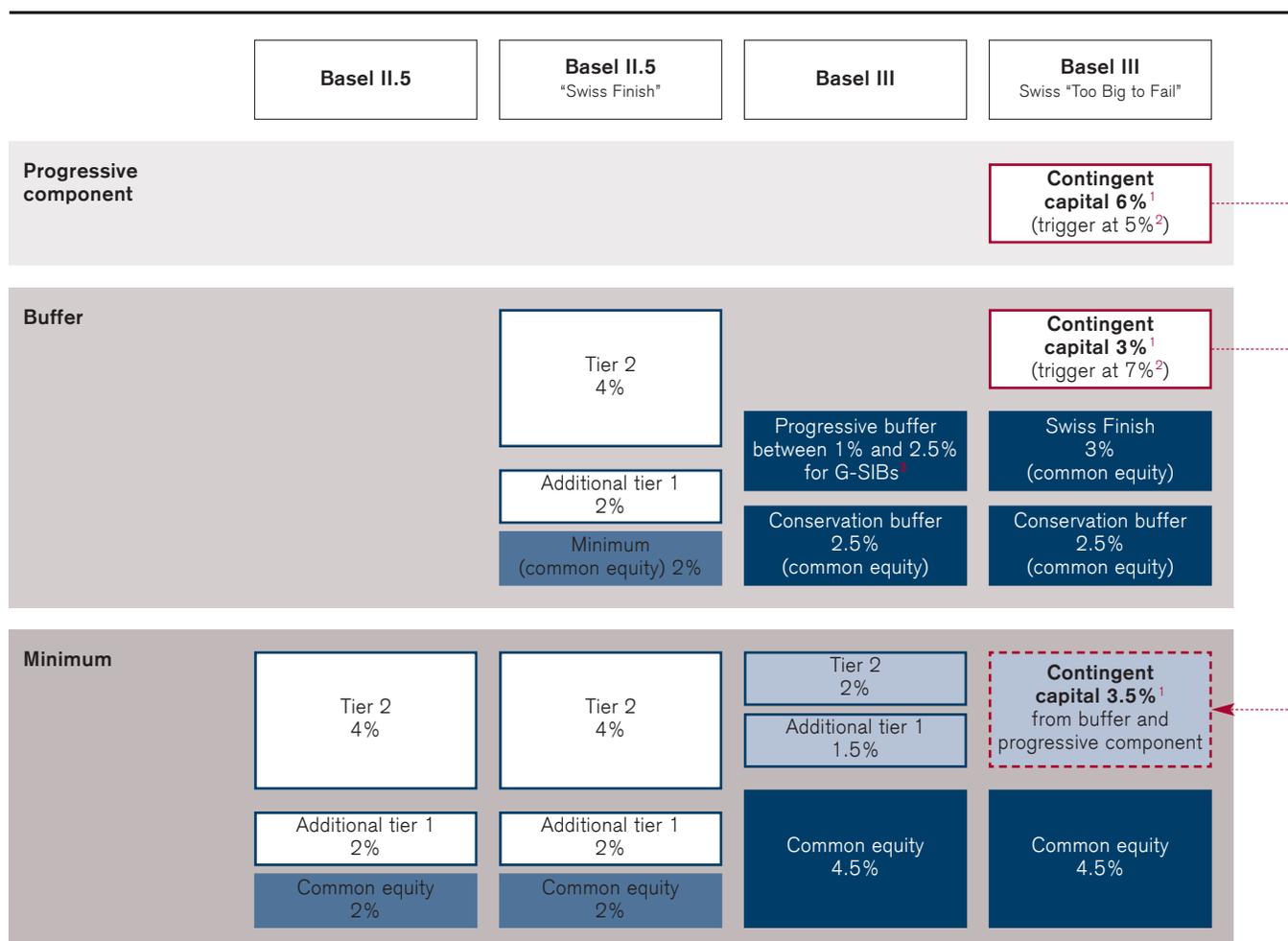
Basel III

The ◊BCBS issued the ◊Basel III framework, with higher minimum capital requirements and conservation and counter-cyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector. The new capital standards and capital buffers will require banks to hold more capital, mainly in the form of common equity. The new capital standards will be phased in from January 1, 2013 through year-end 2018 for those countries that have adopted Basel III.

Under Basel III, the minimum CET1 ratio will increase from 2% to 4.5% and will be phased in from January 1, 2013 through January 1, 2015. This CET1 ratio will have certain regulatory deductions and other adjustments to common equity that will be phased in from January 1, 2014 through January 1, 2018, including deduction of deferred tax assets for tax-loss carry-forwards, goodwill and intangibles and investments in banking and finance entities. In addition, increases in the tier 1 capital ratio from 4% to 6% will be phased in from January 1, 2013 through January 1, 2015.

Basel III also introduces an additional 2.5% CET1 requirement, known as a capital conservation buffer, to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends or make discretionary bonus payments or other earnings distributions. The capital conservation buffer will be phased in from January 1, 2016 through year-end 2018.

Comparison of capital requirement frameworks



■ Common equity with lower quality. ■ Common equity with higher quality.

¹ Counts towards Basel III minimum requirements as tier 1 or tier 2 depending on the underlying instruments. The size of the progressive component is dependent on the company's size and market share of domestic systematically relevant business. ² Trigger at 5% or 7% of common equity tier 1 under Basel III. ³ The Group has assumed that its progressive buffer is 1.5%.

Basel III further provides for a countercyclical buffer that could require banks to hold up to an additional 2.5% of common equity or other capital that would be available to fully absorb losses. This requirement is expected to be imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk. This countercyclical buffer will be phased in from January 1, 2016 through year-end 2018.

Most capital instruments that do not meet the strict criteria for inclusion in the Basel III CET1 will be excluded beginning January 1, 2013. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out over a 10-year period beginning January 1, 2013. In addition, instru-

ments with an incentive to redeem prior to their stated maturity, if any, will be phased out at their effective maturity date, generally the date of the first step-up coupon.

In November 2011, the BCBS issued final rules for global systemically important banks (G-SIBs), outlining a methodology for assessing whether a banking institution should be regarded as a G-SIB and determining additional capital requirements between 1% and 2.5% (with a possible additional 1%) of CET1. The additional requirements for G-SIBs will be phased in from January 1, 2016 through year-end 2018. The Financial Stability Board has identified us as a G-SIB.

Swiss regulations relating to Basel III

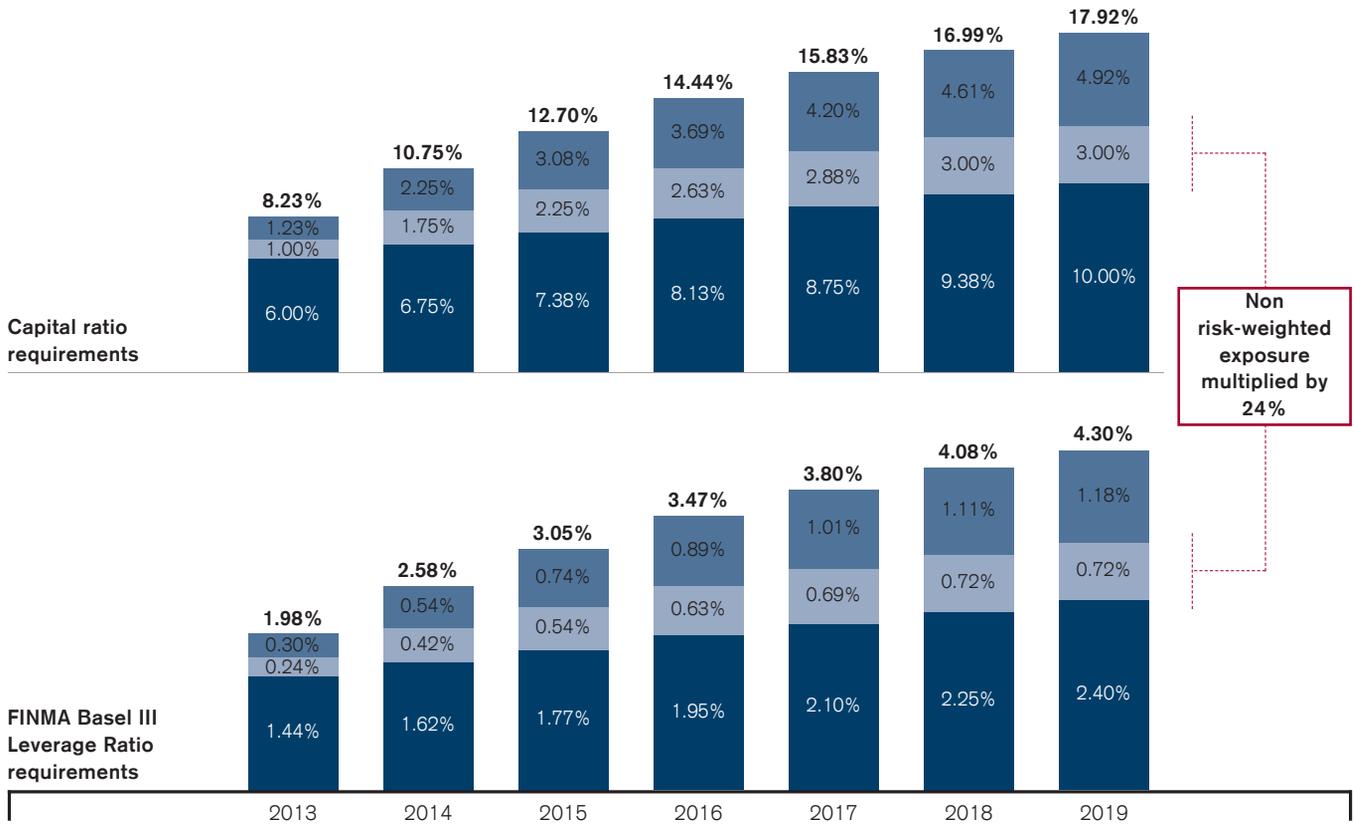
As of January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements, and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Certain requirements under the legislation, including those regarding capital, are to be phased in through year-end 2018. The legislation on capital requirements builds on Basel III, but in respect of systemically relevant banks goes beyond its minimum standards, including requiring that we have common equity of at least 10% of RWA and contingent capital or other qualifying capital of up to 9% of RWA by January 1, 2019.

In June 2012, the Swiss Federal Council adopted implementing ordinances under the Swiss "Too Big to Fail" legislation. Certain of the ordinance requirements became effective January 1, 2013, with some phased in through the end of 2018. Already effective upon adoption of the ordinances were increased lending standards for new residential mortgages and a supplemental countercyclical buffer of up to 2.5% of RWA that can be activated during periods of excess credit growth

and subsequently deactivated by the Federal Council upon request of the SNB after consultation with FINMA. On February 13, 2013, the Swiss Federal Council decided to activate the countercyclical capital buffer based on the request of the SNB. This activation of the countercyclical buffer will require banks to hold additional capital in the amount of 1% of their RWA pertaining to mortgage loans that finance residential property in Switzerland beginning in September 30, 2013.

In September 2012, the Swiss Parliament approved the portions of the ordinances related to the Swiss "Too Big to Fail" legislation that are specific to systemically relevant banks, including requirements regarding capital, leverage, large exposure and Recovery and Resolution Plans. These requirements became effective January 1, 2013. Under these ordinances, we must comply with an additional leverage ratio, applicable to Swiss systemically relevant banks (FINMA Basel III Leverage Ratio). This leverage ratio has to be at least 24% of the percentage points of each of the minimum, buffer and progressive capital requirements. Since the ratio is defined by reference to capital requirements subject to transitional arrangements, the new leverage ratio will be phased in from 2013 to 2018.

Transitional Swiss phase-in capital and leverage ratio requirements



Non risk-weighted exposure multiplied by 24%

■ Swiss Core Capital ■ High-trigger contingent capital ■ Low-trigger contingent capital¹

¹ Credit Suisse's progressive (low-trigger) 2019 capital requirement is 4.92%. The capital requirement, which is applicable for 2013, has been communicated to us by FINMA and is based on our 2011 year-end financial data (total exposure, market share in Switzerland and a potential capital rebate). Using 2012 year-end financial data, we estimate that the 2019 progressive capital requirement will be reduced to 4.56% in 2014.

Ratios based on new capital frameworks

Basel III CET1 ratio

We have updated our Basel III CET1 ratio to reflect recent developments. Our Basel III RWA as of the end of 2012 were CHF 293 billion, which reflect current foreign exchange rates.

Our Basel III CET1 ratio as of the end of 2012 was 14.2%, up from the 12.9% in our 2011 simulation for 2012, primarily reflecting the July 2012 capital measures. The following presentation is consistent with the phase-in/phase-out requirements of Basel III.

Basel III CET1 ratio

end of	2012
Capital development (CHF billion)	
Total shareholders' equity	35.5
Mandatory and contingent convertible securities ¹	3.6
Regulatory adjustments ²	2.4
CET1 capital	41.5
Risk-weighted assets development (CHF billion)	
Risk-weighted assets (Basel II.5)	224
Estimated Basel III changes	60
Subtotal (Look-through risk-weighted assets)	284
Transitional adjustments ³	9
Risk-weighted assets (Basel III)	293
Capital ratio (%)	
CET1 ratio	14.2

Rounding differences may occur.

¹ Consists of CHF 3.8 billion of mandatory and contingent convertible securities, net of fees and interest, which are mandatorily convertible into 233.5 million shares on March 29, 2013, with settlement and delivery of shares in early April 2013. ² Includes an adjustment of CHF 2.7 billion for the accounting treatment of pension plans, pursuant to phase-out requirements, and other regulatory adjustments. ³ Represents Basel III adjustments pursuant to phase-out requirements.

Look-through Basel III CET1 ratio

For the years 2014 – 2018, there will be a five-year (20% per annum) phase in of goodwill and intangible assets and other Basel III capital deductions (e.g., deferred tax assets and participations in financial institutions). Assuming a fully phased in CHF 8.6 billion of goodwill and intangible assets and CHF 7.9 billion of other regulatory adjustments, we estimate that our CET1 ratio as of December 31, 2012 would be 8.0%, calculated based on Look-through Basel III RWA of CHF 284 billion.

Swiss Core and Total Capital ratios

Swiss Core Capital consists of the Basel III CET1 capital and existing tier 1 participation securities. Swiss Total Capital also includes high and low-trigger contingent capital, including our BCN. As of the end of 2012, our Swiss Core Capital and Swiss Total Capital ratios were 15.0% and 16.4%, respectively, compared to 6.0% and 8.2%, respectively, required of us by FINMA.

Swiss Core and Total Capital ratios

end of	2012
Capital development (CHF billion)	
CET1 capital	41.5
Swiss regulatory adjustments ¹	2.5
Swiss Core Capital	44.0
High-trigger Buffer Capital Notes	4.1
Swiss Total Capital	48.1
Risk-weighted assets (CHF billion)	
Risk-weighted assets (Basel III)	293
Swiss regulatory adjustments ²	1
Swiss risk-weighted assets (Basel III)	294
Capital ratios (%)	
Swiss Core Capital ratio	15.0
Swiss Total Capital ratio	16.4

Rounding differences may occur.

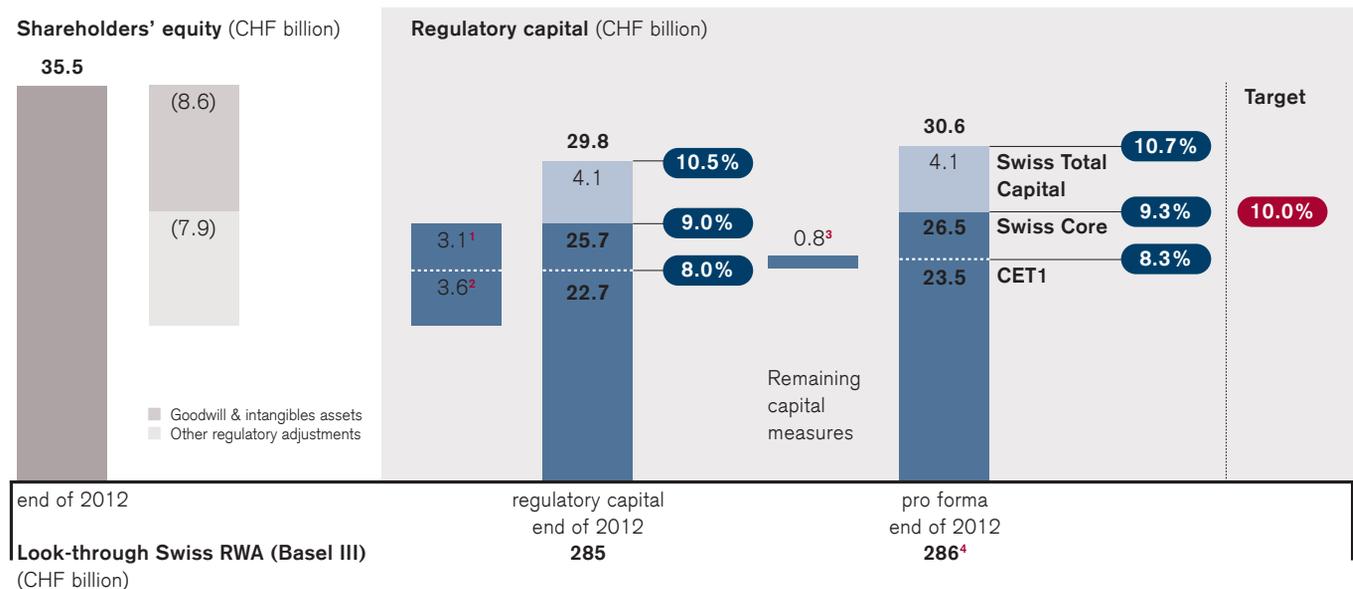
¹ Consists of existing tier 1 participation securities of CHF 2.5 billion and other Swiss regulatory adjustments. ² Reflects increased regulatory thresholds resulting from additional Swiss Core Capital.

Look-through Swiss Core and Total Capital ratios

The Look-through Swiss Core Capital assumes fully phased-in goodwill and intangible assets and other regulatory adjustments. We have calculated the pro forma Look-through Swiss Core Capital assuming the successful completion of the

remaining CHF 0.8 billion of capital measures announced in July 2012. As of the end of 2012, our pro forma Look-through Swiss Core Capital ratio was 9.3% compared to the 10.0% that will be required by FINMA by year-end 2018.

Look-through Swiss Core and Total Capital ratios



Note: Pro forma calculation assumes successful completion of the remaining capital measures announced in July 2012. Actual results may differ. Rounding differences may occur.
¹ Consists of existing tier 1 participation securities of CHF 2.5 billion and other Swiss regulatory adjustments. ² Consists of CHF 3.8 billion of mandatory and contingent convertible securities, net of fees and interest, with settlement and delivery of shares in early April 2013. ³ Consists of CHF 0.7 billion of strategic divestments and CHF 0.1 billion of other measures. ⁴ Reflects increased regulatory thresholds resulting from the remaining capital measures.

FINMA Basel III Leverage Ratio

The FINMA Basel III Leverage Ratio is calculated as Swiss Core Capital plus high and low-trigger contingent capital divided by total exposure. Total exposure consists of balance sheet assets plus exposure add-ons including cash collateral

netting reversals and off-balance sheet derivative exposures, guarantees and commitments. As of the end of 2012, our total exposure for FINMA Basel III Leverage Ratio purposes was CHF 1,276 billion. By the end of 2013, we are targeting a reduction in our total exposure to under CHF 1,170 billion.

Additional information

Share repurchases

The Swiss Code of Obligations limits a corporation's ability to hold or repurchase its own shares. We may only repurchase shares if we have sufficient free reserves to pay the purchase price, and if the aggregate nominal value of the repurchased shares does not exceed 10% of our nominal share capital. Furthermore, we must create a special reserve in our parent company financial statements in the amount of the purchase price of the acquired shares. In our consolidated financial statements, own shares are recorded at cost and reported as treasury shares, resulting in a reduction in total shareholders' equity. Shares repurchased by us do not carry any voting rights at shareholders' meetings.

We purchased 423.7 million treasury shares and sold or re-issued 394.7 million treasury shares in 2012, predominantly for market-making purposes and facilitating customer orders. As of December 31, 2012, the Group held 27.0 million treasury shares.

- ▶ Refer to "Impact of share-based compensation on shareholders' equity" in IV – Corporate Governance and Compensation – Compensation for further information.

Purchases and sales of treasury shares

In million, except where indicated	Number of shares	Average price per share in CHF
2012		
January	22.4	23.10
February	20.4	24.65
March	27.8	25.77
April	45.9	23.59
May	25.8	19.32
June	30.0	18.21
July	75.2	17.15
August	23.0	17.79
September	44.4	20.74
October	25.6	21.27
November	29.1	20.93
December	54.1	22.58
Total purchase of treasury shares	423.7	–
Total sale of treasury shares	394.7	–

Dividends and dividend policy

Under the Swiss Code of Obligations, dividends may be paid out only if and to the extent the corporation has distributable profits from previous business years, or if the free reserves of the corporation are sufficient to allow distribution of a dividend. In addition, at least 5% of the annual net profits must be retained and booked as general legal reserves for so long as these reserves amount to less than 20% of the paid-in share capital. Our reserves currently exceed this 20% threshold. Furthermore, dividends may be paid out only after shareholder approval at the AGM. The Board of Directors may propose that a dividend be paid out, but cannot itself set the dividend. In Switzerland, the auditors have to confirm whether the appropriation of retained earnings is in accordance with Swiss law and articles of incorporation. In practice, the shareholders usually approve the dividend proposal of the Board of Directors. Dividends are usually due and payable after the shareholders' resolution relating to the allocation of profits has been passed. Under the Swiss Code of Obligations, the statute of limitations in respect of claiming the payment of dividends that have been declared is five years.

Our dividend payment policy seeks to provide investors with a stable and efficient form of capital distribution relative to earnings. Dividend payments made in 2012, for 2011, were comprised of a distribution of CHF 0.75 per share payable against reserves from capital contributions in cash or upon shareholder election and subject to legal restrictions, in new Group shares or a combination thereof.

Our Board of Directors will propose for the financial year 2012 a distribution of CHF 0.10 per share in cash out of reserves from capital contributions to the shareholders at the AGM on April 26, 2013. In addition, the Board of Directors will propose the distribution of new shares (stock dividend). The new shares for the stock dividend will be paid in at the par value of CHF 0.04 per share out of reserves from capital contributions. The distribution out of reserves from capital contributions (cash and stock) will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. The ex-dividend date has been set to April 30, 2013 (for cash distribution and stock dividend).

The stock dividend will be distributed to all shareholders as follows: for every share that they own, shareholders will receive a non-tradable right to the receipt of a given number of new shares for free. Following distribution, the rights will automatically be exchanged for new shares at the ratio determined by the Board of Directors immediately prior to the Annual General Meeting. The Board of Directors will set the subscription ratio in such a way that the theoretical value of

each right will be approximately CHF 0.65. The distribution is subject to shareholder approval at the AGM.

Reflecting our holding company structure, the Group is not an operating company and holds investments in subsidiaries. It is therefore reliant on the dividends of its subsidiaries to pay shareholder dividends and service its long-term debt. The subsidiaries of the Group are generally subject to legal restrictions on the amount of dividends they can pay. The amount of dividends paid by operating subsidiaries is determined after consideration of the expectations for future results and growth of the operating businesses.

- ▶ Refer to “Proposed distribution against reserves from capital contributions” in VI – Parent company financial statements – Credit Suisse Group – Proposed appropriation of retained earnings and capital distributions for further information on dividends.

Dividend per ordinary share

	USD ¹	CHF
Dividend per ordinary share for the financial year		
2011	0.78	0.75
2010	1.48	1.30
2009	1.78	2.00
2008	0.10	0.10
2007	2.40	2.50

¹ Represents the distribution on each American depositary share. For further information, refer to www.credit-suisse.com/dividend.

Foreign exchange exposure and interest rate management

Foreign exchange risk associated with investments in branches, subsidiaries and affiliates is managed within defined parameters that create a balance between the interests of stability of capital adequacy ratios and the preservation of Swiss franc shareholders' equity. The decisions regarding these parameters are taken by CARMC and are regularly reviewed.

Foreign exchange risk associated with the nonfunctional currency net assets of branches and subsidiaries is managed through a combination of forward and backward looking hedging activity, which is aimed at reducing the foreign exchange rate induced volatility of reported earnings.

Interest rate risk inherent in banking book activities, such as lending and deposit taking, is transferred from the divisions to Treasury, which centrally manages the interest rate exposures. Treasury also develops and maintains the models needed to determine interest rate risks of products that do not have a defined maturity, such as demand and savings accounts. For this purpose, a replicating methodology is applied in close coordination with Risk Management to maximize stability and sustainability of spread revenues at the divisions. Further, Treasury manages the interest exposure of the Bank's equity to targets agreed with senior management.

Risk management

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank and remained a critical focus throughout 2012. Over the course of 2012, we took significant steps to adapt our businesses and our organization to the new regulatory requirements, which predominantly impacted the risk profile of Investment Banking. In 2012, overall position risk decreased 1%, utilized economic capital decreased 8%, average risk management VaR in US dollars for our trading books decreased 31% and our impaired loans were stable at CHF 1.7 billion.

Key risk developments in 2012

2012 was a year marked by uncertainty amid continued concerns from the European sovereign debt crisis, global economic slowdown, the threat of the US "fiscal cliff" in late 2012 and new and proposed regulatory requirements affecting the financial services industry.

During 2012, we reduced our Group risk profile and shifted our portfolio toward less capital intense businesses. We continued to invest significantly in our IT infrastructure and further refined our risk appetite framework to ensure an appropriate balance of return and assumed risk, stability of earnings and capital levels we seek to maintain.

- ▶ Refer to "Regulation and supervision" in I – Information on the company for information on other regulatory developments and proposals.
- ▶ Refer to "New capital framework in 2013" in Capital management for further information on our current regulatory framework on capital, leverage and liquidity, including certain expected changes to this framework.

In Investment Banking, we reduced our risk profile during 2012, consistent with our announced strategy. Investment Banking achieved this through a combination of exiting businesses, asset sales and repositioning its portfolio into more capital-efficient inventory in support of client franchises. Investment Banking's shift of capital resources included exiting the ◊commercial mortgage-backed securities (CMBS) origination and ◊collateralized debt obligations (CDOs) businesses. As we continue to execute on our Investment Banking strategy in 2013, efficiency in the use of capital remains a focus.

Private Banking & Wealth Management's risk profile increased slightly in 2012, with key contributing factors continuing to be largely related to stricter rules on investor protection as well as increased transparency for cross-border activities that continued to affect risk. The integration of the Private Banking and Asset Management businesses to form

Private Banking & Wealth Management is not expected to result in changes to the combined division's risk profile.

For the Group, we expect our ongoing adaptation to the changed regulatory environment will result in increased costs and resource requirements related to the risk management function.

Reputational risk continued as a major focus during 2012. We have continued to develop our procedures and awareness of staff as well as to adapt our business approach with respect to certain countries and industries with higher reputational risk and transactions with politically exposed persons.

- ▶ Refer to "Reputational risk" for further information on reputational risk issues.

Risk management oversight

Risk governance

Fundamental to our business is the prudent taking of risk in line with our strategic priorities. The primary objectives of risk management are to protect our financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Our risk management framework is based on transparency, management accountability and independent oversight. Risk management is an integral part of our business planning process with strong involvement of senior management and the Board of Directors (Board).

To meet the challenges of a volatile market environment and changing regulatory frameworks, we work to continuously strengthen our risk function, which is independent of, but closely interacts with the front office functions to ensure the appropriate flow of information and strong controls. In 2012, we continued to invest significantly in our risk infrastructure and processes with regard to the implementation of ◊Basel III. We have comprehensive risk management processes and sophisticated control systems, and we work to limit the impact of negative developments by carefully managing concentrations of risks.

Risk organization

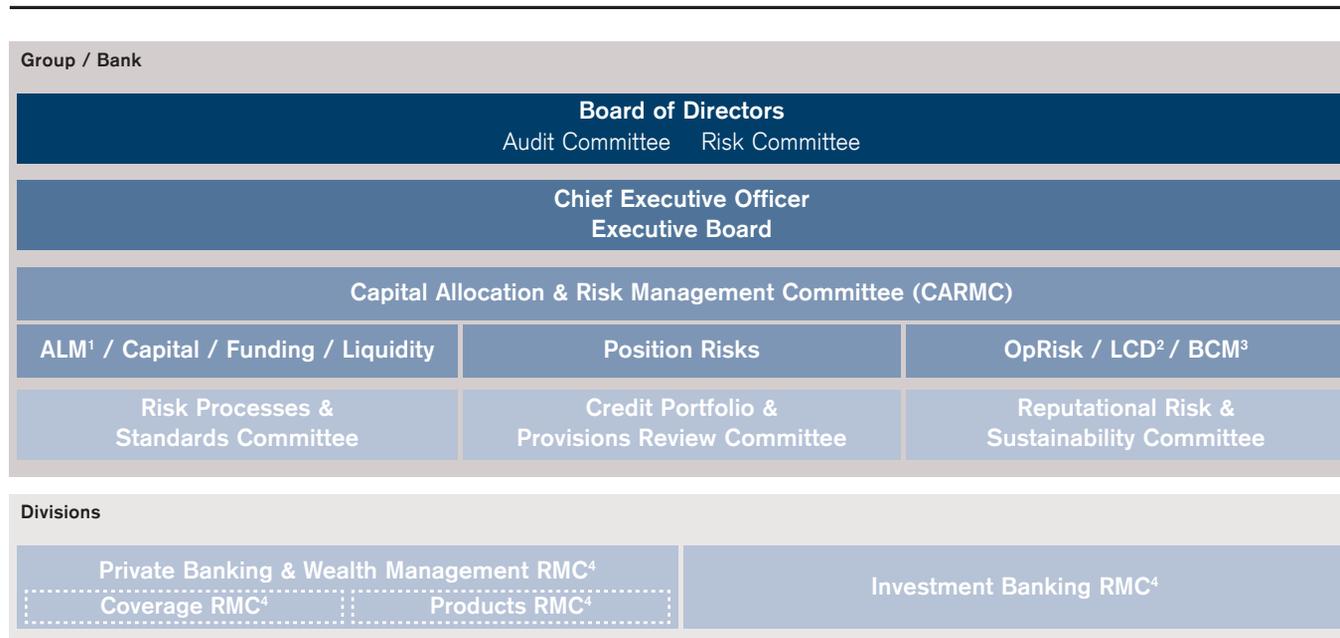
We manage risk in our internal control environment, however, risks arise in all of our business activities and cannot be eliminated completely. Our risk management organization reflects the specific nature of the various risks to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Board, including through its committees, this includes the following responsibilities:

- Board: responsible to shareholders for the strategic direction, supervision and control of the Group and for defining our overall tolerance for risk in the form of a risk appetite statement and overall risk limits;
- Risk Committee: responsible for assisting the Board in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and overall risk limits; and
- Audit Committee: responsible for assisting the Board in fulfilling its oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the Board in consultation with its Risk Committee. On a monthly basis, senior management through CARMC reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing our risk profile on a consolidated basis, recommending risk limits to the Risk Committee of the Board and the Board, and for establishing and allocating risk limits among the various businesses. CARMC meetings focus on the following three areas on a rotating basis: asset and liability management/liquidity, market and credit risk and operational risk/legal and compliance.

Committees have been established at a senior management level to further support the risk management function. The Risk Processes & Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio & Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk & Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks and sustainability issues. There are also divisional risk management committees.

Key management bodies and committees



¹ Asset and Liability Management ² Legal and Compliance Department ³ Business Continuity Management ⁴ Risk Management Committee

The risk committees are further supported by Treasury, which is responsible for the management of our balance sheet, capital management, liquidity and related hedging policies.

The risk management function reports to the CRO, who is independent of the business and is a member of the Executive Board. In 2012, the function covered:

- Strategic Risk Management (SRM);
- Risk Analytics and Reporting (RAR);
- Credit Risk Management (CRM);
- Bank Operational Risk Oversight (BORO);
- Business Continuity Management (BCM);
- Technology Risk Management (TRM); and
- Reputational Risk Management.

The risk management function is responsible for providing risk management oversight and establishing an organizational basis to manage all risk management matters through four primary risk functions: SRM assesses the Group's overall risk profile on a strategic basis, recommending corrective action where necessary, and is also responsible for market risk management including measurement and limits; RAR is responsible for risk analytics, reporting, systems implementation and policies; CRM is responsible for approving credit limits, monitoring and managing individual exposures, and assessing and managing the quality of credit portfolios and allowances; BORO acts as the central hub for the divisional operational risk functions; BCM assesses and manages potential impacts that threaten the organization in case of operational disruption, crisis or disaster; and TRM oversees the information technology-related risk aspects.

Risk types

Within our risk framework, we have defined the following types of risk:

Management risks:

- Strategy risk: outcome of strategic decisions or developments; and
- Reputational risk: damage to our standing in the market.

Chosen risks:

- Market risk: changes in market factors such as prices, volatilities and correlations;
- Credit risk: changes in the creditworthiness of other entities; and
- Expense risk: difference between expenses and revenues in a severe market event.

Consequential risks:

- Operational risk: inadequate or failed internal processes, people and systems (including cyber risk), or external events; and
- Liquidity risk: inability to fund assets or meet obligations at a reasonable price.

Management risks are difficult to quantify. While management of strategy risk is addressed at the Board and Executive Board level, a process has been implemented to globally capture and manage reputational risk. Chosen risks are, in general, highly quantifiable, but are challenging in complexity and scale, especially when aggregated across all positions and types of financial instruments. For operational risk management, we have primarily set up processes on Group, divisional and regional levels. Liquidity management is centralized with Treasury.

Information required under Pillar 3 of the Basel framework related to risk is available on our website at www.credit-suisse.com/pillar3.

Risk appetite and risk limits

We have a risk appetite framework that establishes key principles for managing our risks to ensure an appropriate balance of return and assumed risk, stability of earnings and capital levels we seek to maintain. The key aspect of our risk appetite framework is a sound system of integrated risk limits to control overall risk taking capacity and serve as an essential decision making tool for senior management. Our risk appetite framework is guided by the following general principles:

- Managing the business to a target credit rating;
- Meeting regulatory requirements and expectations;
- Ensuring capital adequacy;
- Maintaining low exposure to stress events;
- Maintaining stability of earnings; and
- Ensuring sound management of liquidity and funding risk.

Risk appetite is annually reviewed and determined by the Board, taking into account strategic and business planning, and enforced by a detailed framework of portfolio and position limits at both Group and business division levels. In 2012, group-wide limits for Basel III risk-weighted assets and balance sheet size, and divisional operational risk tolerance levels were added to the risk appetite framework. These enhancements to the framework were effective beginning 2013. The following chart gives an overview of the Group's risk appetite framework reflecting selected Group-wide and division-specific quantitative limits and qualitative restrictions.

Risk appetite framework

	Group-wide	Division-specific	
		Private Banking & Wealth Management	Investment Banking
Selected quantitative limits	<ul style="list-style-type: none"> - Economic capital limits - Liquidity ratios - Leverage ratios - Scenario loss limits - Risk-weighted assets - Balance sheet size 	<ul style="list-style-type: none"> - Economic capital limits - Market risk limits - Credit risk limits - Operational risk tolerance levels 	
Selected qualitative restrictions	<ul style="list-style-type: none"> - Compliance with international and local laws - Reputational risk 	<ul style="list-style-type: none"> - Avoidance of concentration risks - Adherence to suitability & appropriateness requirements - Compliance with industry guidelines and internal policies 	

A sound system of risk limits is fundamental to effective risk management. The limits define our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

We use an economic capital limit structure to manage overall risk taking. The overall risk limits for the Group are set by the Board in consultation with its Risk Committee and are binding. Any excess of these limits will result in immediate notification to the Chairman of the Board's Risk Committee and the CEO of the Group, and written notification to the full Board at its next meeting. Following notification, the CRO can approve positions that exceed the Board limits by no more than an approved percentage with any such approval being reported to the full Board. Positions that exceed the Board limits by more than such approved percentage can only be approved by the CRO and the full Board acting jointly. In 2012 and 2011, no Board limits were exceeded.

In the context of the overall risk appetite of the Group, as defined by the limits set by the Board, CARMC is responsible for setting divisional risk limits and more specific limits deemed necessary to control the concentration of risk within individual lines of business. For this purpose, CARMC uses a detailed framework of more than 100 individual risk limits designed to control risk taking at a granular level by individual businesses and in the aggregate. Limit measures used include VaR, economic capital, risk exposure, risk sensitivity and scenario

analysis. The framework encompasses specific limits on a large number of different product and risk type concentrations. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money and emerging market country exposures. Risk limits allocated to lower organizational levels within the businesses also include a system of individual counterparty credit limits. CARMC limits are binding and generally set at a tight level to ensure that any meaningful increase in risk exposures is promptly escalated. The head of SRM for the relevant division or certain other members of senior management have the authority to temporarily increase the CARMC limits by an approved percentage for a period not to exceed 90 days. Any CARMC limit excess is subject to a formal escalation procedure and must be remediated or expressly approved by senior management. Senior management approval is valid for a standard period of ten days (or fewer than ten days for certain limit types) and approval has to be renewed for additional standard periods if an excess is not remediated within the initial standard period. The majority of these limits are monitored on a daily basis. Limits for which the inherent calculation time is longer are monitored on a weekly basis. A smaller sub-set of limits relating to exposures for which the risk profile changes more infrequently (for example, those relating to illiquid investments) is monitored on a monthly basis. In 2012, all CARMC limit excesses were resolved within the approved standard period.

Economic capital and position risk

Overview

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. It is our core Group-wide risk management tool for measuring and reporting all quantifiable risks. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating). It also provides a common terminology for risk across the Group, which increases risk transparency and improves knowledge sharing. The development and use of economic capital methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

Under Pillar 2 of the Basel framework (also referred to as the Supervisory Review Process), banks are required to implement a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with their overall risk profile and the current operating environment. Our economic capital framework has an important role under Pillar 2, as it represents our internal view of the amount of capital required to support our business activities.

Economic capital is calculated separately for ◉ position risk, operational risk and other risks. These three risks are used to determine our utilized economic capital and are defined as follows:

- Position risk: the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). Position risk is used to assess, monitor and report risk exposures throughout the Group;
- Operational risk: the level of loss resulting from inadequate or failed internal processes, people and systems or from external events over a one-year horizon which is exceeded with a given small probability (0.03%). Estimating this type of economic capital is inherently more subjective and reflects quantitative tools and senior management judgment; and
- Other risks: the risks not captured by the above, which primarily includes expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital and risk on real estate held for own use. Expense risk is defined as the difference between expenses and revenues in a severe market event,

exclusive of the elements captured by position risk and operational risk. Pension risk is defined as the potential under-funding of our pension obligations in an extreme event.

We regularly review our economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In 2012, we made a number of enhancements to the position risk methodology for risk management purposes, including:

- For international lending & counterparty exposures, we enhanced the manner in which we capture ratings for high yield senior secured loans and aligned certain credit risk parameters with an updated ◉FINMA-approved regulatory capital model;
- For equity trading & investments, we recalibrated the modeling of private equity exposures, including refinements to shock calculation and market data;
- For real estate & structured assets, we refined model shocks used for asset finance products;
- For fixed income trading, we removed the impact of the seasonal effects from the historical data used for energy products; and
- For emerging markets country event risk, we refined the allocation methodology to the divisions.

Prior-period balances have been restated for methodology changes in order to show meaningful trends. The total impact of 2012 methodology changes on position risk for the Group as of December 31, 2011 was a decrease of CHF 653 million, or 6%.

For utilized economic capital used for capital management purposes, in addition to adopting the above position risk methodology changes, operational risk capital has been increased to reflect anticipated changes to our model. In 2012, following discussions with FINMA, we initiated a project to enhance our economic capital/◉AMA methodology to reflect recent developments regarding operational risk measurement methodology and associated regulatory guidance. For the duration of this project, which is scheduled to conclude in 2013, operational risk capital required for regulatory and economic capital purposes has been increased by 20% to reflect anticipated changes to our models. Prior period balances have been restated for 2012 methodology changes in order to show meaningful trends. The total impact of methodology changes on utilized economic capital for the Group as of December 31, 2011 was a decrease of CHF 793 million, or 2%.

In response to the 2008 financial crisis, regulators have introduced changes to the regulatory capital framework through the implementation of ◉Basel II.5 and ◉Basel III.

Often, in response to economic realities, we modify our economic capital model in advance of regulatory changes. For example, requirements such as capital charges equivalent to an ◊ incremental risk charge (IRC) and ◊ credit valuation

adjustments have been an integral part of our economic capital model for several years. We continually review our model so that it reflects risks measured in terms of potential loss of economic value.

Group position risk

	end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Position risk (CHF million)					
Fixed income trading ¹	2,749	2,881	2,656	(5)	8
Equity trading & investments	1,819	2,137	2,248	(15)	(5)
Private banking corporate & retail lending	2,382	2,182	2,072	9	5
International lending & counterparty exposures	4,281	4,009	3,857	7	4
Emerging markets country event risk	1,041	860	632	21	36
Real estate & structured assets ²	1,985	2,157	2,647	(8)	(19)
Simple sum across risk categories	14,257	14,226	14,112	0	1
Diversification benefit ³	(2,880)	(2,689)	(2,597)	7	4
Position risk (99% confidence level for risk management purposes)	11,377	11,537	11,515	(1)	0

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ This category comprises fixed income trading, foreign exchange and commodity exposures. ² This category comprises commercial and residential real estate (including RMBS and CMBS), ABS exposure, real estate acquired at auction and real estate fund investments. ³ Reflects the net difference between the sum of the position risk categories and the position risk on the total portfolio.

Key position risk trends

Compared to the end of 2011, position risk for risk management purposes decreased 1%. Excluding the US dollar translation impact, position risk increased 1%, mainly due to reduced hedges and new loans in Investment Banking in international lending & counterparty exposures, higher emerging markets country event risk primarily due to increased exposures in Asia and Eastern Europe and increased risk in loans collateralized by securities and commercial loans in private banking corporate & retail lending. These increases were par-

tially offset by sales of private equity and illiquid hedge fund exposures in equity trading & investments and lower ◊ CMBS and ◊ RMBS exposures in real estate & structured assets.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolios.

Economic capital

end of	Group			Bank ¹		
	2012	2011	% change	2012	2011	% change
Economic capital resources (CHF million)						
Tier 1 capital	43,547	36,844	18	39,660	35,098	13
Economic adjustments ²	2,117	2,417	(12)	2,888	2,179	33
Economic capital resources	45,664	39,261	16	42,548	37,277	14
Utilized economic capital (CHF million)						
Position risk (99.97% confidence level)	20,088	20,591	(2)	19,532	19,830	(2)
Operational risk	3,924	3,754	5	3,924	3,754	5
Other risks ³	6,184	8,302	(26)	3,965	5,835	(32)
Utilized economic capital	30,196	32,647	(8)	27,421	29,419	(7)

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ The major difference between economic capital of the Group and the Bank relates to the risks within Neue Aargauer Bank AG, BANK-now AG and Corporate Center. These risks include position and other risks. ² Includes primarily securitization adjustments, unrealized gains on owned real estate and anticipated cash dividends. Economic adjustments are made to tier 1 capital to enable comparison between capital utilization and resources under the Basel framework. ³ Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, interest rate risk on treasury positions, diversification benefits and an estimate for the impacts of certain methodology changes planned for 2013.

Economic capital by segment

in / end of	2012	2011	% change
Utilized economic capital by segment (CHF million)			
Private Banking & Wealth Management	9,818	10,254	(4)
Investment Banking	17,998	19,789	(9)
Corporate Center ¹	2,397	2,625	(9)
Utilized economic capital – Group ²	30,196	32,647	(8)
Utilized economic capital – Bank ³	27,421	29,419	(7)
Average utilized economic capital by segment (CHF million)			
Private Banking & Wealth Management	9,981	10,115	(1)
Investment Banking	18,729	18,882	(1)
Corporate Center ¹	2,530	1,798	41
Average utilized economic capital – Group ⁴	31,218	30,782	1
Average utilized economic capital – Bank ³	28,214	28,417	(1)

Prior-period balances have been restated for methodology changes in order to show meaningful trends.

¹ Includes primarily expense risk, diversification benefits from the divisions and foreign exchange risk between economic capital resources and utilized economic capital. ² Includes a diversification benefit of CHF 17 million and CHF 21 million as of December 31, 2012 and 2011, respectively. ³ The major difference between economic capital of the Group and the Bank relates to the risks within Neue Aargauer Bank AG, BANK-now AG and Corporate Center. These risks include position and other risks. ⁴ Includes a diversification benefit of CHF 22 million and CHF 13 million as of December 31, 2012 and 2011, respectively.

Utilized economic capital trends

Over the course of 2012, our utilized economic capital decreased 8%. Excluding the US dollar translation impact, utilized economic capital decreased 6%, mainly due to decreased expense risk within other risks and lower position risk primarily in equity trading & investments and fixed income trading, partially offset by increased position risk in international lending & counterparty exposure and emerging markets country event risks.

For Private Banking & Wealth Management, utilized economic capital decreased 4%, mainly due to lower position risk in equity trading & investments and decreased deferred shared-based compensation awards in other risks, partially offset by higher position risk in private banking corporate & retail lending.

For Investment Banking, utilized economic capital decreased 9%. Excluding the US dollar translation impact, utilized economic capital decreased 6%, largely due to decreased expense risk within other risks and lower position

risk in fixed income trading. The decreases were partially offset by higher position risk in international lending & counterparty exposures and emerging markets country event risk.

Corporate Center utilized economic capital decreased 9% due to lower expense risk within other risks.

Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. We define our market risk as potential changes in the fair value of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

We devote considerable resources to ensure that market risk is comprehensively captured, accurately modeled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organizational levels, from the overall risk positions at the Group level down to specific portfolios. We use market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across our many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. Our principal market risk measurement methodologies are ◻VaR and scenario analysis. Additionally, our market risk exposures are reflected in our economic capital calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

To meet the requirements of the ◻Basel II.5 market risk framework for ◻FINMA regulatory capital purposes, effective January 1, 2011 we implemented additional risk measurement models, including ◻IRC and ◻stressed VaR. IRC is a regulatory capital charge for default and migration risk on positions in the trading books and intended to complement additional standards being applied to the VaR modeling framework, including stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking into account a one-year observation period relating to significant financial stress and helps reduce the pro-cyclicality of the minimum capital requirements for market risk.

VaR

VaR measures the potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from interest rate, foreign exchange, equity and commodity options, money market and swap transactions and bonds. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatilities serve as the basis for the statistical VaR model underlying the potential loss estimation. We use a one-day holding period and a confidence level of 98% to model the risk in our trading portfolios for internal risk management purposes and a ten-day holding period and a confidence level of 99% for regulatory capital purposes. These assumptions are compliant with the standards published by the BCBS and other related international standards for market risk management. For some purposes, such as ◻backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are calculated based on a one-day holding period level or scaled down from a longer holding period.

We use a historical simulation model for the majority of risk types and businesses within our trading portfolios. The model is based on the profit and loss distribution resulting from historical changes in market rates, prices and volatilities applied to evaluate the portfolio.

We use the same VaR model for risk management and regulatory capital purposes, except for the confidence level and holding period used. We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. As part of the ongoing review to improve risk management approaches and methodologies, we implemented a significantly revised VaR methodology for both ◻risk management VaR and ◻regulatory VaR in the second quarter of 2011. We believe these changes made VaR a more useful risk management tool and improved the responsiveness of the model to market volatility. We received approval from FINMA to use this revised VaR methodology for both risk management and regulatory capital purposes. We have restated risk management VaR for periods prior to implementation to show meaningful trends. The methodology changes were implemented in June 2011 and fully reflected in risk management VaR. For regulatory VaR,

these methodology changes have been reflected from implementation only.

- ▶ Refer to “VaR” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Market risk in the Credit Suisse Annual Report 2011 for information on VaR methodology changes implemented in June 2011.

In the second quarter of 2012 we made asset-class methodology changes to better capture complex risks for exotic rate products.

We have approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our regulatory VaR model in the calculation of trading book market risk capital requirements. We continue to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

For risk management VaR, we use a one-day holding period and a 98% confidence level. This means there is a 1-in-50 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR. For regulatory VaR, we present one-day, 99% VaR, which is a ten-day VaR adjusted to a one-day holding period. In order to show the aggregate market risk in our trading books, the chart entitled “Daily risk management VaR” shows the trading-related market risk on a consolidated basis.

The VaR model uses assumptions and estimates that we believe are reasonable, but VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. The main assumptions and limitations of VaR as a risk measure are:

- VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities;
- Although VaR captures the relationships between risk factors, these relationships may be affected by stressed market conditions;
- VaR provides an estimate of losses at a 98% confidence level for internal risk management and 99% confidence level for regulatory capital purposes, which means that it does not provide any information on the size of losses that could occur beyond that confidence level;
- VaR is based on either a one-day (for internal risk management, backtesting and disclosure purposes) or a ten-day (for regulatory capital purposes) holding period. This assumes that risks can be either sold or hedged over the holding period, which may not be possible for all types of

exposure, particularly during periods of market illiquidity or turbulence; and

- VaR is calculated using positions held at the end of each business day and does not include intra-day exposures.

Scenario analysis

Stress testing complements other risk measures by capturing the Group’s exposure to unlikely but plausible events, which can be expressed through a range of significant moves across multiple financial markets. Key scenarios include significant movements in credit spreads, interest rates, equity and commodity prices and foreign exchange rates, as well as adverse changes in counterparty default and recovery rates. The majority of scenario analysis calculations performed are specifically tailored toward the risk profile within particular businesses, and limits are established if they are considered the most appropriate control. In addition, to identify areas of risk concentration and potential vulnerability to stress events at Group level, we use a set of scenarios, which are consistently applied across all businesses and assess the impact of significant, simultaneous movements across a broad range of markets and asset classes.

Stress testing is a fundamental element of the Group risk control framework. Stress testing results are monitored against limits, used in risk appetite discussions and strategic business planning, and support our internal capital adequacy assessment. Stress test scenarios are conducted on a regular basis and the results, trend information and supporting analysis are reported on to the Board, senior management and the business divisions.

The Group’s stress testing framework is comprehensive and governed through a dedicated steering committee. Scenarios can be defined with reference to historic events or based on forward looking, hypothetical events that could impact the Group’s positions, capital, or profitability. The scenarios are reviewed and updated regularly as markets and business strategies evolve, and new scenarios are designed by the risk management function in collaboration with our business divisions.

Trading portfolios

Risk measurement and management

We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking division. Our other divisions also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for regulatory capital purposes. This classification of assets as trading

is done for purposes of analyzing our market risk exposure, not for financial statement purposes.

We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a

result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations.

Risks associated with the embedded derivative elements of our structured products are actively monitored and managed on a portfolio basis as part of our overall trading portfolio and are reflected in our VaR measures.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (CHF)

in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversi- fication benefit	Risk management	Regulatory
						VaR (98%)	VaR (99%)
						Total	Total
2012 (CHF million)							
Average	57	13	3	22	(28)	67	57
Minimum	36	3	1	14	- ¹	34	34
Maximum	82	34	7	35	- ¹	104	89
End of period	44	12	2	17	(35)	40	52
2011 (CHF million)							
Average	73	13	10	23	(44)	75	94
Minimum	54	5	2	14	- ¹	54	49
Maximum	99	25	26	47	- ¹	107	161
End of period	73	12	4	25	(40)	74	79
2010 (CHF million)							
Average	102	18	22	27	(67)	102	142
Minimum	78	6	10	15	- ¹	68	103
Maximum	127	43	32	50	- ¹	142	205
End of period	90	21	18	25	(63)	91	124

Excludes risks associated with counterparty and own credit exposures. In June 2011, we made significant changes to our VaR methodology. Risk management VaR for periods prior to implementation has been restated in order to show meaningful trends. For regulatory VaR, these methodology changes have been reflected from implementation only.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (USD)

in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversi- fication benefit	Risk management VaR (98%)	Regulatory VaR (99%)
						Total	Total
2012 (USD million)							
Average	61	14	3	23	(42)	59	61
Minimum	38	3	1	15	- ¹	36	37
Maximum	90	38	38	37	- ¹	88	97
End of period	49	13	2	18	(38)	44	57
2011 (USD million)							
Average	82	14	11	26	(48)	85	105
Minimum	64	6	2	15	- ¹	65	55
Maximum	107	29	29	51	- ¹	117	177
End of period	77	13	4	27	(42)	79	84
2010 (USD million)							
Average	91	16	20	24	(60)	91	136
Minimum	68	6	9	14	- ¹	64	95
Maximum	111	38	28	44	- ¹	124	210
End of period	78	18	16	22	(54)	80	132

Excludes risks associated with counterparty and own credit exposures. In June 2011, we made significant changes to our VaR methodology. Risk management VaR for periods prior to implementation has been restated in order to show meaningful trends. For regulatory VaR, these methodology changes have been reflected from implementation only.

¹ As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Development of trading portfolio risks

The tables entitled "One-day, 98% risk management VaR and one-day, 99% regulatory VaR" show our trading-related market risk exposure, as measured by one-day, 98% risk management VaR and 99% regulatory VaR. VaR has been calculated using a two-year historical dataset. As we measure trading book VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily foreign exchange translation rates. 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 98th percentile loss for risk management VaR and the 99th percentile loss for regulatory VaR, respectively, for each individual risk type and for the total portfolio.

We manage VaR in US dollars, as substantially all market risk relates to Investment Banking.

Average risk management VaR in 2012 decreased 31% from 2011 to USD 59 million. The decrease reflected risk reductions across fixed income, particularly from sales of client inventory across global credit and securitized products, reduced interest rate exposures, mainly in US and European rates products, and lower market volatility.

Period-end risk management VaR as of December 31, 2012 decreased 44% to USD 44 million compared to December 31, 2011. The decrease mainly reflected lower market volatility and reduced interest rate, credit spread and equity exposures.

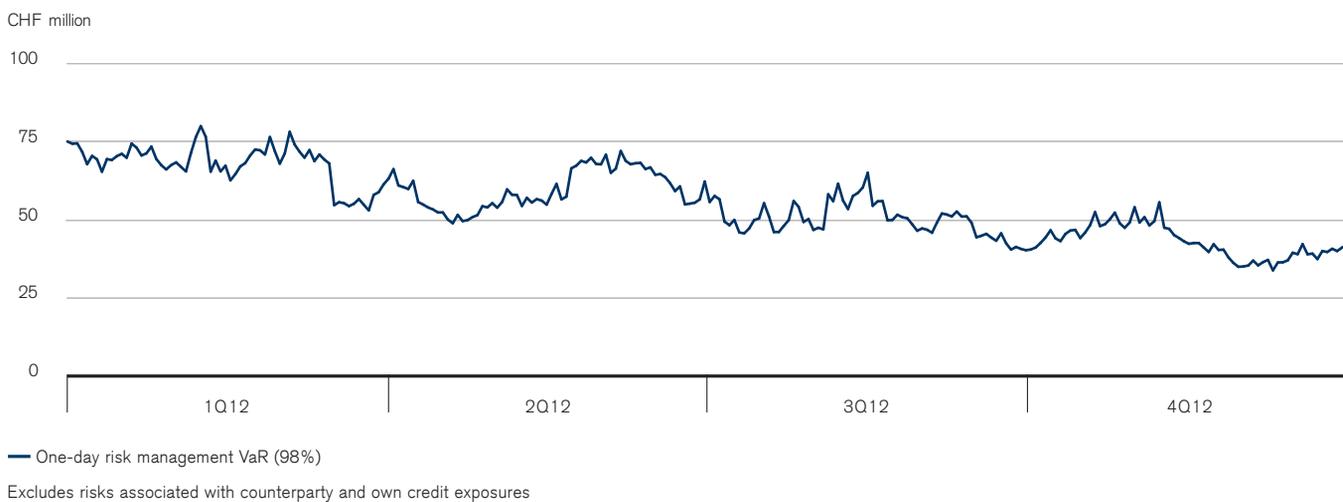
Various techniques are used to assess the accuracy of the regulatory VaR model used for trading portfolios, including backtesting. We conduct such backtesting using actual daily trading revenues. Actual daily trading revenues are compared with a regulatory 99% VaR calculated using a one-day holding period. A backtesting exception occurs when a trading loss exceeds the daily VaR estimate. We had no such backtesting exceptions in the 12-month periods ending December 31, 2012, 2011 and 2010. Since there were fewer than five backtesting exceptions in the rolling 12-month periods ending December 31, 2012, 2011 and 2010, in line with BIS industry guidelines, the VaR model is deemed to be statistically valid.

For capital purposes, FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR exception over four in the prior rolling 12-month period calculated using a subset of actual daily trading revenues.

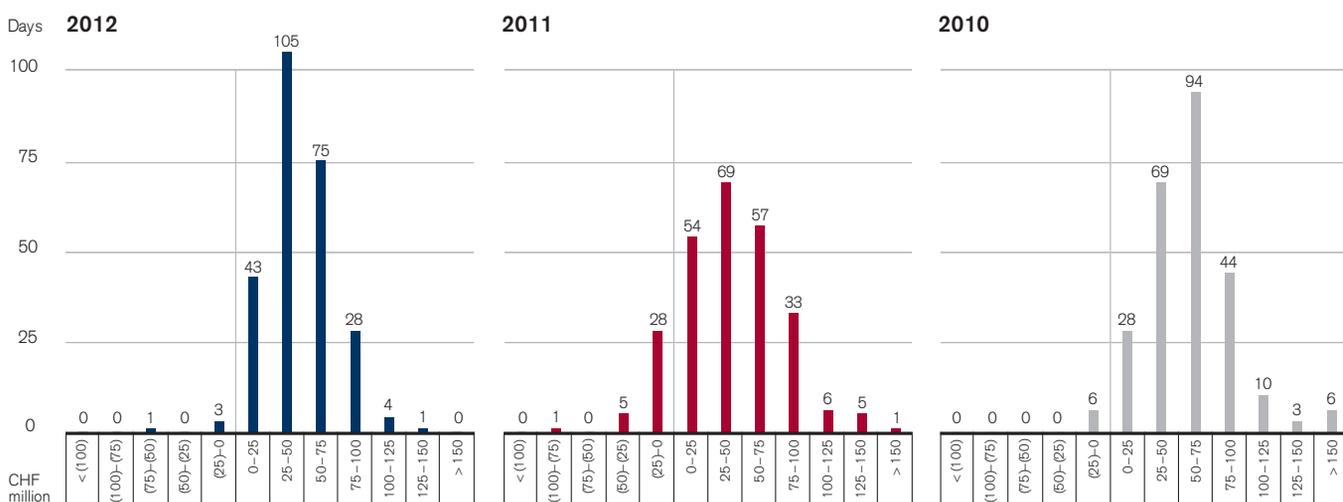
- Refer to “Regulatory capital framework” in Capital management for further information on the use of our regulatory VaR model in the calculation of trading book market risk capital requirements.

The histogram entitled “Actual daily trading revenues” compares the actual daily trading revenues for 2012 with those for 2011 and 2010. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities. In 2012, we had four days of trading losses with one trading loss exceeding CHF 25 million, compared to 34 days of trading losses in 2011 with six trading losses exceeding CHF 25 million.

Daily risk management VaR



Actual daily trading revenues



Excludes Neue Aargauer Bank. Periods prior to the integration of Clariden Leu in the second quarter of 2012 also exclude Clariden Leu.

Trading revenues do not include valuation adjustments associated with counterparty and own credit exposures.

Banking portfolios

Risk measurement and management

The market risks associated with our non-trading portfolios primarily relate to asset and liability mismatch exposures, equity instrument participations and investments in bonds and money market instruments. All of our businesses and the Corporate Center have non-trading portfolios that carry some market risks.

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including economic capital, scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with our non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting from specified hypothetical shocks to market factors. It is not a measure for the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings.

Development of non-trading portfolio risks

We assume non-trading interest rate risks through interest rate-sensitive positions originated by Private Banking & Wealth

Management and risk-transferred to Treasury, money market and funding activities by Treasury, and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking & Wealth Management to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying product). Treasury and certain other areas of the Group running interest rate risk positions actively manage the positions within approved limits. This risk is monitored on a daily basis.

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 CHF 9.4 million as of December 31, 2012, compared to an increase of CHF 6.6 million as of December 31, 2011. The increase from 2011 was mainly due to the issuance of new tier 2 buffer capital notes in the first quarter of 2012, market movements in the value of capital instruments and an increase in shareholders' equity. Additional increases were related to the banking books of Treasury and Private Banking & Wealth Management.

One basis point parallel increase in yield curves by currency – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2012 (CHF million)						
Fair value impact of a one basis point parallel increase in yield curves	(1.9)	9.0	1.8	0.0	0.5	9.4
2011 (CHF million)						
Fair value impact of a one basis point parallel increase in yield curves	0.4	4.8	1.1	0.1	0.2	6.6

Non-trading interest rate risk is also assessed using other measures including the potential value change resulting from a significant change in yield curves. The following table shows the impact of immediate 100 basis point and 200 basis point

moves in the yield curves (as interest rates are currently very low, the downward changes are capped to ensure that the resulting interest rates remain non-negative).

Interest rate sensitivity – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2012 (CHF million)						
Increase(+)/decrease(-) in interest rates						
+200 basis points	(308)	1,718	591	(119)	78	1,960
+100 basis points	(172)	884	238	(29)	38	959
-100 basis points	285	(854)	(78)	(24)	(33)	(704)
-200 basis points	347	(1,013)	1	(111)	(61)	(837)
2011 (CHF million)						
Increase(+)/decrease(-) in interest rates						
+200 basis points	98	948	194	15	47	1,302
+100 basis points	44	477	101	7	25	654
-100 basis points	(1)	(487)	(110)	(6)	(23)	(627)
-200 basis points	31	(813)	(137)	(3)	(45)	(967)

As of December 31, 2012, the fair value impact of an adverse 200 basis point move in yield curves was a loss of CHF 0.8 billion compared to a loss of CHF 1.0 billion as of December 31, 2011. The monthly analysis of the potential impact resulting from a significant change in yield curves indicated that as of the end of 2012 and 2011, the fair value impact of an adverse 200 basis point move in yield curves and adverse interest rate moves, calibrated to a one-year holding period with a 99% confidence level in relation to the total eligible regulatory capital, was significantly below the 20% threshold used by regulators to identify banks that potentially run excessive levels of non-trading interest rate risk.

Our non-trading equity portfolio includes positions in private equity, hedge funds, strategic investments and other instruments managed by Investment Banking. These positions may not be strongly correlated with general equity markets. Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would be a decrease of CHF 681 million in the value of

the non-trading portfolio as of December 31, 2012, compared to a decrease of CHF 626 million in the value of the non-trading portfolio as of December 31, 2011.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would be a decrease of CHF 1 million in the value of the non-trading portfolio as of December 31, 2012, compared to a decrease of CHF 4 million as of December 31, 2011.

Credit and debit valuation adjustments

VaR excludes the impact of changes in both counterparty and our own credit spreads on derivative products. As of December 31, 2012, the estimated sensitivity implies that a one basis point increase in credit spreads, both counterparty and our own, would result in a CHF 3.7 million gain on the overall derivatives position (including hedges) in Investment Banking. In addition, a one basis point increase in our own credit spread on our fair valued structured notes portfolio (including the impact of hedges) would result in a CHF 8.1 million gain as of December 31, 2012.

Credit risk

Credit risk is the possibility of a loss being incurred by us as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral, or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Selected European credit risk exposures

The scope of our disclosure of European credit risk exposure includes all countries of the EU which are rated below AA or its equivalent by at least one of the three major rating agencies and where our gross exposure exceeds our quantitative threshold of EUR 0.5 billion. We believe this external rating is a useful measure in determining the financial ability of countries to meet their financial obligations, including giving an indication of vulnerability to adverse business, financial and economic conditions.

Monitoring of selected European credit risk exposures

Our credit risk exposure to these European countries is managed as part of our risk management process. The Group makes use of country limits and performs scenario analyses on a regular basis, which include analyses on our indirect sovereign credit risk exposures from our exposures to selected European financial institutions. This assessment of indirect sovereign credit risk exposures includes analysis of publicly available disclosures of counterparties' exposures to the European countries within the defined scope of our disclosure. We monitor the concentration of collateral underpinning our OTC derivative and reverse repurchase agreement exposures through monthly reporting. We also monitor the impact of sovereign rating downgrades on collateral eligibility. Strict limits

on sovereign collateral from G-7 and non-G-7 countries are monitored monthly. Similar disclosure is part of our regular risk reporting to regulators.

As part of our global scenario framework, the counterparty credit risk stress testing framework measures counterparty exposure under scenarios calibrated to the 99th percentile for the worst one month and one year moves observed in the available history. The scenario results are aggregated at the counterparty level for all our counterparties, including all European countries to which we have exposure. Furthermore, counterparty default scenarios are run where specific entities are set to default. In one of these scenarios, a European sovereign default is investigated. This scenario determines the maximum exposure we have against this country in case of its default and serves to identify those counterparties where exposure will rise substantially as a result of the modeled country defaulting.

The scenario framework also considers a range of other severe scenarios, including a specific eurozone crisis scenario which assumes the default of selected European countries, currently modeled to include Greece, Ireland, Italy, Portugal and Spain. It is assumed that the sovereigns, financial institutions and corporates within these countries default, with a 100% loss of sovereign and financial institutions exposures and a 0% to 100% loss of corporates depending on their credit ratings. As part of this scenario, we additionally assume a severe market sell-off involving an equity market crash, widening credit spreads, a rally in the price of gold and a devaluation of the euro as a currency. In addition, the eurozone crisis scenario assumes the default of a small number of our market counterparties that we believe would be severely affected by a default across the selected European countries. These counterparties are assumed to default as we believe that they would be the most affected institutions because of their direct presence in the relevant countries and their direct exposures. Through these processes, revaluation and redenomination risks on our exposures are considered on a regular basis by our risk management function.

Presentation of selected European credit risk exposures

The basis for the presentation of the country exposure is our internal risk domicile view. The risk domicile view is based on the domicile of the legal counterparty, i.e., it may include exposure to a legal entity domiciled in the reported country where its parent is located outside of the country.

The credit risk exposure in the table is presented on a risk-based view. We present our credit risk exposure and related risk mitigation for the following distinct categories:

- *Gross credit risk exposure* includes the principal amount of loans drawn, letters of credit issued and undrawn portions of committed facilities, the positive replacement value (PRV) of derivative instruments after consideration of legally enforceable netting agreements, the notional value of investments in money market funds and the market values of securities financing transactions and the debt cash trading portfolio (short-term securities) netted at issuer level.
- *Risk mitigation* includes credit default swaps (CDS) and other hedges, at their net notional amount, guarantees, insurance and collateral (primarily cash, securities and, to a lesser extent, real estate, mainly for Private Banking & Wealth Management exposure to corporates & other). Collateral values applied for the calculation of the net exposure are determined in accordance with our risk management policies and reflect applicable margining considerations.
- *Net credit risk exposure* represents gross credit risk exposure net of risk mitigation.
- *Inventory* represents the long inventory positions in trading and non-trading physical debt and synthetic positions,

each at market value, all netted at issuer level. Physical debt is non-derivative debt positions (e.g., bonds), and synthetic positions are created through OTC contracts (e.g., CDS purchased and/or sold and total return swaps).

CDS presented in the risk mitigation column are purchased as a direct hedge to our OTC exposure and the risk mitigation impact is considered to be the notional amount of the contract for risk purposes, with the mark-to-market fair value of CDS risk-managed against the protection provider. Net notional amounts of CDS reflect the notional amount of CDS protection purchased less the notional amount of CDS protection sold and are based on the origin of the CDS reference credit, rather than that of the CDS counterparty. CDS included in the inventory column represent contracts recorded in our trading books that are hedging the credit risk of the instruments included in the inventory column and are disclosed on the same basis as the value of the fixed income instrument they are hedging.

We do not have any tranching CDS positions on these European countries and only an insignificant amount of indexed credit derivatives is included in inventory.

The credit risk of CDS contracts themselves, i.e., the risk that the CDS counterparty will not perform in the event of a default, is managed separately from the credit risk of the reference credit. To mitigate such credit risk, all CDS contracts are collateralized and executed with counterparties with whom we have an enforceable ISDA master agreement that provides for daily margining.

Selected European credit risk exposures

	Gross credit risk exposure	Risk mitigation		Net credit risk exposure	Inventory ²	Net synthetic inventory ³	Total credit risk exposure	
		CDS	Other ¹				Gross	Net
December 31, 2012								
Greece (EUR billion)								
Sovereigns	0.2	0.0	0.2	0.0	0.0	0.0	0.2	0.0
Financial institutions	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0
Corporates & other	0.5	0.0	0.5	0.0	0.0	0.0	0.5	0.0
Total	0.8	0.0	0.8	0.0	0.0	0.0	0.8	0.0
Ireland (EUR billion)								
Sovereigns	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Financial institutions	0.7	0.0	0.6	0.1	0.0	0.0	0.7	0.1
Corporates & other	1.5	0.0	0.5	1.0	0.1	0.0	1.6	1.1
Total	2.3	0.1	1.1	1.1	0.1	0.0	2.4	1.2
Italy (EUR billion)								
Sovereigns	3.9	2.9	0.4	0.6	0.0	0.0	3.9	0.6
Financial institutions	2.2	0.0	1.5	0.7	0.4	0.3	2.6	1.1
Corporates & other	2.3	0.2	1.3	0.8	0.3	0.1	2.6	1.1
Total	8.4	3.1	3.2	2.1	0.7	0.4	9.1	2.8
Portugal (EUR billion)								
Sovereigns	0.1	0.1	0.0	0.0	0.0	(0.1)	0.1	0.0
Financial institutions	0.2	0.0	0.2	0.0	0.1	(0.2)	0.3	0.1
Corporates & other	0.1	0.0	0.1	0.0	0.1	0.0	0.2	0.1
Total	0.4	0.1	0.3	0.0	0.2	(0.3)	0.6	0.2
Spain (EUR billion)								
Sovereigns	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	1.4	0.0	1.2	0.2	0.5	0.1	1.9	0.7
Corporates & other	1.9	0.2	0.8	0.9	0.2	(0.1)	2.1	1.1
Total	3.3	0.2	2.0	1.1	0.7	0.0	4.0	1.8
Total (EUR billion)								
Sovereigns	4.3	3.1	0.6	0.6	0.0	(0.1)	4.3	0.6
Financial institutions	4.6	0.0	3.6	1.0	1.0	0.2	5.6	2.0
Corporates & other	6.3	0.4	3.2	2.7	0.7	0.0	7.0	3.4
Total	15.2	3.5	7.4	4.3	1.7	0.1	16.9	6.0

¹ Includes other hedges (derivative instruments), guarantees, insurance and collateral. ² Represents long inventory positions netted at issuer level. ³ Substantially all of which results from CDS; represents long positions net of short positions.

On a gross basis, before taking into account risk mitigation, our risk-based sovereign credit risk exposure to Greece, Ireland, Italy, Portugal and Spain as of December 31, 2012 was EUR 4.3 billion, up from EUR 3.8 billion as of December 31, 2011. Our net exposure to these sovereigns was stable at EUR 0.6 billion, compared to December 31, 2011. Our non-sovereign risk-based credit risk exposure in these countries as of December 31, 2012 included net exposure to financial insti-

tutions of EUR 2.0 billion and to corporates and other counterparties of EUR 3.4 billion, compared to EUR 2.3 billion and EUR 2.5 billion, respectively, as of December 31, 2011. A significant majority of the purchased credit protection is transacted with banks outside of the disclosed countries. For credit protection purchased from banks in the disclosed countries, such credit risk is reflected in the gross and net exposure to each relevant country.

Sovereign debt rating developments

During 2012 and the first two months of 2013, the sovereign debt rating of the countries listed in the table were affected as follows: Standard & Poor's lowered the long-term rating for Italy to BBB+ from A, for Portugal to BB from BBB- and for Spain to BBB- from AA-, and increased Greece's rating to B- from C in February 2012 after several changes, including downgrades to RD (restricted default) in March 2012 and SD (selective default) at the beginning of December 2012. Fitch lowered Italy's rating to A- from A+, Spain's rating to BBB from AA-, and Greece's rating to CCC from B-. Moody's downgraded Italy to Baa2 from A2, Portugal to Ba3 from Ba2, Spain to Baa3 from A1 and Greece to C from Ca. The rating changes did not have a significant impact on the Group's financial position, result of operations, liquidity or capital resources.

Sources of credit risk

The majority of our credit risk is concentrated in the Wealth Management Clients and Corporate & Institutional Clients businesses within the Private Banking & Wealth Management division and in the Investment Banking division. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Our credit risk management framework covers virtually all of the Group's credit exposure and includes the following core components:

- individual counterparty rating systems;
- transaction rating systems;
- a counterparty credit limit system;
- country concentration limits;
- risk-based pricing methodologies;
- active credit portfolio management; and
- a credit risk provisioning methodology.

We employ a set of credit ratings for the purpose of internally rating counterparties to whom we are exposed to credit risk as the contractual party, including with respect to loans, loan

commitments, securities financings or OTC derivative contracts. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

Our internal ratings may differ from a counterparty's external ratings, if one is available. Internal ratings are reviewed at least annually. For the calculation of internal risk estimates and risk-weighted assets, a PD is assigned to each facility. For corporate & institutional counterparties excluding corporates managed on the Swiss platform, the PD is determined by the internal credit rating. For these client segments, internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analyzed are dependent on the type of counterparty. The analysis emphasizes a forward-looking approach, concentrating on economic trends and financial fundamentals. Credit officers make use of peer analysis, industry comparisons, external ratings and research, and the judgment of credit experts. The PD for each rating is calibrated based on historic default experience, using external data from Standard & Poor's, and backtested to ensure consistency with internal experience. For corporates managed on the Swiss platform and consumer loans, the PD is calculated directly by proprietary statistical rating models, which are based on internally compiled data comprising both quantitative factors (primarily loan-to-value (LTV) ratio and the borrower's income level for mortgage lending and balance sheet information for corporates) and qualitative factors (e.g., credit histories from credit reporting bureaus). In this case, an equivalent rating is assigned for reporting purposes, based on the PD band associated with each rating.

We assign an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the LGD assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. We use credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting, risk-adjusted performance measurement, economic capital measurement and allocation and financial accounting. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. The overall internal credit rating system has been approved by FINMA for application of the A-IRB approach under the Basel framework.

Credit limits are used to manage individual counterparty credit risk. A system of limits is also established to address concentration risk in the portfolio, including a comprehensive set of country limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis, and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties that could be subject to adverse changes in creditworthiness.

Our regular review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at fair value are reflected in valuation changes recorded directly in revenues, and therefore are not part of the impaired loans balance. Impaired transactions are further classified as potential problem exposure, non-performing exposure or non-interest-earning exposure, and the exposures are generally managed within credit recovery units. The Credit Portfolio and Provisions Review Committee regularly determines the adequacy of allowances.

Risk mitigation

We actively manage our credit exposure utilizing credit hedges, collateral and guarantees. Collateral is security in the form of an asset, such as cash and marketable securities, which serves to mitigate the inherent risk of credit loss and to improve recoveries in the event of a default.

The policies and processes for collateral valuation and management are driven by:

- legal documentation that is agreed with our counterparties; and
- an internally independent collateral management function.

For our trading portfolio, the valuation of the collateral portfolio is performed as per the availability of independent market data, generally daily for traded products. Exceptions are governed by the calculation frequency described in the legal documentation. The management of collateral is standardized and centralized to ensure complete coverage of traded products.

Credit risk overview

All transactions that are exposed to potential losses due to a counterparty failing to meet an obligation are subject to credit risk exposure measurement and management. The following table represents credit risk from loans, loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of risk mitigation such as cash collateral and marketable securities or credit hedges.

Credit risk

end of	2012	2011	% change
Credit risk (CHF million)			
Balance sheet			
Gross loans	243,204	234,357	4
of which reported at fair value	20,000	20,694	(3)
Loans held-for-sale	19,894	20,457	(3)
Traded loans	4,282	3,581	20
Derivative instruments ¹	37,138	56,254	(34)
Total balance sheet	304,518	314,649	(3)
Off-balance sheet			
Loan commitments ²	237,110	220,560	8
Credit guarantees and similar instruments	12,833	7,348	75
Irrevocable commitments under documentary credits	6,258	5,687	10
Total off-balance sheet	256,201	233,595	10
Total credit risk	560,719	548,244	2

Before risk mitigation, for example, collateral, credit hedges.

¹ Positive replacement value after netting agreements. ² Includes CHF 139,709 million and CHF 138,051 million of unused credit limits as of December 31, 2012 and 2011, respectively, which were revocable at our sole discretion upon notice to the client.

As of December 31, 2012 and 2011, loans held-for-sale included CHF 554 million and CHF 830 million, respectively, of US subprime residential mortgages from consolidated variable interest entities. Traded loans included US subprime residential mortgages of CHF 383 million and CHF 330 million as of December 31, 2012 and 2011, respectively.

Loans and loan commitments

Loans which we have the intention and ability to hold to maturity are valued at amortized cost less any allowance for loan losses. Loan commitments include irrevocable credit facilities for both divisions and, in Private Banking & Wealth Management, unused credit limits that can be revoked at our sole discretion upon notice to the client. Loans and loan commitments for which the fair value option is elected are reported at fair value with changes in fair value reported in trading revenues.

Loans and loan commitments

end of	2012	2011	% change
Loans and loan commitments (CHF million)			
Gross loans	243,204	234,357	4
of which Private Banking & Wealth Management	208,526	197,017	6
of which Investment Banking	34,658	37,329	(7)
Loan commitments	237,110	220,560	8
Total loans and loan commitments	480,314	454,917	6
of which Private Banking & Wealth Management	354,595	343,721	3
of which Investment Banking	125,701	111,069	13

The Private Banking & Wealth Management portfolio consists primarily of mortgages and loans collateralized by marketable securities that can be readily liquidated. In Investment Banking, we manage credit exposures primarily with credit hedges and monetizable collateral. Credit hedges represent the notional exposure

that has been transferred to other market counterparties, generally through the use of CDS and credit insurance contracts.

The following tables illustrate the effects of risk mitigation through cash collateral, marketable securities and credit hedges on a combined exposure of loans and loan commitments.

Loans and loan commitments – Private Banking & Wealth Management

end of	2012			2011		
Internal ratings	Gross exposure	Cash collateral and marketable securities	Net exposure	Gross exposure	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)						
AAA	2,324	(60)	2,264	2,515	(79)	2,436
AA	7,538	(1,014)	6,524	7,465	(521)	6,944
A	24,987	(2,923)	22,064	21,279	(1,022)	20,257
BBB	240,855	(129,900)	110,955	234,578	(133,475)	101,103
BB	71,776	(9,179)	62,597	71,345	(7,716)	63,629
B	5,241	(567)	4,674	4,833	(460)	4,373
CCC	319	(6)	313	429	(2)	427
CC	48	(1)	47	0	0	0
D	1,507	(170)	1,337	1,277	(162)	1,115
Total loans and loan commitments	354,595	(143,820)	210,775¹	343,721	(143,437)	200,284¹

Includes irrevocable credit facilities and unused credit limits which can be revoked at our sole discretion upon notice to the client.

¹ In addition, we have a synthetic collateralized loan portfolio, the Clock Finance transaction, which effectively transfers the first loss credit risk on a portfolio of originated loans of CHF 4.8 billion at closing within Corporate & Institutional Clients to capital market investors.

Loans and loan commitments – Investment Banking

end of	2012							2011
Internal ratings	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)								
AAA	6,529	0	(72)	6,457	8,758	(90)	(869)	7,799
AA	16,774	(1,649)	(23)	15,102	12,331	(3,228)	(4)	9,099
A	29,348	(5,085)	(24)	24,239	22,560	(6,773)	(779)	15,008
BBB	31,092	(8,980)	(1,702)	20,410	31,289	(9,586)	(673)	21,030
BB	18,044	(2,103)	(213)	15,728	15,156	(2,452)	(474)	12,230
B	21,682	(2,663)	(458)	18,561	17,289	(1,738)	(890)	14,661
CCC	1,100	(184)	(65)	851	1,869	(359)	(1)	1,509
CC	18	0	(18)	0	64	0	(21)	43
C	188	(19)	0	169	241	(113)	(62)	66
D	926	(320)	(70)	536	1,512	(190)	(19)	1,303
Total loans and loan commitments	125,701	(21,003)	(2,645)	102,053	111,069	(24,529)	(3,792)	82,748

Includes undrawn irrevocable credit facilities.

Loss given default

The Private Banking & Wealth Management LGD measurement takes into account collateral pledged against the exposure and guarantees received, with the exposure adjusted for risk mitigation. The concentration in BBB and BB rated counterparties with low LGD exposure largely reflects the Private Banking & Wealth Management residential mortgage business, which is highly collateralized. In Investment Banking, the LGD measurement is primarily determined by the seniority

ranking of the exposure, with the exposure adjusted for risk mitigation and guarantees received. The LGD measurement system is validated by an internally independent function on a regular basis and has been approved by the regulatory authorities for application in the A-IRB approach under the Basel framework. The tables below present our loans, net of risk mitigation, across LGD buckets for Private Banking & Wealth Management and Investment Banking.

Loans – Private Banking & Wealth Management

end of 2012	Loss given default buckets							
Internal ratings	Funded gross exposure	Funded net exposure	0–10%	11–20%	21–40%	41–60%	61–80%	81–100%
Loss given default (CHF million)								
AAA	1,107	1,103	117	492	335	157	2	0
AA	2,184	2,144	113	747	1,119	132	8	25
A	18,539	17,746	2,525	10,056	4,497	506	110	52
BBB	124,290	87,688	9,949	48,034	24,115	4,293	885	412
BB	56,200	51,076	5,452	18,306	20,230	4,375	1,102	1,611
B	4,585	4,117	771	871	1,869	496	105	5
CCC	224	217	32	9	176	0	0	0
CC	48	48	1	9	0	38	0	0
D	1,349	1,231	75	246	465	267	118	60
Total loans	208,526	165,370	19,035	78,770	52,806	10,264	2,330	2,165

As of December 31, 2012, 96% of the aggregate Swiss residential mortgage loan portfolio of CHF 93.2 billion had an LTV ratio below 80%. As of December 31, 2011, 95% of the corresponding loan portfolio of CHF 89.1 billion had an LTV ratio

below 80%. For the Swiss residential mortgage loans originated in 2012 and 2011, the average LTV ratio was below 80% at origination. Our LTV ratios are based on the most recent appraised value of the collateral.

Loans – Investment Banking

end of 2012	Loss given default buckets							
Internal ratings	Funded gross exposure	Funded net exposure	0–10%	11–20%	21–40%	41–60%	61–80%	81–100%
Loss given default (CHF million)								
AAA	2,284	2,211	79	0	1,910	222	0	0
AA	1,820	1,810	269	0	1,444	97	0	0
A	4,425	3,965	605	0	2,282	1,078	0	0
BBB	8,192	3,930	492	0	1,987	1,167	257	27
BB	9,340	7,875	4,064	15	3,078	708	0	10
B	7,136	5,030	2,569	76	1,778	466	141	0
CCC	462	306	47	0	244	15	0	0
CC	18	0	0	0	0	0	0	0
C	160	141	1	0	129	11	0	0
D	821	455	267	11	177	0	0	0
Total loans	34,658	25,723	8,393	102	13,029	3,764	398	37

Loans

Compared to the end of 2011, gross loans increased 4% to CHF 243.2 billion. In Private Banking & Wealth Management, gross loans increased 6% to CHF 208.5 billion, primarily due to higher commercial and industrial loans, an increase in residential mortgages and higher loans to the real estate sector, partially offset by the US dollar translation impact. In Investment Banking, gross loans decreased 7% to CHF 34.7 billion, primarily due to lower commercial and industrial loans, decreased loans to financial institutions and the US dollar translation impact.

- ▶ Refer to “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group.

Impaired loans

Gross impaired loans were stable at CHF 1.7 billion in 2012, as increases in non-performing loans in Investment Banking of CHF 99 million and higher non-interest-earning loans in

Private Banking & Wealth Management of CHF 79 million were substantially offset by a decrease of CHF 153 million in potential problem loans across the Group.

- ▶ Refer to “Impaired loans” in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality for information on categories of impaired loans.

Allowance for loan losses

We maintain valuation allowances on loans valued at amortized cost, which we consider a reasonable estimate of losses inherent in the existing credit portfolio. We provide for loan losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration. If uncertainty exists as to the repayment of either principal or interest, a valuation allowance is either created or adjusted accordingly. The allowance for loan losses is revalued by Group credit risk management at least annually or more frequently depending on the risk profile of the borrower or credit relevant events.

Loans

end of	Private Banking & Wealth Management		Investment Banking		Credit Suisse ¹	
	2012	2011	2012	2011	2012	2011
Loans (CHF million)						
Mortgages	91,872	88,255	0	0	91,872	88,255
Loans collateralized by securities	27,363	26,461	0	0	27,363	26,461
Consumer finance	6,290	6,031	611	664	6,901	6,695
Consumer	125,525	120,747	611	664	126,136	121,411
Real estate	25,253	23,287	1,472	1,898	26,725	25,185
Commercial and industrial loans	48,860	44,620	13,829	15,367	62,709	59,998
Financial institutions	7,616	7,085	17,289	18,288	24,905	25,373
Governments and public institutions	1,272	1,278	1,457	1,112	2,729	2,390
Corporate & institutional	83,001 ²	76,270 ²	34,047	36,665	117,068	112,946
Gross loans	208,526	197,017	34,658	37,329	243,204	234,357
of which reported at fair value	257	402	19,743	20,292	20,000	20,694
Net (unearned income) / deferred expenses	(39)	(6)	(20)	(28)	(59)	(34)
Allowance for loan losses ³	(785)	(743)	(137)	(167)	(922)	(910)
Net loans	207,702	196,268	34,501	37,134	242,223	233,413
Impaired loans (CHF million)						
Non-performing loans	604	602	255	156	859	758
Non-interest-earning loans	309	230	4	32	313	262
Total non-performing and non-interest-earning loans	913	832	259	188	1,172	1,020
Restructured loans	0	5	30	13	30	18
Potential problem loans	513	603	14	77	527	680
Total other impaired loans	513	608	44	90	557	698
Gross impaired loans ³	1,426	1,440	303	278	1,729	1,718
of which loans with a specific allowance	1,307	1,286	204	261	1,511	1,547
of which loans without a specific allowance	119	154	99	17	218	171
Allowance for loan losses (CHF million)						
Balance at beginning of period ³	743	782	167	235	910	1,017
Change in scope of consolidation	0	0	(18)	0	(18)	0
Net movements recognized in statements of operations	171	113	(12)	28	159	141
Gross write-offs	(180)	(194)	(21)	(105)	(201)	(299)
Recoveries	34	36	10	5	44	41
Net write-offs	(146)	(158)	(11)	(100)	(157)	(258)
Provisions for interest	13	5	16	9	29	14
Foreign currency translation impact and other adjustments, net	4	1	(5)	(5)	(1)	(4)
Balance at end of period ³	785	743	137	167	922	910
of which individually evaluated for impairment	598	544	98	106	696	650
of which collectively evaluated for impairment	187	199	39	61	226	260
Loan metrics (%)						
Total non-performing and non-interest-earning loans / Gross loans ⁴	0.4	0.4	1.7	1.1	0.5	0.5
Gross impaired loans / Gross loans ⁴	0.7	0.7	2.0	1.6	0.8	0.8
Allowance for loan losses / Total non-performing and non-interest-earning loans ³	86.0	89.3	52.9	88.8	78.7	89.2
Allowance for loan losses / Gross impaired loans ³	55.0	51.6	45.2	60.1	53.3	53.0

¹ Includes Corporate Center, in addition to Private Banking & Wealth Management and Investment Banking. ² Includes loans secured by financial collateral and mortgages. The value of financial collateral and mortgages, considered up to the amount of the related loans, was CHF 64,536 million and CHF 62,036 million as of December 31, 2012 and 2011, respectively. ³ Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value. ⁴ Excludes loans carried at fair value.

Allowance for inherent loan losses

In accordance with accounting principles generally accepted in the US (US GAAP), an inherent loss allowance is estimated for all loans not specifically identified as impaired and that, on a portfolio basis, are considered to contain inherent losses. Inherent losses in the Private Banking & Wealth Management lending portfolio are determined based on current internal risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. In Investment Banking, loans are segregated by risk, industry or country rating in order to estimate inherent losses. Inherent losses on loans are estimated based on historical loss and recovery experience and recorded in allowance for loan losses. A provision for inherent losses on off-balance sheet lending-related exposure, such as contingent liabilities and irrevocable commitments, is also determined, using a methodology similar to that used for the loan portfolio.

Provision for credit losses

Net provision for credit losses charged to the consolidated statements of operations in 2012 was CHF 170 million, compared to a net provision of CHF 187 million in 2011. In Private Banking & Wealth Management, the net provision for credit losses in 2012 was CHF 182 million, compared to CHF 111 million in 2011, reflecting higher new provisions and lower releases of provisions. In Investment Banking, the net release of provision for credit losses in 2012 was CHF 12 million, compared to a net new provision of CHF 76 million in 2011. In Investment Banking the change reflected significantly higher provisions in 2011 from a guarantee provided to a third-party bank, and higher releases and recoveries in 2012.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency swaps and CDS, interest rate and foreign exchange options, foreign exchange forward contracts, and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. Positive replacement values (PRV) constitute an asset, while negative replacement values (NRV) constitute a liability. Fair value does not indicate future gains or losses, but rather premiums paid or received for a derivative instrument at

inception, if applicable, and unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

Forwards and futures

We enter into forward purchase and sale contracts for mortgage-backed securities, foreign currencies and commitments to buy or sell commercial and residential mortgages. In addition, we enter into futures contracts on equity-based indices and other financial instruments, as well as options on futures contracts. These contracts are typically entered into to meet the needs of customers, for trading and for hedging purposes.

On forward contracts, we are exposed to counterparty credit risk. To mitigate this credit risk, we limit transactions by counterparty, regularly review credit limits and adhere to internally established credit extension policies.

For futures contracts and options on futures contracts, the change in the market value is settled with a clearing broker in cash each day. As a result, our credit risk with the clearing broker is limited to the net positive change in the market value for a single day.

Swaps

Our swap agreements consist primarily of interest rate swaps, CDS, currency and equity swaps. We enter into swap agreements for trading and risk management purposes. Interest rate swaps are contractual agreements to exchange interest rate payments based on agreed upon notional amounts and maturities. CDS are contractual agreements in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. Currency swaps are contractual agreements to exchange payments in different currencies based on agreed notional amounts and currency pairs. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on an index or interest rate movements.

Options

We write options specifically designed to meet the needs of customers and for trading purposes. These written options do not expose us to the credit risk of the customer because, if

exercised, we and not our counterparty are obligated to perform. At the beginning of the contract period, we receive a cash premium. During the contract period, we bear the risk of unfavorable changes in the value of the financial instruments underlying the options. To manage this market risk, we purchase or sell cash or derivative financial instruments. Such purchases and sales may include debt and equity securities, forward and futures contracts, swaps and options.

We also purchase options to meet customer needs, for trading purposes and for hedging purposes. For purchased options, we obtain the right to buy or sell the underlying instrument at a fixed price on or before a specified date. During the contract period, our risk is limited to the premium paid. The underlying instruments for these options typically include fixed income and equity securities, foreign currencies and interest

rate instruments or indices. Counterparties to these option contracts are regularly reviewed in order to assess creditworthiness.

The table below illustrates how credit risk on derivatives receivables is reduced by the use of legally enforceable netting agreements and collateral agreements. Netting agreements allow us to net balances from derivative assets and liabilities transacted with the same counterparty when the netting agreements are legally enforceable. Replacement values are disclosed net of such agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us.

Derivative instruments by maturity

end of / due within	2012			2011			Positive replacement value	Positive replacement value
	Less than 1 year	1 to 5 years	More than 5 years	Less than 1 year	1 to 5 years	More than 5 years		
Derivative instruments (CHF billion)								
Interest rate products	41.4	226.5	436.6	704.5	40.6	208.6	483.0	732.2
Foreign exchange products	32.1	17.8	13.8	63.7	40.6	20.7	14.9	76.2
Precious metals products	0.9	0.6	0.0	1.5	1.5	0.8	0.0	2.3
Equity/index-related products	5.8	7.4	3.4	16.6	9.2	7.2	4.8	21.2
Credit derivatives	2.5	20.0	8.1	30.6	4.5	34.9	23.9	63.3
Other products	1.6	1.8	1.4	4.8	4.9	3.9	2.6	11.4
OTC derivative instruments	84.3	274.1	463.3	821.7	101.3	276.1	529.2	906.6
Exchange-traded derivative instruments				15.6				22.5
Netting agreements ¹				(800.2)				(872.9)
Total derivative instruments				37.1				56.2
of which recorded in trading assets				33.2				52.5
of which recorded in other assets				3.9				3.7

¹ Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. The

following table represents the rating split of our credit exposure from derivative instruments.

Derivative instruments by counterparty credit rating

end of	2012	2011
Derivative instruments (CHF billion)		
AAA	1.9	6.0
AA	9.6	9.6
A	10.9	18.3
BBB	8.1	11.8
BB or lower	5.3	8.0
OTC derivative instruments	35.8	53.7
Exchange-traded derivative instruments ¹	1.3	2.5
Total derivative instruments ¹	37.1	56.2

¹ Taking into account legally enforceable netting agreements.

Derivative instruments by maturity and by counterparty credit rating for the Bank are not materially different, neither in absolute amounts nor in terms of movements, from the information for the Group presented above.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

- ▶ Refer to "Note 30 – Derivatives and hedging activities" in V – Consolidated financial statements – Credit Suisse Group for further information on derivatives, including an overview of derivatives by products categorized for trading and hedging purposes.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. Our primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, we transfer operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of our activities and is comprised of a large number of disparate risks. While

market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also inherently difficult to measure. We believe that effective management of operational risk requires a common firm-wide framework with ownership of these risks residing with the management responsible for the relevant business process.

Operational risk management

The central BORO team within the risk management function is responsible for the overall operational risk management framework design and methodology. It ensures cohesiveness of policies, tools and practices throughout the firm for operational risk management, specifically with regard to identification, evaluation, mitigation, monitoring and reporting of relevant operational risks.

Each individual business area takes responsibility for its operational risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated operational risk teams at the divisional and Group levels who are responsible for the implementation of the operational risk management framework, methodologies, tools and reporting within their areas as well as working with management on any operational risk issues that arise.

Operational risk issues, metrics and exposures are discussed at the quarterly CARMC meetings covering operational risk and at divisional risk management committees, which have senior staff representatives from all the relevant functions. We

utilize a number of firm-wide tools for the management and reporting of operational risk. These include risk and control self-assessments, scenario analysis, key risk indicator reporting and the collection, reporting and analysis of internal and external loss data. Knowledge and experience are shared throughout the Group to maintain a coordinated approach.

We are continuously enhancing our operational risk management practices. In 2012, qualitative and quantitative operational risk tolerance levels were added in all divisions as a new element of the operational risk framework. These tolerance levels are monitored and reported to the divisional risk management committees and CARMC which in turn monitor management adherence and oversee remediation and resolution of breaches. Effective in 2013, operational risk tolerance levels were added to the overall risk appetite framework.

Operational risk measurement

The RAR operational risk modeling team is responsible for the operational risk measurement methodology and associated capital calculations. We have approval from FINMA to use an internal model for the calculation of operational risk capital, which is aligned with the requirements of the AMA methodology under the Basel framework. We use a similar methodology to measure operational risk for economic capital purposes. The economic capital/AMA methodology is based upon the identification of a number of key risk scenarios that describe the major operational risks that we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario parameters into an operational risk model that generates a loss distribution from which the level of capital required to cover operational risk is determined. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario and incorporating haircuts as appropriate.

In 2012, following discussions with FINMA, we initiated a project to enhance our economic capital/AMA methodology to reflect recent developments regarding operational risk meas-

urement methodology and associated regulatory guidance. For the duration of this project, which is scheduled to conclude in 2013, operational risk capital for regulatory and economic capital purposes has been increased to reflect anticipated changes to our models. The increase has been agreed with FINMA for capital purposes and represents a 20% regulatory uplift on operational risk risk-weighted assets.

Reputational risk

Our policy is to avoid any transaction or service that brings with it the risk of a potentially unacceptable level of damage to our reputation.

Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction or service, the identity or activity of a controversial potential client, the regulatory or political climate in which the business will be transacted, and the potentially controversial environmental or social impacts of a transaction or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk, the relevant business proposal or service is required to be submitted through the globally standardized reputational risk review process. This involves a submission by an originator (any employee), endorsement by a business area head or designee, and its subsequent referral to one of the regional reputational risk approvers, each of whom is an experienced and high-ranked senior manager, independent of the business segments, who has authority to approve, reject, or impose conditions on our participation on the transaction or service. In order to inform our stakeholders about how we manage some of the environmental and social risks inherent to the banking business, we publish our Corporate Responsibility Report, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society. The governing bodies responsible for the oversight and active discussion of reputational risk and sustainability issues are the Reputational Risk & Sustainability Committee of the Executive Board on a global level and the regional reputational risk councils on a regional level.

Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

In 2005 and earlier, Credit Suisse AG, through a business line operating in Switzerland, entered into export finance credit facilities involving Iranian parties, through bilateral contracts and as a member of lending syndicates. Credit Suisse AG loaned funds under these facilities for project finance activities in Iran that did not support or facilitate Iran's nuclear weapons proliferation efforts, its acquisition of other military items, or its support of terrorism. Our participation in these credit facilities was legal under applicable law. The Iranian parties involved in certain credit facilities entered into between 2001 and 2005 subsequently were designated Specially Designated Nationals or Blocked Persons pursuant to an Executive Order of the President of the United States, or fall within the US government's definition of the government of Iran (which includes government-controlled entities). Default on these facilities is subject to export financing insurance provided by European governmental export credit agencies. Credit Suisse AG does not generally calculate gross revenues or net profits from individual export finance credit facilities of this type; however, Credit Suisse AG estimates that it recognized approximately CHF 1.3 million in interest income in 2012 on these facilities, and believes that it has not earned any related net profit in 2012 and over the life of these facilities. While Credit Suisse AG ceased providing funds to any Iranian parties pursuant to any of these credit facilities several years ago, it has

continued, where possible, to receive repayment of funds owed to it by such parties, including during the reporting period. As of December 31, 2012, approximately CHF 5.4 million was owed to Credit Suisse AG under these credit facilities which is not covered by the European governmental export credit agency guarantees, out of a total amount of approximately CHF 117.2 million outstanding. Credit Suisse AG will continue to seek repayment of funds it is owed under these facilities pursuant to its contractual rights and applicable law, and is cooperating with the European governmental export credit agencies.

During 2012, Credit Suisse AG processed a small number of de minimis payments related to the operation of Iranian diplomatic missions in Switzerland and to fees for ministerial government functions such as issuing passports and visas. Processing these payments is permitted under Swiss law and is performed with the consent of Swiss authorities, and Credit Suisse AG intends to continue processing such payments. Revenues and profits from these activities are not calculated but would be negligible.

Credit Suisse AG also holds funds from two wire transfers to non-Iranian customers which were blocked pursuant to Swiss sanctions because Iranian government-owned entities have an interest in such transfers. Such funds are maintained in blocked accounts opened in accordance with Swiss sanctions requirements. Credit Suisse AG derives no revenues or profits from maintenance of these blocked accounts.

Balance sheet, off-balance sheet and other contractual obligations

During 2012, we decreased our balance sheet by 12%, reflecting measures taken in connection with our balance sheet reduction initiative announced in October 2012 and the foreign exchange translation impact. As of the end of 2012, total assets were CHF 924.3 billion, total liabilities were CHF 882.0 billion and total equity was CHF 42.3 billion.

Balance sheet summary

	end of			% change	
	2012	2011	2010	12 / 11	11 / 10
Assets (CHF million)					
Cash and due from banks	61,763	110,573	65,467	(44)	69
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	183,455	236,963	220,443	(23)	7
Trading assets	256,399	279,553	324,704	(8)	(14)
Net loans	242,223	233,413	218,842	4	7
Brokerage receivables	45,768	43,446	38,769	5	12
All other assets	134,672	145,217	163,780	(7)	(11)
Total assets	924,280	1,049,165	1,032,005	(12)	2
Liabilities and equity (CHF million)					
Due to banks	31,014	40,147	37,493	(23)	7
Customer deposits	308,312	313,401	287,564	(2)	9
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	132,721	176,559	168,394	(25)	5
Trading liabilities	90,816	127,760	133,997	(29)	(5)
Long-term debt	148,134	162,655	173,752	(9)	(6)
Brokerage payables	64,676	68,034	61,746	(5)	10
All other liabilities	106,323	119,524	126,044	(11)	(5)
Total liabilities	881,996	1,008,080	988,990	(13)	2
Total shareholders' equity	35,498	33,674	33,282	5	1
Noncontrolling interests	6,786	7,411	9,733	(8)	(24)
Total equity	42,284	41,085	43,015	3	(4)
Total liabilities and equity	924,280	1,049,165	1,032,005	(12)	2

The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

Balance sheet

Total assets were CHF 924.3 billion as of the end of 2012, down CHF 124.9 billion, or 12%, from the end of 2011. Excluding the foreign exchange translation impact, total assets decreased CHF 101.0 billion.

In Swiss francs, a decrease of CHF 53.5 billion, or 23%, in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions, reflected a decrease in reverse repurchase transactions. Cash and due from banks decreased CHF 48.8 billion, or 44%, driven by decreases in central bank holdings. Trading assets decreased CHF 23.2 billion, or 8%, due to decreases in derivative instruments, primarily reflecting decreases in interest rate products and credit products, and debt securities, partly offset by an increase in equity securities. Net loans increased CHF 8.8 billion, or 4%, primarily due to higher commercial and industrial loans, an increase in residential mortgages and higher loans to the real estate sector in Private Banking & Wealth Management, partially offset by decreases in commercial and industrial loans and loans to financial institutions in Investment Banking, and the US dollar translation impact. Brokerage receivables increased CHF 2.3 billion, or 5%, reflecting client-flow business. All other assets decreased CHF 10.5 billion, or 7%, including decreases of CHF 5.4 billion, or 7%, in other assets, CHF 1.7 billion, or 32%, in investment securities, CHF 1.6 billion, or 22%, in premises and equipment and CHF 1.2 billion, or 9%, in other investments.

Total liabilities were CHF 882.0 billion as of the end of 2012, down CHF 126.1 billion, or 13%, from the end of 2011. Excluding the foreign exchange translation impact, total liabilities decreased CHF 103.6 billion.

In Swiss francs, a decrease of CHF 43.8 billion, or 25%, in Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions mainly reflected decreases in **○**repurchase agreements in the US and Europe. Trading liabilities decreased CHF 36.9 billion, or 29%, reflecting decreases in derivative instruments and short trading positions. Long-term debt decreased CHF 14.5 billion, or 9%, primarily reflecting the maturing of senior and subordinated debt, offset by issuances of senior and subordinated debt. Due to banks decreased CHF 9.1 billion, or 23%, primarily due to decreases in demand and time deposits from commercial banks. Customer deposits decreased CHF 5.1 billion, or 2%, primarily due to the foreign exchange translation impact and a decrease in certificates of deposit. Brokerage payables decreased CHF 3.4 bil-

lion, or 5%, mainly reflecting the foreign exchange translation impact and a decrease in prime brokerage. All other liabilities decreased CHF 13.2 billion, or 11%, including a decrease of CHF 7.5 billion, or 29%, in short-term borrowings and CHF 5.6 billion, or 9% in other liabilities.

- ▶ Refer to “Liquidity and funding management” and “Capital management” for more information, including our funding of the balance sheet and the leverage ratio.

Off-balance sheet

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with SPEs, and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

○Derivatives are either privately negotiated **○**OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency swaps and **○**CDS, interest rate and foreign exchange options, foreign exchange forward contracts, and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. **○**PRV constitute an asset, while **○**NRV constitute a liability. Fair value does not indicate future gains or losses, but rather premiums paid or received for a derivative instrument at inception, if applicable, and unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

- ▶ Refer to “Derivative instruments” in Risk management – Credit risk for further information.
- ▶ Refer to “Note 30 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group for further information.

Guarantees and similar arrangements

In the ordinary course of business, guarantees and indemnifications are provided that contingently obligate us to make payments to a guaranteed or indemnified party based on changes in an asset, liability or equity security of the guaranteed or indemnified party. We may be contingently obligated to make payments to a guaranteed party based on another entity’s failure to perform, or we may have an indirect guarantee of the indebtedness of others. Guarantees provided include, but are not limited to, customary indemnifications to purchasers in connection with the sale of assets or businesses; to investors in private equity funds sponsored by us regarding potential obligations of their employees to return amounts previously paid as carried interest; to investors in our securities and other arrangements to provide gross-up payments if there is a withholding or deduction because of a tax assessment or other governmental charge; and to counterparties in connection with securities lending arrangements.

In connection with the sale of assets or businesses, we sometimes provide the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax and intellectual property matters, from the acquirer to the seller. We closely monitor all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in our consolidated financial statements.

US GAAP requires disclosure of our maximum potential payment obligations under certain guarantees to the extent that it is possible to estimate them and requires recognition of a liability for the fair value of obligations undertaken for guarantees issued or amended after December 31, 2002.

- ▶ Refer to “Note 31 – Guarantees and commitments” in V – Consolidated financial statements – Credit Suisse Group for disclosure of our estimated maximum payment obligations under certain guarantees and related information.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking’s sale of US residential mortgage loans, we have provided certain representations and warranties relating to the loans sold. We have provided these

representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac; institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that we have purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; loan-to-value ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were breached, we may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether we will incur a loss in connection with repurchases and make whole payments depends on: the extent to which claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether we can successfully claim against parties that sold loans to us and made representations and warranties to us; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

- ▶ Refer to “Representations and warranties on residential mortgage loans sold” in Note 31 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group for further information.

Involvement with special purpose entities

In the normal course of business, we enter into transactions with, and make use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and is generally structured to isolate the SPE’s assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist us and our clients in securitizing financial assets and creating investment products. We also use SPEs for other client-driven activity, such as to facilitate financings, and Group tax or regulatory purposes.

As a normal part of our business, we engage in various transactions that include entities that are considered VIEs and are grouped into three primary categories: ●CDO, ●CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under US GAAP, compelling the primary beneficiary to consolidate the VIE. The

primary beneficiary is the party that has the power to direct the activities that most significantly affect the economics of the VIE and potentially has significant benefits or losses in the VIE. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, including ongoing reassessment of VIEs for possible consolidation, may require the exercise of significant management judgment.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, we may hold interests in the VIEs.

- ▶ Refer to "Note 32 – Transfers of financial assets and variable interest entities" in V – Consolidated financial statements – Credit Suisse Group for further information.

We issue subordinated and senior securities through SPEs that lend the proceeds to the Group.

Contractual obligations and other commercial commitments

In connection with our operating activities, we enter into certain contractual obligations and commitments to fund certain assets. Our contractual obligations and commitments include short and long-term on-balance sheet obligations as well as future contractual interest payments and off-balance sheet obligations. Total obligations decreased CHF 67.7 billion in 2012 to CHF 676.0 billion, primarily reflecting the decrease in trading liabilities of CHF 36.9 billion to CHF 90.8 billion, the decrease in long-term debt of CHF 14.5 billion to CHF 148.1 billion and the decrease in due to banks of CHF 9.1 billion to CHF 31.0 billion.

- ▶ Refer to "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information on long-term debt and the related interest commitments.
- ▶ Refer to "Note 31 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information on commitments.

Contractual obligations and other commercial commitments

					2012	2011
	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total
Payments due within						
On- and off-balance sheet obligations (CHF million)						
Due to banks	29,730	461	237	586	31,014	40,147
Customer deposits	303,886	3,152	386	888	308,312	313,401
Short-term borrowings	18,641	0	0	0	18,641	26,116
Long-term debt ¹	30,458	42,458	25,786	49,432	148,134 ²	162,655 ²
Contractual interest payments ³	1,430	2,119	1,828	2,219	7,596 ⁴	–
Trading liabilities	90,816	0	0	0	90,816	127,760
Brokerage payables	64,676	0	0	0	64,676	68,034
Operating lease obligations	677	1,108	875	3,503	6,163	4,559
Purchase obligations	374	191	120	5	690	1,095
Total obligations⁵	540,688	49,489	29,232	56,633	676,042	743,767

¹ Refer to "Debt issuances and redemptions" in Liquidity and funding management and "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information on long-term debt. ² Includes non-recourse liabilities from consolidated VIEs of CHF 14,532 million and CHF 14,858 million as of December 31, 2012 and 2011, respectively. ³ Includes interest payments on fixed rate long-term debt, fixed rate interest-bearing deposits (excluding demand deposits) and fixed rate short-term borrowings, which have not been effectively converted to variable rate on an individual instrument level through the use of swaps. ⁴ Due to the non-determinable nature of interest payments, the following notional amounts have been excluded from the table: variable rate long-term debt of CHF 60,064 million, variable rate short-term borrowings of CHF 3,490 million, variable rate interest-bearing deposits and demand deposits of CHF 230,384 million, fixed rate long-term debt and fixed rate interest-bearing deposits converted to variable rate on an individual instrument level through the use of swaps of CHF 62,529 million and CHF 3,287 million, respectively. ⁵ Excludes total accrued benefit liability for pension and other post-retirement benefit plans of CHF 756 million and CHF 1,101 million as of December 31, 2012 and 2011, respectively, recorded in other liabilities in the consolidated balance sheets, as the accrued liability does not represent expected liquidity needs. Refer to "Note 29 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information on pension and other post-retirement benefits.

IV

Corporate Governance and Compensation

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Corporate Governance

Overview

Complying with rules and regulations

The Group's corporate governance complies with internationally accepted standards. We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We know that transparent disclosure of our governance helps stakeholders assess the quality of the Group and our management and assists investors in their investment decisions.

We fully adhere to the principles set out in the Swiss Code of Best Practice for Corporate Governance, including its appendix stipulating recommendations on the process for setting compensation for the Board of Directors (Board) and the Executive Board. On March 3, 2013, Swiss citizens approved the so-called "Minder Initiative" intended to strengthen shareholder rights. The initiative requires legislation be passed to impose board and executive compensation-related requirements on Swiss public companies, including requiring a binding (rather than advisory) shareholder vote on total board and total executive management compensation and prohibiting severance payments, salary prepayments and payments related to the acquisition or disposal of companies. The initiative also provides that the board members, the board chairperson and the compensation committee members be directly elected by shareholders annually. Further, the initiative calls for criminal sanctions in case of noncompliance. The Federal Council will have one year to issue a transitional ordinance which will be applicable until the Swiss Parliament passes the new law. Timing for the final implementation of the initiative is currently undetermined. We also continuously monitor and adapt our practices to reflect developments in corporate governance principles and practices in jurisdictions outside Switzerland. As in the past few years, regulators focused their attention on compensation practices at financial institutions in 2012.

► Refer to "Compensation" for further information.

In connection with our primary listing on the SIX Swiss Exchange (SIX), we are subject to the SIX Directive on Information Relating to Corporate Governance. Our shares are also listed on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADS). Since January 2013, the Group has listed certain exchange traded notes on the Nasdaq Stock Market (Nasdaq). As a result, we are subject to certain US rules and regulations. We adhere to the NYSE's and the Nasdaq's corporate governance listing standards

(NYSE and Nasdaq standards), with a few exceptions where the rules are not applicable to foreign private issuers.

The following are the significant differences between our corporate governance standards and the corporate governance standards applicable to US domestic issuers listed on the NYSE and Nasdaq:

- Approval of employee benefit plans: the NYSE and Nasdaq standards require shareholder approval of the establishment of, and material revisions to, certain equity compensation plans. We comply with Swiss law, which requires that shareholders approve the creation of conditional capital used to set aside shares for employee benefit plans and other equity compensation plans, but does not require shareholders to approve the terms of those plans.
- Risk assessment and risk management: the NYSE standards allocate to the Audit Committee responsibility for the discussion of guidelines and policies governing the process by which risk assessment and risk management is undertaken, while at the Group these duties are assumed by the Risk Committee. Whereas our Audit Committee members satisfy the NYSE as well as Nasdaq independence requirements, our Risk Committee may include non-independent members.
- Independence of nominating and corporate governance committee: the NYSE and Nasdaq standards require that all members of the nominating and corporate governance committee be independent. The Group's Chairman's and Governance Committee is currently comprised entirely of independent members, but according to its charter, may include non-independent members.
- Reporting: the NYSE and Nasdaq standards require that certain board committees report specified information directly to shareholders, while under Swiss law only the Board reports directly to the shareholders and the committees submit their reports to the full Board.
- Appointment of the external auditor: the NYSE and Nasdaq standards require the Audit Committee to be directly responsible for the appointment, compensation, retention and oversight of the external auditor unless there is a conflicting requirement under home country law. Under Swiss law, the appointment of the external auditor must be approved by the shareholders at the Annual General Meeting (AGM) based on the proposal of the Board, which receives the advice and recommendation of the Audit Committee.
- Audit Committee charter: the Nasdaq standards require the Audit Committee to review and assess the adequacy of

its charter on an annual basis, while our Audit Committee's charter only requires review and assessment from time to time.

- Executive sessions: the NYSE and Nasdaq standards require that the board of directors meet regularly in executive sessions comprised solely of independent directors. Our Board meets regularly in executive sessions comprised of all directors, including any directors determined to be not independent. If any item is being discussed at the meeting that raises a conflict of interest for any of our directors, however, such director does not participate in the related decision making.
- Quorums: the Nasdaq standards require that the company's by-laws provide for a quorum of at least 33⅓ percent of the outstanding shares of the company's common stock for any meeting of the holders of common stock. The Group's Articles of Association call for a quorum in certain instances, but do not require a quorum of 33⅓ percent or greater of the holders of the outstanding shares of common stock for any meeting of shareholders.

Corporate governance framework

The Board has adopted corporate governance policies and procedures, which are defined in a series of documents and form the basis of a sound corporate governance framework. Our corporate governance documents, all of which are available on our website at www.credit-suisse.com/governance, include:

- Articles of Association (AoA): define the purpose of the business, the capital structure and the basic organizational framework. The AoA of the Group is dated February 6, 2013, and the AoA of the Bank is dated May 2, 2011.
- Code of Conduct: defines the Group's ethical values and professional standards that the Board and all employees are required to follow, including adherence to all relevant laws, regulations, and policies in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking. The Code of Conduct also implements requirements stipulated under the US Sarbanes-Oxley Act of 2002 (SOX) by including provisions on ethics for our Chief Executive Officer (CEO) and our principal financial and accounting officers and other persons performing similar functions. No waivers or exceptions are permissible under our Code of Conduct. Our Code of Conduct is available on our website at www.credit-suisse.com/code in nine languages.
- Organizational Guidelines and Regulations (OGR): define the responsibilities and sphere of authority of the Board, its committees and the various senior management bodies

within the Group, as well as the relevant reporting procedures.

- Corporate Governance Guidelines: summarize corporate governance principles promoting the function of the Board and its committees and the effective governance of the Group.
- Board of Directors charter: outlines the organization and responsibilities of the Board.
- Board committee charters: define the organization and responsibilities of the committees.
- Compensation policy: provides a foundation for the development of sound compensation plans and practices.

Company

Credit Suisse Group AG (Group) and Credit Suisse AG (Bank) are registered as Swiss corporations in the Commercial Register of the Canton of Zurich under the registration numbers CH-020.3.906.075-9 (as of March 3, 1982) and CH-020.3.923.549-1 (as of April 27, 1883), respectively, and have their registered and main offices at Paradeplatz 8, 8001 Zurich, Switzerland. The Group and the Bank were incorporated on March 3, 1982 and July 5, 1856, respectively, with unlimited duration. The authorized representative in the US for the Group and the Bank is Credit Suisse (USA), Inc., 11 Madison Avenue, New York, New York, 10010. The business purpose of the Group, as set forth in Article 2 of its AoA, is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The business purpose of the Bank, as set forth in Article 2 of its AoA, is to operate as a bank, with all related banking, finance, consultancy, service and trading activities in Switzerland and abroad. The AoA of the Group and the Bank set forth their powers to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing and to acquire, mortgage and sell real estate properties both in Switzerland and abroad.

Our business consists of two operating divisions: Private Banking & Wealth Management and Investment Banking. The two divisions are complemented by Shared Services and a regional management structure.

- ▶ Refer to "I – Information on the company" for further information on our structure.
- ▶ Refer to "II – Operating and financial review" for a detailed review of our operating results.
- ▶ Refer to "Note 38 – Significant subsidiaries and equity method investments" in V – Consolidated financial statements – Credit Suisse Group for a list of significant subsidiaries and associated entities.

The Group is listed on the SIX (Swiss Security Number 1213853), with a market capitalization of CHF 29,402 million as of December 31, 2012. No Group subsidiaries have shares listed on the SIX or any other stock exchange.

The Swiss Code of Obligations requires directors and members of senior management to safeguard the interests of the corporation and, in connection with this requirement, imposes the duties of care and loyalty on directors and members of senior management. While Swiss law does not have a general provision on conflicts of interest, the duties of care and loyalty are generally understood to disqualify directors and members of senior management from participating in decisions that could directly affect them. Directors and members of senior management are personally liable to the corporation for any breach of these provisions.

Neither Swiss law nor our AoA restrict our power to borrow and raise funds in any way. The decision to borrow funds is passed by or under the direction of our Board, with no shareholders' resolution required.

Number of employees

end of	2012	2011	% change
Number of employees (full-time equivalents)			
Private Banking & Wealth Management	27,300	28,100	(3)
Investment Banking	19,800	20,700	(4)
Corporate Center	300	900	(67)
Number of employees	47,400	49,700	(5)
of which Switzerland	19,400	21,200	(8)
of which EMEA	9,300	9,200	1
of which Americas	11,300	11,700	(3)
of which Asia Pacific	7,400	7,600	(3)

Employees

As of December 31, 2012, we had 47,400 employees worldwide, of which 19,400 were in Switzerland and 28,000 were abroad.

The number of employees decreased by 2,300, or 5%, compared to the end of 2011. This reflected reductions in headcount of 3,200 employees in connection with our cost-efficiency initiatives in Investment Banking and Private Banking & Wealth Management and the sale of Wincasa AG, a provider of real estate services, offset by graduate hiring and contractor employee conversion. Our corporate titles include managing director, director, vice president, assistant vice president and non-officer staff. The majority of our employees do not belong to unions. We have not experienced any significant strikes, work stoppages or labor disputes in recent years. We consider our relations with our employees to be good.

Information policy

We are committed to an open and fair information policy with our shareholders and other stakeholders. Our Investor Relations and Corporate Communications departments are responsible for inquiries.

All Credit Suisse Group AG shareholders registered in our share register receive an invitation to our AGM including an order form to receive the annual report and other reports. Each registered shareholder also receives a quarterly shareholders' letter and may elect to receive the quarterly reports on our financial performance.

All of these reports and other information can be accessed on our website at www.credit-suisse.com/investors.

Articles of Association

The summaries below of the material provisions of our AoA and the Swiss Code of Obligations do not purport to be complete and are qualified in their entirety by reference to the Swiss Code of Obligations and the AoA. The Group's and Bank's AoA are available on our website at www.credit-suisse.com/articles.

- ▶ Refer to "Shareholders" and "Additional information" for a summary of the material provisions of our AoA and the Swiss Code of Obligations as they relate to our shares.

Indemnification

Neither our AoA nor Swiss statutory law contains provisions regarding the indemnification of directors and officers. According to general principles of Swiss employment law, an employer may, under certain circumstances, be required to indemnify an employee against losses and expenses incurred by such person in the execution of such person's duties under an employment agreement, unless the losses and expenses arise from the employee's gross negligence or willful misconduct. It is our policy to indemnify current and former directors and/or employees against certain losses and expenses in respect of service as a director or employee of the Group, one of the Group's affiliates or another entity that we have approved, subject to specific conditions or exclusions. We maintain directors' and officers' insurance for our directors and officers.

Shareholders

Capital structure

Our total issued share capital as of December 31, 2012 was CHF 52,833,197 divided into 1,320,829,922 registered shares, with a nominal value of CHF 0.04 per share. Our shares are listed on the SIX and in the form of ADS on the NYSE.

- ▶ Refer to “Note 7 – Share capital, conditional, conversion and authorized capital of Credit Suisse Group” in VI – Parent company financial statements – Credit Suisse Group and our AoA (Articles 26, 26b-c and 27) for information on changes to our capital structure during the year.

Shareholder base

We have a broad shareholder base, with the majority of shares owned directly or indirectly by institutional investors outside Switzerland. Through the use of an external global market intelligence firm, we regularly gather additional information on

the composition of our shareholder base including information on shares that are not registered in the share register. According to this data, our shareholder base as of December 31, 2012 was comprised of 10% private investors, 76% institutional investors and 14% other investors. The geographical break down of our institutional investors is as follows: 18% Switzerland, 9% other continental Europe, 14% the UK and Ireland, 44% the US and 15% the rest of the world.

As of December 31, 2012, 138,649 shareholders were listed in our share register. To the best of our knowledge, there are no agreements in place that could lead to a change in control of the Group. As of December 31, 2012, 50.5 million, or 3.8%, of the issued shares were in the form of ADS. Another 12 million, or 0.9%, of the issued shares were registered in the name of US domiciled shareholders (excluding nominees) as of December 31, 2012.

The information provided in the following tables reflects the distribution of Group shares as registered in our share register.

Distribution of Group shares in the share register

end of	2012		2011					
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Distribution of Group shares								
Swiss	122,564	89	112,106,298	9	128,470	88	113,717,974	10
Foreign	11,427	8	13,464,237	1	12,057	8	12,442,468	1
Private investors	133,991	97	125,570,535	10	140,527	96	126,160,442	11
Swiss	4,030	3	123,232,578	9	4,426	3	143,700,242	12
Foreign	628	0	620,098,199	47	703	1	544,466,906	44
Institutional investors	4,658	3	743,330,777	56	5,129	4	688,167,148	56
Shares registered in share register	138,649	100	868,901,312	66	145,656	100	814,327,590	67
of which Switzerland	126,594	91	235,338,876	18	132,896	91	257,418,216	21
of which Europe	10,791	8	420,808,155	32	11,380	8	301,566,718	25
of which US	191	0	189,766,059	14	225	0	161,319,018	13
of which Other	1,073	1	22,988,222	2	1,155	1	94,023,638	8
Shares not registered in share register	-	-	451,928,610	34	-	-	410,005,472	33
Total shares issued	-	-	1,320,829,922	100	-	-	1,224,333,062	100

Distribution of institutional investors in share register by industry

end of	2012				2011			
	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Institutional investors by industry								
Banks	36	0	2,042,785	0	43	0	17,406,303	1
Insurance companies	94	0	4,352,379	0	94	0	12,216,227	1
Pension funds	805	1	40,068,367	3	912	1	34,877,001	3
Investment trusts	342	0	60,480,195	5	339	0	72,892,153	6
Other trusts	762	1	7,631,919	1	847	1	7,306,944	1
Governmental institutions	32	0	6,474,774	0	32	0	3,968,027	0
Other ¹	2,409	2	96,910,802	7	2,645	2	168,443,544	14
Direct entries	4,480	3	217,961,221	17	4,912	4	317,110,199	26
Fiduciary holdings	178	0	525,369,556	40	217	0	371,056,949	30
Total institutional investors	4,658	3	743,330,777	56	5,129	4	688,167,148	56

¹ Includes various other institutional investors for which a breakdown by industry type was not available.

Significant shareholders

Under the Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX is required to notify the company and the SIX if their holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33 $\frac{1}{3}$ %, 50% or 66 $\frac{2}{3}$ % of the voting rights entered into the commercial register, whether or not the voting rights can be exercised (that is, notifications must also include certain derivative holdings such as options or similar instruments). Following receipt of such notification, the company has the obligation to inform the public. In addition, pursuant to the Swiss Code of Obligations, a company must disclose in the notes to their annual consolidated financial statements the identity of any shareholders who own in excess of 5% of their shares. The following provides an overview of the holdings of shares of our significant shareholders, including any rights to purchase or dispose of shares, based on the most recent disclosure notifications. In line with the SESTA requirements, the percentages indicated below were calculated in relation to the share capital reflected in the AoA at the time of the disclosure notification. The full

text of all notifications can be found on our website at www.credit-suisse.com/shareholders. Each share entitles the holder to one vote.

► Refer to “Note 3 – Business developments and subsequent events” in V – Consolidated financial statements – Credit Suisse Group for further information on significant shareholders.

The Group also holds positions in its own shares, which are subject to the same disclosure requirements as significant external shareholders. These positions fluctuate and primarily reflect market making, facilitating customer orders and satisfying the obligations under our employee compensation plans. Shares held by the Group have no voting rights. As of December 31, 2012, our holdings amounted to 7.0% purchase positions (2.9% registered shares and 4.1% share acquisition rights) and 41.9% were sales positions (disposal rights).

Cross shareholdings

The Group has no cross shareholdings in excess of 5% of capital or voting rights with any other company.

Significant shareholders

	Group publication of notification	Number of shares (million)	Approximate shareholding %	Purchase rights %
December 31, 2012 or the most recent notification date				
Qatar Investment Authority (registered entity – Qatar Holding LLC)	April 30, 2011	76.1	6.2	–
The Olayan Group (registered entity – Crescent Holding GmbH)	July 24, 2012	78.4	6.1	10.9 ¹
Dodge & Cox	December 19, 2012	63.5	5.0	–
Franklin Resources, Inc.	September 14, 2012	57.3	4.5	–
Capital Group Companies, Inc.	January 21, 2013	39.4	3.1	1.0 ²
Black Rock Inc.	January 25, 2013	38.6	3.0	–
Harris Associates L.P.	May 17, 2012	36.9	3.0	–
Norges Bank	August 3, 2012	28.0	2.2	1.7 ³
December 31, 2011				
The Olayan Group (registered entity – Crescent Holding GmbH)	February 2, 2010	77.8	6.6	–
Qatar Investment Authority (registered entity – Qatar Holding LLC)	April 30, 2011	73.2	6.2	–
Dodge & Cox	December 15, 2011	35.9	3.0	–
Franklin Resources, Inc.	December 15, 2011	35.7	3.0	–
December 31, 2010				
The Olayan Group (registered entity – Crescent Holding GmbH)	February 2, 2010	78.4	6.6	–
Qatar Investment Authority (registered entity – Qatar Holding Netherlands B.V.)	August 27, 2010	73.2	6.2 ⁴	–
Black Rock Inc.	December 1, 2009	44.4	3.8	–
Koor Industries Ltd.	February 9, 2010	37.0	3.1	–
Capital Group Companies, Inc.	February 25, 2010	35.5	3.1	–

¹ Consists of 8.1% purchase rights relating to The Olayan Group's holdings of 8,625 tier 1 buffer capital notes, which will be converted into shares only in situations where the Group no longer meets specific regulatory capital requirements, and 2.7% purchase rights relating to the holdings of CHF 569 million mandatory and contingent convertible securities (MACCS), of which CHF 419 million were underwritten by The Olayan Group. The MACCS will convert to 35 million Group shares on March 29, 2013 at the conversion price of CHF 16.29, with settlement and delivery of shares in early April 2013. The remaining 0.1% purchase rights relate to The Olayan Group's holdings of options. ² Relates to the Capital Group Companies, Inc.'s holdings of CHF 201 million MACCS, which will convert to 12.3 million shares on March 29, 2013 at the conversion price of CHF 16.29, with settlement and delivery in early April 2013. ³ Relates to Norges Bank's holdings of CHF 353 million MACCS, which will convert to 21.6 million shares on March 29, 2013 at the conversion price of CHF 16.29, with settlement and delivery in early April 2013. ⁴ In the same notification, Qatar Holding Netherlands B.V. notified of their holdings of 1.25% sales positions (disposal rights) related to a variable forward agreement in respect of 14.8 million Group shares.

Shareholder rights

We are fully committed to the principle of equal treatment of all shareholders and encourage shareholders to participate at our AGM. The following is a summary of shareholder rights at the Group. Refer to our AoA, which is available on our website at www.credit-suisse.com/articles.

Voting rights and transfer of shares

There is no limitation under Swiss law or the AoA on the right to own Group shares.

In principle, each share represents one vote at the AGM. Shares held by the Group have no voting rights. Shares for which a single shareholder or shareholder group can exercise voting rights may not exceed 2% of the total outstanding share capital, unless one of the exemptions discussed below applies. The restrictions on voting rights do not apply to:

- the exercise of voting rights by the Group proxy or by the independent proxy as designated by the Group or by persons acting as proxies for deposited shares;

- shares in respect of which the shareholder confirms to us that the shareholder has acquired the shares in the shareholder's name for the shareholder's own account and in respect of which the disclosure requirements in accordance with the SESTA and the relevant ordinances and regulations have been fulfilled; or
- shares that are registered in the name of a nominee, provided that this nominee is willing to furnish us on request the name, address and shareholding of the person(s) for whose account the nominee holds 0.5% or more of the total share capital and confirms to us that any applicable disclosure requirements under the SESTA have been fulfilled.

In order to execute voting rights, shares need to be registered in the share register directly or in the name of a nominee. In order to be registered in the share register, the purchaser must file a share registration form. The registration of shares in the share register may be requested at any time. Failing

such registration, the purchaser may not vote or participate in shareholders' meetings. However, each shareholder, whether registered in the share register or not, receives dividends or other distributions approved at the AGM. The transfer of shares is executed by a corresponding entry in the custody records of a bank or depository institution following an assignment in writing by the selling shareholder and notification of such assignment to us by the transferor, the bank or the depository institution.

Annual General Meeting

Under Swiss law, the AGM must be held within six months of the end of the fiscal year. Notice of an AGM, including agenda items and proposals submitted by the Board and by shareholders, must be published in the Swiss Official Commercial Gazette at least 20 days prior to the AGM.

Shares only qualify for voting at an AGM if they are entered into the share register with voting rights no later than three days prior to the AGM.

Convocation of shareholder meetings

The AGM is convened by the Board or, if necessary, by the statutory auditors, with 20 days' prior notice. The Board is further required to convene an extraordinary shareholders' meeting (EGM) if so resolved at a shareholders' meeting or if so requested by shareholders holding in aggregate at least 10% of the nominal share capital. The request to call an EGM must be submitted in writing to the Board, and, at the same time, Group shares representing at least 10% of the nominal share capital must be deposited for safekeeping. The shares remain in safekeeping until the day after the EGM.

Request to place an item on the agenda

Shareholders holding shares with an aggregate nominal value of at least CHF 40,000 have the right to request that a specific item be placed on the agenda and voted upon at the AGM. The request to include a particular item on the agenda, together with a relevant proposal, must be submitted in writing to the Board no later than 45 days before the meeting and, at the same time, Group shares with an aggregate nominal value of at least CHF 40,000 must be deposited for safekeeping. The shares remain in safekeeping until the day after the AGM.

Statutory quorums

The AGM may, in principle, pass resolutions without regard to the number of shareholders present at the meeting or represented by proxy. Resolutions and elections generally require the approval of a majority of the votes represented at the meeting, except as otherwise provided by mandatory provisions of law or by the AoA.

Shareholders' resolutions that require a vote by a majority of the votes represented include:

- amendments to the AoA, unless a supermajority is required;
- election of directors and statutory auditors;
- approval of the annual report and the statutory and consolidated accounts;
- discharging of the acts of the members of the Board and Executive Board; and
- determination of the appropriation of retained earnings.

A quorum of at least two thirds of the votes represented is required for resolutions on:

- change of the purpose of the company;
- creation of shares with increased voting powers;
- implementation of transfer restrictions on shares;
- increase in conditional and authorized capital;
- increase of capital by way of conversion of capital surplus or by contribution in kind;
- restriction or suspension of pre-emptive rights;
- change of location of the principal office; and
- dissolution of the company without liquidation.

A quorum of at least half of the total share capital and approval by at least three quarters of the votes represented is required for resolutions on:

- the conversion of registered shares into bearer shares;
- amendments to the AoA relating to registration and voting rights of nominee holders; and
- the dissolution of the company.

A quorum of at least half of the total share capital and the approval of at least seven eighths of the votes cast is required for amendments to provisions of the AoA relating to voting rights.

Say on pay

In accordance with the Swiss Code of Best Practice for Corporate Governance, the Group submits its remuneration report (contained in the Corporate Governance and Compensation section of the annual report) for a consultative vote by shareholders at the AGM.

Pre-emptive rights

Under Swiss law, any share issue, whether for cash or non-cash consideration or no consideration, is subject to the prior approval of the shareholders. Shareholders of a Swiss corporation have certain pre-emptive rights to subscribe for new issues of shares in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting with a supermajority may, however, limit or suspend pre-emptive rights in certain limited circumstances.

Notices

Notices to shareholders are made by publication in the Swiss Official Commercial Gazette. The Board may designate further means of communication for publishing notices to shareholders. Notices required under the listing rules of the SIX will either be published in two Swiss newspapers in German and French and sent to the SIX or otherwise communicated to the SIX in accordance with applicable listing rules. The SIX may disseminate the relevant information.

Board of Directors

Membership and qualifications

The AoA provide that the Board shall consist of a minimum of seven members. The Board currently consists of 15 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an

effective and rapid decision-making process. The members are elected individually for a period of three years and are eligible for re-election. There is no requirement in the AoA for a staggered board. One year of office is understood to be the period of time from one AGM to the close of the next AGM. Our OGR specify that the members of the Board shall generally retire at the ordinary AGM in the year in which they reach the age of 70 or after having served on the Board for 15 years. The Board may in certain circumstances propose to the shareholders to elect a particular Board member for a further term of a maximum of three years despite the respective Board member having reached the age or term limitation.

The Board has four committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee and the Risk Committee. The committee members are appointed by the Board for a term of one year. An overview of the Board and committee membership is shown in the following table. The composition of the Boards of the Group and the Bank is identical.

Members of Board and Board committees

	Board member since	Current term end	Independence	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
December 31, 2012							
Urs Rohner, Chairman	2009	2015	Independent	Chairman	–	–	–
Peter Brabeck-Letmathe, Vice-Chairman	1997	2014	Independent	Member	–	–	–
Jassim Bin Hamad J.J. Al Thani	2010	2013	Not independent	–	–	–	–
Robert H. Benmosche	2010	2013	Independent	–	–	Member	–
Iris Bohnet	2012	2015	Independent	–	–	Member	–
Noreen Doyle	2004	2013	Independent	–	–	–	Member
Jean-Daniel Gerber	2012	2015	Independent	–	Member	–	–
Walter B. Kielholz	1999	2014	Independent	Member	–	Member	–
Andreas N. Koopmann	2009	2015	Independent	–	–	–	Member
Jean Lanier	2005	2014	Independent	–	Member	Member	–
Anton van Rossum	2005	2014	Independent	–	–	–	Member
Aziz R.D. Syriani	1998	2013	Independent	Member	–	Chairman	–
David W. Syz	2004	2013	Independent	–	Member	–	–
Richard E. Thornburgh	2006	2015	Independent	Member	Member	–	Chairman
John Tiner	2009	2015	Independent	Member	Chairman	–	Member

The Board proposes the following candidate to be elected to the Board at the AGM on April 26, 2013: Kai S. Nargolwala, the Lead Independent Director of Singapore Telecommunications Ltd. and a former Credit Suisse Executive Board member and CEO of the Asia Pacific Region. The Board also proposes

the re-election of Jassim Bin Hamad J.J. Al Thani and Noreen Doyle to the Board. In view of the age limit under our OGR, Robert H. Benmosche, Aziz R.D. Syriani and David W. Syz will retire from the Board at the AGM in April 2013.

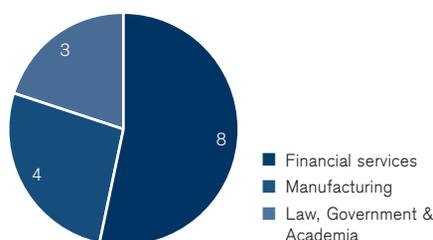
Board composition

The Chairman's and Governance Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Chairman's and Governance Committee recruits and evaluates candidates for Board membership based on criteria it establishes. The Chairman's and Governance Committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Chairman's and Governance Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the Chairman's and Governance Committee takes into

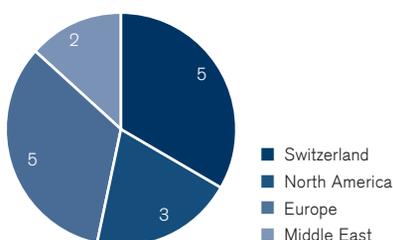
account independence, diversity, age, skills and management experience in the context of the needs of the Board to fulfill its responsibilities. The Chairman's and Governance Committee also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group. The background, skills and experience of our Board members are diverse and broad and include holding top management positions at financial services and industrial companies in Switzerland and abroad or having held leading positions in government, academia and international organizations. The Board is composed of individuals with diverse experience, geographical origin and tenure.

Board composition

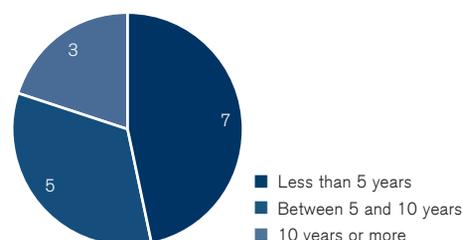
Industry experience



Geographical origin



Length of tenure



To maintain a high degree of diversity and independence in the future, we have a succession planning process in place to identify potential candidates for the Board at an early stage. With this, we are well prepared when Board members rotate off the Board. Besides more formal criteria consistent with legal and regulatory requirements, we believe that other aspects including team dynamics and personal reputation of Board members play a critical role in ensuring the effective functioning of the Board. This is why we place utmost importance on the right mix of personalities who are also fully committed to making their blend of specific skills and experience available to the Board.

New members

Any newly appointed member participates in an orientation program to become familiar with our organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. The Board and the committees of the Board regularly ask a specialist

within the Group to speak about a specific topic to enhance the Board members' understanding of issues that already are or may become of particular importance to our business.

Meetings

In 2012, the Board held six full-day meetings in person and seven additional meetings. In addition, the Board held a two-day strategy session. From time to time, the Board may also take certain decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not decided upon by way of written consent.

All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the meetings to ensure effective interaction with the Board. The Board also holds separate private sessions without management being present. Minutes are kept of the proceedings and resolutions of the Board.

Meeting attendance

	Board of Directors	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
in 2012					
Total number of meetings held	11	12	11	10	6
Number of members who missed no meetings	11	2	6	4	3
Number of members who missed one meeting	3	2	0	1	1
Number of members who missed two or more meetings	2	2	0	0	1
Meeting attendance, in %	95	92	100	98	90

Meeting attendance

The members of the Board are encouraged to attend all meetings of the Board and the committees on which they serve. The Chairman and the Vice-Chairman may attend committee meetings as guests without voting power. The meeting attendance statistics for the Board and committee meetings are shown in the "Meeting attendance" table.

Independence

The Board consists solely of directors who have no executive functions within the Group. As of December 31, 2012, 14 members of the Board were determined by the Board to be independent, and one member, Jassim bin Hamad J.J. Al Thani, was determined not to be independent. In its independence determination, the Board takes into account the factors set forth in the Corporate Governance Guidelines, the OGR, the committee charters and applicable laws and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Chairman's and Governance Committee performs an annual assessment of the independence of each Board member and reports its findings to the Board for the final determination of independence of each individual member. Our definition of independence is in line with the Swiss Code of Best Practice for Corporate Governance and the NYSE and Nasdaq definitions. In general, a director is considered independent if the director:

- is not, and has not been for the prior three years, employed as an executive officer of the Group or any of its subsidiaries;
- is not, and has not been for the prior three years, an employee or affiliate of our external auditor; and
- does not maintain a material direct or indirect business relationship with the Group or any of its subsidiaries.

Whether or not a relationship between the Group or any of its subsidiaries and a member of the Board is considered material depends in particular on the following factors:

- the volume and size of any transactions concluded in relation to the financial status and credit standing of the Board member concerned or the organization in which he or she is a partner, significant shareholder or executive officer;
- the terms and conditions applied to such transactions in comparison to those applied to transactions with counterparties of a similar credit standing;
- whether the transactions are subject to the same internal approval processes and procedures as transactions that are concluded with other counterparties;
- whether the transactions are performed in the ordinary course of business; and
- whether the transactions are structured in such a way and on such terms and conditions that the transaction could be concluded with a third party on comparable terms and conditions.

Moreover, a Board member is not considered independent if the Board member is, or has been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member. The length of tenure a Board member has served is not a criterion for independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital. Board members with immediate family members who would not qualify as independent are also not considered independent. In addition to measuring Board members against the independence criteria, the Chairman's and Governance Committee also considers whether other commitments of an individual Board member prevent the person from devoting enough time to his or her Board mandate.

Mr. Al Thani was determined not to be independent due to the scope of various business relationships between the Group and Qatar Investment Authority (QIA), a state-owned company that has close ties to the Al Thani family, and between the Group and the Al Thani family. The Group has determined these various business relationships could constitute a material business relationship. Effective as of the AGM in April 2012, Chairman Urs Rohner was determined to be an independent member of the Board. Urs Rohner, who was elected to the Board at the AGM in April 2009, was previously determined not to be independent due to his former role as a member of the Executive Board. As described above, our independence guidelines require that a Board member not have been employed as an executive officer of the Group or any of its subsidiaries for the prior three years.

Chairman of the Board

The Chairman executes his role on a full-time basis. The Chairman coordinates the work within the Board, works with the committee chairmen to coordinate the tasks of the committees and ensures that the Board members are provided with the information relevant for performing their duties. In particular, the Chairman drives the Board agenda and key Board topics, especially regarding the strategic development of the Group, succession planning, the structure and organization of the Group, as well as compensation and compensation structure, including the performance evaluation and compensation of the CEO and the Executive Board. He chairs the Board, the Chairman's and Governance Committee and the Shareholder Meetings, leads the Group's corporate governance and takes an active role in representing the Group to the key shareholders, investors, regulators and supervisors, industry associations and other stakeholders. The Chairman has no executive function within the Group. With the exception of the Chairman's and Governance Committee, the Chairman is not a member of any of the Board's standing committees. However, he may attend all or part of selected committee meetings as a guest without voting power.

Segregation of duties

In accordance with Swiss banking law, the Group operates under a dual board structure, which strictly segregates the duties of supervision, which are the responsibility of the Board, from the duties of management, which are the responsibility of the Executive Board. The roles of the Chairman and the CEO are separate and carried out by two different people.

Board responsibilities

In accordance with the OGR, the Board delegates certain tasks to Board committees and delegates the management of the company and the preparation and implementation of Board resolutions to certain management bodies or executive officers to the extent permitted by law, in particular Article 716a and 716b of the Swiss Code of Obligations, and the AoA.

With responsibility for the overall direction, supervision and control of the company, the Board regularly assesses our competitive position and approves our strategic and financial plans. At each ordinary meeting, the Board receives a status report on our financial results, capital, funding and liquidity situation. In addition, the Board receives, on a monthly basis, management information packages, which provide detailed information on our performance and financial status, as well as quarterly risk reports outlining recent developments and outlook scenarios. Management also provides the Board members with regular updates on key issues and significant events, as deemed appropriate or requested. In order to appropriately discharge its responsibilities, the members of the Board have access to all information concerning the Group.

The Board also reviews and approves significant changes in our structure and organization and is actively involved in significant projects including acquisitions, divestitures, investments and other major projects. The Board and its committees are entitled, without consulting with management and at the Group's expense, to engage independent legal, financial or other advisors, as they deem appropriate, with respect to any matters within their authority.

Board evaluation

The Board performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in its charter and the Board's objectives and determines future objectives, including any special focus objectives, and a work plan for the coming year. The Chairman does not participate in the discussion of his own performance. As part of the self-assessment, the Board evaluates its effectiveness with respect to a number of different aspects, including board structure and composition, communication and reporting, agenda setting and continuous improvement. From time to time, the Board may also mandate an external advisor to facilitate the evaluation process.

Board committees

At each Board meeting, the committee chairmen report to the Board about the activities of the respective committees. In addition, the minutes and documentation of the committee meetings are accessible to all Board members.

Chairman's and Governance Committee

The Chairman's and Governance Committee consists of the Chairman, the Vice-Chairman and the chairmen of the committees of the Board and other members appointed by the Board. It may include non-independent Board members. Our Chairman's and Governance Committee consists of six members, all of whom are independent.

The Chairman's and Governance Committee has its own charter, which has been approved by the Board. It generally meets on a monthly basis and the meetings are also attended by the CEO. It is at the Chairman's discretion to ask other members of management or specialists to attend a meeting.

The Chairman's and Governance Committee acts as an advisor to the Chairman and supports him in the preparation of the Board meetings. In addition, the Chairman's and Governance Committee is responsible for the development and review of corporate governance guidelines, which are then recommended to the Board for approval. At least once annually, the Chairman's and Governance Committee evaluates the independence of the Board members and reports its findings to the Board for final determination. The Chairman's and Governance Committee is also responsible for identifying, evaluating, recruiting and nominating new Board members in accordance with the Group's internal criteria, subject to applicable laws and regulations.

In addition, the Chairman's and Governance Committee guides the Board's annual performance assessment of the Chairman, the CEO and the members of the Executive Board. The Chairman's and Governance Committee proposes to the Board the appointment, promotion, dismissal or replacement of members of the Executive Board. The Chairman's and Governance Committee also reviews succession plans for senior executive positions in the Group with the Chairman and the CEO.

The Chairman's and Governance Committee performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Audit Committee

The Audit Committee consists of not fewer than three members, all of whom must be independent. The chairman of the Risk Committee is generally appointed as one of the members of the Audit Committee. Our Audit Committee consists of five members, all of whom are independent.

The Audit Committee has its own charter, which has been approved by the Board. The members of the Audit Committee are subject to independence requirements in addition to those required of other Board members. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from us other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the Audit Committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on our Audit Committee.

In addition, the US Securities and Exchange Commission requires disclosure about whether a member of the Audit Committee is an audit committee financial expert within the meaning of SOX. The Board has determined that John Tiner is an audit committee financial expert.

Pursuant to its charter, the Audit Committee holds meetings at least once each quarter, prior to the publication of our consolidated financial statements. Typically, the Audit Committee convenes for a number of additional meetings and workshops throughout the year. The meetings are attended by management representatives, as appropriate, the Head of Internal Audit and senior representatives of the external auditor. A private session with Internal Audit and the external auditors is regularly scheduled to provide them with an opportunity to discuss issues with the Audit Committee without management being present. The Head of Internal Audit reports directly to the Audit Committee chairman.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight role by:

- monitoring and assessing the integrity of the consolidated financial statements as well as disclosures of the financial condition, results of operations and cash flows;
- monitoring the adequacy of the financial accounting and reporting processes and the effectiveness of internal controls over financial reporting;
- monitoring processes designed to ensure compliance by the Group in all significant respects with legal and regulatory requirements, including disclosure controls and procedures;
- monitoring the adequacy of the management of operational risks, jointly with the Risk Committee, including

assessing the effectiveness of internal controls that go beyond the area of financial reporting;

- monitoring the adequacy of the management of reputational risks, jointly with the Risk Committee; and
- monitoring the qualifications, independence and performance of the external auditors and of Internal Audit.

The Audit Committee is regularly informed about significant projects aimed at further improving processes and receives regular updates on major litigation matters as well as significant regulatory and compliance matters. The Audit Committee also oversees the work of our external auditor and pre-approves the retention of, and fees paid to, the external auditor for all audit and non-audit services. For this purpose, it has developed and approved a policy that is designed to help ensure that the independence of the external auditor is maintained at all times. The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries in connection with its audit and stipulates certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. The external auditor is required to report periodically to the Audit Committee about the scope of the services it has provided and the fees for the services it has performed to date. Furthermore, the Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including a whistleblower hotline to provide the option to report complaints on a confidential, anonymous basis. The Audit Committee performs a self-assessment once a year where it critically reviews its own performance and determines objectives, including any special focus objectives, and a work plan for the coming year.

Compensation Committee

The Compensation Committee consists of not fewer than three members, all of whom must be independent. Our Compensation Committee consists of four members, all of whom are independent.

The Compensation Committee has its own charter, which has been approved by the Board. Pursuant to its charter, the Compensation Committee holds at least four meetings per year. Additional meetings may be scheduled at any time. The Compensation Committee's duties and responsibilities include reviewing the Group's compensation policy, newly established compensation plans or amendments to existing plans and recommending them to the Board for approval, as well as reviewing the performance of the businesses and the respective management teams and determining and/or recommending to

the Board for approval the overall variable compensation pools and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. The meetings are attended by management representatives, as appropriate.

The Compensation Committee is assisted in its work by external legal counsel Nobel & Hug and an independent global compensation consulting firm, Johnson Associates, Inc. Johnson Associates does not provide other services to the Group other than assisting the Compensation Committee. In 2012, the Compensation Committee retained Fehr Advice & Partners AG, a Swiss-based consulting firm, to advise on the compensation approach for the Executive Board. The Compensation Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

- ▶ Refer to ["Compensation governance" in Compensation for information on our compensation approach, principles and objectives.](#)

Risk Committee

The Risk Committee consists of not fewer than three members. It may include non-independent members. The chairman of the Audit Committee is generally appointed as one of the members of the Risk Committee. Our Risk Committee consists of five members, all of whom are independent.

The Risk Committee has its own charter, which has been approved by the Board, and holds at least four meetings a year. In addition, the Risk Committee usually convenes for additional meetings throughout the year in order to appropriately discharge its responsibilities. The meetings are attended by management representatives, as appropriate.

The Risk Committee's main duties are to assist the Board in reviewing and assessing the integrity and adequacy of the Group's risk management function, in particular as it relates to market, credit, liquidity and funding risks, reviewing the adequacy of the Group's capital and its allocation to the Group's businesses reviewing certain risk limits and making recommendations to the Board, and reviewing and assessing the Group's risk appetite framework. The Risk Committee also reviews and assesses the adequacy of the management of reputational and operational risks, including the adequacy of the internal control system, jointly with the Audit Committee. The Risk Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Banking relationships with members of the Board and Executive Board and related party transactions

Banking relationships

The Group is a global financial services provider. Many of the members of the Board and the Executive Board or companies associated with them maintain banking relationships with us. The Group or any of its banking subsidiaries may from time to time enter into financing and other banking agreements with companies in which current members of the Board or the Executive Board have a significant influence as defined by the US Securities and Exchange Commission, such as holding executive and/or board level roles in these companies. With the exception of the transactions described below, relationships with members of the Board or the Executive Board and such companies are in the ordinary course of business and are entered into on an arm's length basis. Also, unless otherwise noted, all loans to members of the Board, members of the Executive Board or companies associated with them were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. As of December 31, 2012, 2011 and 2010, there was no loan exposure to such related parties that was not made in the ordinary course of business and at prevailing market conditions.

- ▶ Refer to "Executive Board shareholdings and loans" and "Board shareholdings and loans" in Compensation for a listing of the outstanding loans to members of the Executive Board and the Board.

Related party transactions

Exchange of Tier 1 Capital Notes into Tier 1 Buffer Capital Notes

In February 2011, we entered into definitive agreements with entities affiliated with QIA and The Olayan Group (the Investors), each of which has significant holdings of Group shares and other Group financial products, to issue tier 1 buffer capital notes (Tier 1 BCN). Under the agreements, the Investors agreed to purchase USD 3.45 billion Tier 1 BCN and CHF 2.5 billion Tier 1 BCN in exchange for their holdings of USD 3.45 billion 11% tier 1 capital notes and CHF 2.5 billion 10% tier 1 capital notes issued in 2008 (Tier 1 Capital Notes) or, in the event that the Tier 1 Capital Notes have been redeemed in full, for cash. At that time, the purchase or exchange was expected to occur no earlier than October 23, 2013, the first call date of the Tier 1 Capital Notes. In July

2012, we entered into an amendment agreement with the entity affiliated with The Olayan Group for the immediate exchange of USD 1.725 billion of their existing Tier 1 Capital Notes into an equivalent principal amount of Tier 1 BCN, thereby accelerating the exchange initially scheduled for October 2013. The accelerated exchange of some of the outstanding Tier 1 Capital Notes was one of a number of capital strengthening measures that we announced in July 2012.

Under their terms, the Tier 1 BCN will be converted into our ordinary shares if our reported common equity tier 1 (CET1) ratio, as determined under the Basel Committee on Banking Supervision regulations as of the end of any calendar quarter, falls below 7% (or any lower applicable minimum threshold), unless the Swiss Financial Market Supervisory Authority (FINMA), at our request, has agreed on or prior to the publication of our quarterly results that actions, circumstances or events have restored, or will imminently restore, the ratio to above the applicable threshold. The Tier 1 BCN will also be converted if FINMA determines that conversion is necessary, or that we require public sector capital support, to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances. In addition, conversion of the Tier 1 BCN held by The Olayan Group will be triggered if, in the event of a request by FINMA for an interim report prior to the end of any calendar quarter, our reported CET1 ratio, as of the end of any such interim period, falls below 5%. The conversion price will be the higher of a given floor price per share (subject to customary adjustments) or the daily volume weighted average sales price of our ordinary shares over a five day period preceding the notice of conversion. In connection with the July 2012 exchange, the conversion floor price of the Tier 1 BCN delivered in the exchange as well as the remaining Tier 1 BCN scheduled to be delivered in October 2013 was adjusted to match the conversion price of the MACCS described below. The Tier 1 BCN are deeply subordinated, perpetual and callable by us no earlier than 2018 and in certain other circumstances with FINMA approval. Interest is payable on the USD 3.45 billion Tier 1 BCN and CHF 2.5 billion Tier 1 BCN at fixed rates of 9.5% and 9.0%, respectively, and will reset after the first call date. Interest payments will generally be discretionary (unless triggered), subject to suspension in certain circumstances and non-cumulative.

At the time of the original transaction, the Group determined that this was a material transaction and deemed the Investors to be related parties of our Board members Mr. Al Thani and Mr. Syriani, respectively, for purposes of evaluating the terms and corporate governance of the original transaction. At that time, the Board (except for Mr. Al Thani and Mr. Syriani, who abstained from participating in the determination

process) determined that the terms of the original transaction, given its size, the nature of the contingent buffer capital, for which there was no established market, and the terms of the Tier 1 Capital Notes issued in 2008 and held by the Investors, were fair.

Issuance of mandatory and contingent convertible securities

In July 2012, we issued CHF 3.8 billion MACCS that are mandatorily convertible into 233.5 million shares at a conversion price of CHF 16.29 per share on March 29, 2013 (subject to early conversion upon certain contingency and viability events), with settlement and delivery of shares in early April 2013. Strategic and institutional investors purchased CHF 2.0 billion of MACCS and shareholders exercised preferential subscription rights for CHF 1.8 billion of MACCS. The conversion price of CHF 16.29 per share corresponded to 95% of the volume weighted average market price for the two trading days preceding the transaction. Investors in the MACCS included entities affiliated with the Investors, which also have been deemed by the Group to be related parties of our Board members, Mr. Al Thani and Mr. Syriani, respectively. The issuance of the MACCS was one of a number of capital strengthening measures executed by the Group in 2012. In addition to the Investors, a number of other investors of the Group purchased the MACCS, including Norges Bank and the Capital Group Companies, Inc., which like the Investors have significant holdings of Group shares. The terms and conditions for the conversion of the MACCS are equally applicable to all purchasers.

- ▶ Refer to “Capital issuances and redemptions” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management for further information about the Tier 1 BCN and the MACCS.

Plus Bonds

We provided members of the Executive Board who did not participate in the structuring of the instrument the opportunity to invest their own funds in Plus Bond instruments with substantially the same terms as the Plus Bond awards granted to certain employees as deferred variable compensation for 2012. As a result, certain Executive Board members acquired an aggregate of CHF 9 million in Plus Bond instruments in February 2013.

- ▶ Refer to “Plus Bond awards” in Compensation – Group compensation – Compensation design – Deferred variable compensation instruments for further information.

Loan to Arcapita Bank

In February 2012, the Group downgraded to impaired status a loan with an outstanding principal amount of USD 30 million to Arcapita Bank B.S.C. (Arcapita Bank), an international investment firm headquartered in Bahrain. The financing provided to Arcapita Bank was extended in 2007 on arm’s length terms and at the time, did not involve more than the normal risk of collectability or present other unfavorable features. Arcapita Bank may be deemed to be a related party entity of the Group because our Board member Mr. Al Thani is also a member of the board of directors of Arcapita Bank. Mr. Al Thani joined the Arcapita Bank board of directors in October 2008 and our Board in 2010, in both cases after the loan was extended. Arcapita Bank filed for Chapter 11 bankruptcy in the US in March 2012, and the Group subsequently sold its USD 30 million credit position to an unrelated third party. As of December 31, 2012, the Group had no credit exposure to Arcapita Bank.

- ▶ Refer to “Note 28 – Related parties” in V – Consolidated financial statements – Credit Suisse Group for further information on related party transactions.

Biographies of the Board members



Urs Rohner
Born 1959
Swiss Citizen

Urs Rohner has been the Chairman of the Board and the Chairman's and Governance Committee since the 2011 AGM. He was Vice-Chairman of the Board and a member of the Chairman's and Governance and Risk Committees (2009 to 2011). He was a member of the Executive Boards of Credit Suisse Group and Credit Suisse (2004 to 2009) and served as General Counsel of Credit Suisse Group (2004 to 2009) and as COO and General Counsel of Credit Suisse (2006 to 2009). His term as a Board member expires at the AGM in 2015. The Board has determined him to be independent under the Group's independence standards.

Mr. Rohner served as Chairman of the Executive Board and CEO of ProSieben and ProSiebenSat.1 Media AG (2000 to 2004) and CEO of ProSieben Media AG (2000). He was a partner at Lenz & Staehelin (1992 to 1999) and an attorney with the law firm Sullivan & Cromwell LLP in New York (1988 to 1989) and Lenz & Staehelin in Zurich (1990 to 1992, 1983 to 1988). Mr. Rohner graduated with a degree in law from the University of Zurich, Switzerland, in 1983. He was admitted to the bars of the canton of Zurich in 1986 and the state of New York in 1990.

Mr. Rohner is the chairman of the Board of Trustees of the Credit Suisse Foundation and the Credit Suisse Research Institute. He is a board member of the Institute of International Finance and the Institute International d'Etudes Bancaires, a member of the European Financial Services Round Table and the European Banking Group, the co-chair of the International Advisory Board of the Moscow International Finance Center and serves on the International Business Leaders Advisory Council of the Mayor of Beijing. Mr. Rohner is also a board member of Avenir Suisse, Economiesuisse and the International Institute for Management Development (IMD) Foundation, the chairman of the Advisory Board of the University of Zurich's Department of Economics and a board member of the Zurich Opera House and the Lucerne Festival.



Peter Brabeck-Letmathe
Born 1944
Austrian Citizen

Peter Brabeck-Letmathe has been Vice-Chairman of the Board since 2008, a function he also held from 2000 to 2005. He has been a member of the Board since 1997 and a member of the Chairman's and Governance Committee since 2008. He served on the Compensation Committee (2008 to 2011 and 2000 to 2005) and on the Chairman's and Governance Committee (2003 to 2005). His term as a member of the Board expires at the AGM in 2014. The Board has determined him to be independent under the Group's independence standards.

Mr. Brabeck-Letmathe has been the Chairman of the Board of Directors of Nestlé SA since 2005. He was also the CEO of Nestlé SA (1997 to 2008) and since 1987 has been based at Nestlé SA's headquarters in Vevey. He joined Nestlé SA's sales operations in Austria after graduating in 1968. His career at Nestlé SA has included a variety of assignments in several European countries and in Latin America. Mr. Brabeck-Letmathe studied economics at the University of World Trade, Vienna.

Mr. Brabeck-Letmathe has been Vice-Chairman of the Board of Directors of L'Oréal SA, Paris, since 1997, and has been a board member of Exxon Mobil Corporation and Delta Topco (Formula 1), both since 2010, and assumed the role of Chairman of Delta Topco (Formula 1) in 2012. He is also a member of the Foundation Board of the World Economic Forum and a member of the European Round Table of Industrialists.



**Jassim Bin Hamad J.J.
Al Thani**
Born 1982
Qatari Citizen

Jassim Bin Hamad J.J. Al Thani has been a member of the Board since 2010. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be not independent under the Group's independence standards. For further information, refer to Independence.

Since April 2005, Mr. Al Thani has been Chairman of the Board of Directors of Qatar Islamic Bank. He is also the Chairman of: QInvest, the first Islamic investment bank founded in Qatar; QIB (UK), an Islamic investment bank founded by the Qatar Islamic Bank in London; Damaan Islamic Insurance Co. (BEEMA); and Q-RE LLC, an insurance and reinsurance company. He is the CEO of Al Mirqab Capital LLC, Qatar, a family enterprise, and a member of the Board of Directors of Qatar Navigation Company, Qatar Insurance Company and Arcapita Bank, Bahrain. Mr. Al Thani completed his studies in the State of Qatar and graduated as an Officer Cadet from the Royal Military Academy in England.



Robert H. Benmosche
Born 1944
US Citizen

Robert H. Benmosche has been a member of the Board since 2002 and a member of the Compensation Committee since 2003. In August 2009, Mr. Benmosche stepped down as a member of the Board as a result of his appointment as President and CEO of American International Group, Inc. (AIG). Changes in AIG's business made it possible for Mr. Benmosche to rejoin the Board in April 2010. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

Mr. Benmosche is the President and CEO of AIG, New York. He was the Chairman of the Board and the CEO of MetLife, Inc., New York, from the demutualization of the company in 2000, and of Metropolitan Life Insurance Company, New York, from 1998 until his retirement in 2006. Before joining MetLife in 1995, Mr. Benmosche was with PaineWebber, New York, for 13 years. He received a BA degree in Mathematics from Alfred University, New York, in 1966.



Iris Bohnet
Born 1966
Swiss Citizen

Iris Bohnet was elected to the Board at the AGM 2012 and has since served as a member of the Compensation Committee. Her term as a member of the Board expires at the AGM in 2015. The Board has determined her to be independent under the Group's independence standards.

Ms. Bohnet has been a Professor of Public Policy at the Harvard Kennedy School, Massachusetts, since 2006, and Academic Dean of the Harvard Kennedy School since 2011. She joined the academic faculty of Harvard University in 1998 as Assistant Professor of Public Policy at the Harvard Kennedy School and was named Associate Professor in 2003. Ms. Bohnet also serves as the Director of the Women and Public Policy Program at the Harvard Kennedy School. She was a visiting scholar at the Haas School of Business at the University of California at Berkeley (1997 to 1998). Ms. Bohnet received a Masters Degree in Economic History, Economics and Political Science from the University of Zurich, Switzerland, in 1992, and a doctorate degree in Economics from the same university in 1997.

Ms. Bohnet is currently a member of the Advisory Board of the Vienna University of Economics and Business Administration, the Global Agenda Council on Women's Empowerment of the World Economic Forum and the World Knowledge Dialogue, Villars-sur-Ollon. She chairs the Kennedy School's executive program for the World Economic Forum's Young Global Leaders.



Noreen Doyle
Born 1949
Irish and US Citizen

Noreen Doyle has been a member of the Board since 2004 and a member of the Risk Committee since 2009. Since 2012, Ms. Doyle also serves as a non-executive director and as of 2013 chairs the boards of Credit Suisse International and Credit Suisse Securities Europe Limited, two of the Group's UK subsidiaries. She served on the Audit Committee (2007 to 2008) and the Risk Committee (2004 to 2007). Her term as a member of the Board expires at the AGM in 2013. The Board has determined her to be independent under the Group's independence standards.

Ms. Doyle was the first Vice President and Head of Banking of the European Bank for Reconstruction and Development (EBRD) from 2001 to 2005. She became Deputy Vice President of Risk Management in 1997, was appointed Chief Credit Officer in 1994 and joined the EBRD in 1992 as Head of Syndications. Prior to joining the EBRD, Ms. Doyle spent 18 years at Bankers Trust Company with assignments in Houston, New York and London. Ms. Doyle received a BA in Mathematics from The College of Mount Saint Vincent, New York, in 1971, and an MBA from Dartmouth College, New Hampshire, in 1974.

Ms. Doyle currently serves on the Boards of Directors of the Newmont Mining Corporation and QinetiQ Group Plc., a UK-based defense technology and security company. She is also a member of the Advisory Board of the Macquarie European Infrastructure Fund and the Macquarie Renaissance Infrastructure Fund. Ms. Doyle was a member of the board of Rexam Plc, a global consumer packaging company (2005 to 2012). Ms. Doyle chairs the Board of Governors of the Marymount International School, London, since 2010, and is also a patron of the Women in Banking and Finance in London.



Jean-Daniel Gerber

Born 1946

Swiss Citizen

Jean-Daniel Gerber was elected to the Board at the AGM 2012 and has since served as a member of the Audit Committee. His term as a member of the Board expires at the AGM in 2015. The Board has determined him to be independent under the Group's independence standards.

Jean-Daniel Gerber was appointed by the Swiss Federal Council to State Secretary in 2004. In this function, he was Head of the State Secretariat for Economic Affairs, a function from which he retired in 2011. Mr. Gerber was Director of the Swiss Federal Office of Migration (1994 to 2004), and served as Executive Director at the World Bank Group in Washington D.C (1993 to 1997). Prior to that, he held the positions of Head of Economic and Financial Affairs at the Swiss Embassy in Washington D.C. and Swiss representative of the World Trade Organization. Mr. Gerber received a degree in Economics from the University of Berne, Switzerland, in 1972, and was awarded an honorary doctorate from the Faculty of Economics and Social Sciences at the same university in 2007.

Since 2011, Mr. Gerber has been a Member of the Board of Directors of the Lonza Group AG and Chairman of the Board of the Swiss Investment Fund for Emerging Markets. Mr. Gerber is also a member of the Swiss Society for Public Good.



Walter B. Kielholz

Born 1951

Swiss Citizen

Walter B. Kielholz has been a member of the Board since 1999, the Compensation Committee since 2009 and of the Chairman's and Governance Committee since 2011. He served as Chairman of the Board and the Chairman's and Governance Committee (2003 to 2009) and as Chairman of the Audit Committee (1999 to 2002). His term as a member of the Board expires at the AGM in 2014. The Board has determined him to be independent under the Group's independence standards.

Since May 2009, he has served as the Chairman of the Board of Directors of Swiss Re, Vice-Chairman in 2007, Executive Vice-Chairman of the Board of Directors of Swiss Re in 2003 and has been a board member since 1998. He was Swiss Re's CEO (1997 to 2002) and became a member of Swiss Re's Executive Board in 1993. Mr. Kielholz joined Swiss Re, Zurich, in 1989. In 1986, he joined Credit Suisse, responsible for client relations with large insurance groups in the Multinational Services department. Mr. Kielholz's career began at the General Reinsurance Corporation, Zurich, in 1976, and he assumed responsibility for the company's European marketing after working in the US, the UK and Italy. Mr. Kielholz received a degree in Business Finance and Accounting from the University of St. Gallen, Switzerland, in 1976.

Mr. Kielholz is a member and Chairman and Vice Chairman of the European Financial Services Roundtable and Vice Chairman of the Institute of International Finance, respectively. He is also a member of the Advisory Board of Corsair Capital Ltd., a member of the Monetary Authority of Singapore and the International Business Leader Advisory Council of the Mayor of Shanghai and the World Economic Forum International Business Council. In addition, Mr. Kielholz is a member and former Chairman of the Supervisory Board of Avenir Suisse and a senior advisor to the Credit Suisse Research Institute. He is a member of the Lucerne Festival Foundation Board and Chairman of the Zürcher Kunstgesellschaft (Zurich Art Society), which runs Zurich's Kunsthaus museum.

**Andreas N. Koopmann**

Born 1951

Swiss Citizen

**Jean Lanier**

Born 1946

French Citizen

Andreas N. Koopmann has been a member of the Board and the Risk Committee since the AGM in 2009. His term as a member of the Board expires at the AGM in 2015. The Board has determined him to be independent under the Group's independence standards.

From 1982 to 2009, Mr. Koopmann held various leading positions at Bobst Group S.A., Lausanne, one of the world's leading suppliers of equipment and services to packaging manufacturers. He was Group CEO (1995 to 2009) and a member of its Board of Directors (1998 to 2002). Mr. Koopmann received a Master's Degree in Mechanical Engineering from the Swiss Federal Institute of Technology, Switzerland, in 1976 and an MBA from International Institute for Management Development (IMD), Switzerland, in 1978.

Mr. Koopmann has been a member of the Board of Directors of Georg Fischer AG since 2010 and assumed the role of President of the Board of Directors in March 2012. He is also a member of the Board of Directors of the CSD Group, an engineering consultancy enterprise in Switzerland. Since 2003, Mr. Koopmann has been a member of the Board of Directors of Nestlé SA, its Vice-Chairman and a member of its Chairman's and Corporate Governance Committee. He was the Chairman of the Board of Directors of Alstom (Suisse) SA (2010 to 2012) and served as the Vice-Chairman of Swissmem (1994 to 2012), the association of Swiss Mechanical and Electrical Engineering Industries. He served as a member of the Credit Suisse's Advisory Board (1999 to 2007) and Board of Directors of Credit Suisse First Boston (1995 to 1999).

Jean Lanier has been a member of the Board and the Audit Committee since 2005. Since 2011, he has also been a member of the Compensation Committee. His term as a member of the Board expires at the AGM in 2014. The Board has determined him to be independent under the Group's independence standards.

Mr. Lanier is the former Chairman of the Managing Board and Group CEO of Euler Hermes, Paris, and chaired the boards of the principal subsidiaries of the group (1998 to 2004). Prior to that, he was the COO and Managing Director of the Euler Group (1996 to 1998) and of SFAC (1990 to 1997), which became Euler Hermes SFAC. He was Managing Director of the Pargesa Group based in Paris and Geneva (1988 to 1990) and held the position of President of Lambert Brussels Capital Corporation in New York (1983 to 1989). Mr. Lanier started his career at the Paribas Group in 1970, where he worked until 1983. He held, among others, the functions of Senior Vice President of the Paribas Group Finance division and Senior Executive for North America of the Paribas Group in New York. He received a Masters of Engineering from the Ecole Centrale des Arts et Manufactures, Paris, in 1969, and a Masters of Sciences in Operations Research and Finance from Cornell University, New York, in 1970.

Mr. Lanier is the Chairman of the Boards of Directors for Swiss RE Europe SA, Swiss RE International SE and Swiss RE Europe Holdings SA and also serves on their respective audit and risk committees. He is a Chevalier de la Légion d'Honneur in France and Chairman of the Board of the Foundation "La Fondation Internationale de l'Arche."



Anton van Rossum

Born 1945

Dutch Citizen

Anton van Rossum has been a member of the Board since 2005 and a member of the Risk Committee since 2008. He served on the Compensation Committee (2005 to 2008). His term as a member of the Board expires at the AGM in 2014. The Board has determined him to be independent under the Group's independence standards.

Mr. van Rossum was the CEO of Fortis (2000 to 2004). He was also a member of the Board of Directors of Fortis and chaired the boards of the principal subsidiaries of the group during this time. Prior to that, Mr. van Rossum worked 28 years with McKinsey and Company, where he led a number of top management consulting assignments, with a focus on the banking and insurance sectors. He was elected Principal in 1979 and a Director of the firm in 1986. Mr. van Rossum studied Economics and Business Administration at the Erasmus University, Rotterdam, where he obtained a Bachelor's degree in 1965 and a Master's degree in 1969.

Mr. van Rossum is a member of the Supervisory Board of Munich Re AG, an international re-insurance and primary insurance group, and chairs the Supervisory Board of Royal Vopak NV, Rotterdam, an international oil, chemicals and liquified natural gas storage group. In addition, he is a member of the Board of Directors of Solvay SA, Brussels, an international chemicals and plastics company, and chairs the Supervisory Board of Erasmus University, Rotterdam. He also chairs the Board of Trustees of the Netherlands Economics Institute and sits on the boards of several cultural, philanthropic and educational institutions. Mr. van Rossum was a member of the Supervisory Board of Rodamco Europe NV, Amsterdam, a commercial real estate investment group (2007 to 2011).



Aziz R.D. Syriani

Born 1942

Canadian Citizen

Aziz R.D. Syriani has been a member of the Board since 1998 and Chairman of the Compensation Committee since 2004. He has been a member of the Chairman's and Governance Committee since 2003 and served on the Audit Committee (2003 to 2007). His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

He has served as the CEO since 2002 and the President of The Olayan Group since 1978. The Olayan Group is a private multinational enterprise engaged in distribution, manufacturing and global investment and a significant shareholder of the Group. Mr. Syriani received a degree in law from the University of St. Joseph, Beirut, in 1965, and a Master of Laws degree from Harvard University, Massachusetts, in 1972.

Mr. Syriani has served on the Board of Directors of Occidental Petroleum Corporation, California, since 1983, where he is currently the Lead Independent Director and Chairman of the Audit Committee, and a member of the Executive and the Corporate Governance Committees.



David W. Syz
Born 1944
Swiss Citizen

David W. Syz has been a member of the Board and the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

Appointed State Secretary in 1999, Mr. Syz took charge of the new State Secretariat for Economic Affairs, a function which he held until his retirement in 2004. In 1996, he was appointed CEO and Managing Director of Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen. In 1985, Mr. Syz was Director and Head of Industries and Electronics of Elektrowatt AG. He was the CEO of Cerberus AG, Männedorf (1982 to 1984). In 1975, he was appointed Head of Finance at Stäfa Control System AG, Stäfa, and became Managing Director after four years. Mr. Syz started his career as assistant to the Director at Union Bank of Switzerland in Zurich and subsequently held the equivalent position at Elektrowatt AG, Zurich. He studied law at the University of Zurich, Switzerland, and received a doctorate from the same university in 1972 and an MBA at INSEAD, Fontainebleau, in 1973.

Mr. Syz has been the Chairman of the Board of Directors of Huber & Suhner AG, Pfäffikon since 2005, Vice-Chairman (2004 to 2005) and the Chairman of the Board of Directors of ecodocs AG, Zollikon since 2004. He has been the Chairman of the Supervisory Board of the Climate Cent Foundation since 2005, an organization mandated with the implementation of the carbon dioxide reduction program according to the Kyoto Protocol.



Richard E. Thornburgh
Born 1952
US Citizen

Richard E. Thornburgh has been a member of the Board and the Risk Committee since 2006 and the Chairman of the Risk Committee and a member of the Chairman's and Governance Committee since 2009 and the Audit Committee since 2011. As of 2013, Mr. Thornburgh also serves as a non-executive director of Credit Suisse International and Credit Suisse Securities Europe Limited, two of the Group's UK subsidiaries. His term as a member of the Board expires at the AGM in 2015. The Board has determined him to be independent under the Group's independence standards.

Mr. Thornburgh has been Vice-Chairman of Corsair Capital, New York, a private equity investment company, since 2006. He was the CRO of Credit Suisse Group (2003 to 2004). In 2004, he was appointed Executive Vice-Chairman of Credit Suisse First Boston. He was CFO of Credit Suisse First Boston (2000 to 2002) and Vice-Chairman of the Executive Board of Credit Suisse First Boston (1999 to 2002). Mr. Thornburgh was the CFO of Credit Suisse Group (1997 to 1999). He was appointed a member of the Group Executive Board (1997 to 2005). In 1995, Mr. Thornburgh was appointed Chief Financial and Administrative Officer and a member of the Executive Board of Credit Suisse First Boston. He began his investment banking career in New York with The First Boston Corporation, the predecessor firm of Credit Suisse First Boston. Mr. Thornburgh received a BBA from the University of Cincinnati, Ohio, in 1974, as well as an honorary doctorate in 2009, and an MBA from the Harvard Business School, Massachusetts, in 1976.

Mr. Thornburgh is a member of the board and audit committee of Reynolds American Inc., Winston-Salem, and a board and audit committee member of The McGraw-Hill Companies, New York, since 2011. Mr. Thornburgh has also been a member of the board and lead director for New Star Financial Inc., Massachusetts, since 2006. Furthermore, he serves on the Executive Committee of the University of Cincinnati Foundation and the Investment Committee of the University of Cincinnati.



John Tiner
 Born 1957
 British Citizen

John Tiner has been a member of the Board and the Audit Committee since the AGM in 2009. Since the AGM in 2011, he has chaired the Audit Committee and has also been a member of the Chairman's and Governance and Risk Committees. His term as member of the Board expires at the AGM in 2015. The Board has determined him to be independent under the Group's independence standards and a financial expert within the meaning of SOX.

From September 2008 until March 2013, Mr. Tiner was the CEO of Resolution Operations LLP, a privately owned advisory firm which provided services to Resolution Ltd., a company listed on the London Stock Exchange. Mr. Tiner was previously CEO of the FSA (2003 to 2007). He joined the FSA in 2001 as Managing Director of the Consumer Insurance and Investment Directorate and was a member of the Managing Board of the Committee of European Insurance and Occupational Pensions Regulators and Chairman of the Committee of European Securities Regulators – Standing Committee on Accounting and Auditing. Before joining the FSA, Mr. Tiner was a Managing Partner at Arthur Andersen, responsible for its worldwide financial services practice.

Mr Tiner is a non-executive member of the board of Lucida plc and Friends Life Group plc, both UK insurance companies, and is a member of the Advisory Board of Corsair Capital, a private equity investment company. He was given an Honorary Doctor of Letters at his former college, Kingston University, London, in 2010, and is a Fellow of the Institute of Chartered Accountants in England and Wales. In recognition of his contribution to the financial services industry, he was awarded the title of Commander of the British Empire in 2008.

Honorary Chairman of Credit Suisse Group

Rainer E. Gut

Born 1932
 Swiss Citizen

Rainer E. Gut was appointed the Honorary Chairman of Credit Suisse Group in 2000, after he retired as Chairman, a position had held since 1986. Mr. Gut was a member of the Board of Directors of Nestlé SA, Vevey, from 1981 to 2005, where he was Vice-Chairman from 1991 to 2000 and Chairman from 2000 to 2005.

As Honorary Chairman, Mr. Gut does not have any function in the governance of the Group and does not attend the meetings of the Board.

Secretaries of the Board

Pierre Schreiber

Joan E. Belzer

Remembering Hans-Ulrich Doerig (1940 – 2012)

In November 2012, Hans-Ulrich Doerig, former Chairman of the Board of Directors of Credit Suisse Group, passed away at the age of 72. Hans-Ulrich Doerig served as Chairman of the Board from 2009 to 2011 and devoted 38 years of his career to our company.

In 1968, after graduating from the University of St. Gallen, Switzerland, with a doctorate in Law and Economics, Hans-Ulrich Doerig embarked on his career at JP Morgan in New York, where he worked first in Research and subsequently in Corporate Finance and Lending. Five years later, he joined Credit Suisse in Zurich and held various management positions in the International Capital Markets business. In 1982, Hans-Ulrich Doerig was appointed to the Executive Board of Credit Suisse, where he was responsible for the multi-national division as well as for securities trading, capital markets and corporate finance.

Hans-Ulrich Doerig was a universal banker, who always served our bank with professionalism, expertise and loyalty. The media occasionally referred to him as a 'Credit Suisse veteran' – a description that evidently pleased him. He was always willing to assume responsibility. In the mid-1990s, Hans-Ulrich Doerig was appointed Vice-Chairman of the Board of Directors. He later returned to various senior executive roles. He was President of the Executive Board of Credit Suisse, CEO of Credit Suisse First Boston, and Vice-Chairman of the Executive Board and CRO of Credit Suisse Group. In 2003, Hans-Ulrich Doerig was once again elected to the Board of Directors, where he served as Vice-Chairman and, from 2009 to 2011, as Chairman.

Hans-Ulrich Doerig's sense of commitment was not limited to banking. As the representative of a large Swiss bank, he also sought to promote the interests of the business community and the economy as a whole, not to mention his support for science, the arts and education. Hans-Ulrich Doerig was a lecturer at the University of Zurich and the Swiss Banking School for over a decade, and he served for many years as a member of the University Council of the University of Zurich, a member of the Board of Directors of the International Red Cross Museum in Geneva, President of the Zurich Association of Friends of the Arts, and a member of the Boards of various charitable foundations, academic bodies and social institutions.



Hans-Ulrich Doerig was a Swiss banker with an international mindset who was committed to preserving traditions while encouraging progress. He made an immense contribution not only to Credit Suisse, but also to the city of Zurich and to Switzerland.

Executive Board

Members of the Executive Board

The Executive Board is responsible for the day-to-day operational management of the Group. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions, regions and in the Shared Services functions and establishes Group-wide policies. The composition of the Executive Board of the Group and the Bank is identical.

Effective April 30, 2012, Karl Landert stepped down from the Executive Board and his position as Chief Information Officer. David Mathers, Chief Financial Officer and a member of the Executive Board, also assumed responsibility for the IT organization and since January 1, 2012, for the Group's global Operations functions.

Effective May 31, 2012, Antonio Quintella was appointed as Chairman of Hedging-Griffo and stepped down from the Executive Board and his position as Chief Executive Officer (CEO) of the Americas region. Robert Shafir assumed the role as CEO of the Americas region in addition to his role at the time as CEO Asset Management.

Effective November 30, 2012, Hans-Ulrich Meister and Robert Shafir were appointed to jointly lead the newly created Private Banking & Wealth Management division. As regional CEO, Hans-Ulrich Meister continues to have responsibility for all businesses and clients in the Swiss region. Robert Shafir continues to serve as the CEO of the Americas region.

Effective November 30, 2012, Eric Varvel and Gaël de Boissard were appointed to jointly lead the Investment Banking division. In addition, Eric Varvel was appointed CEO of the Asia Pacific region and Gaël de Boissard took on responsibility as CEO of the Europe, Middle East and Africa (EMEA) region. Gaël de Boissard joined the Executive Board as of January 1, 2013.

As of November 30, 2012, Osama Abbasi stepped down from the Executive Board and his position as CEO of the Asia Pacific region, Walter Berchtold stepped down from the Executive Board and his position as Chairman Private Banking and Fawzi Kyriakos-Saad stepped down from the Executive Board and his position as CEO of the EMEA region.

The management changes reduced the size of the Executive Board from thirteen members at the end of 2011 to nine members, effective as of January 2013, by combining the divisional and regional CEO roles.

Members of the Executive Board

	Appointed in	Role
December 31, 2012		
Brady W. Dougan, CEO	2003	Group CEO
Gaël de Boissard, Joint Head of Investment Banking and Regional CEO of EMEA ¹	2012	Divisional & Regional Head
Romeo Cerutti, General Counsel	2009	Shared Services Head
Tobias Guldemann, CRO	2004	Shared Services Head
David R. Mathers, CFO and Head of IT and Operations	2010	Shared Services Head
Hans-Ulrich Meister, Joint Head of Private Banking & Wealth Management and Regional CEO of Switzerland	2008	Divisional & Regional Head
Robert S. Shafir, Joint Head of Private Banking & Wealth Management and Regional CEO of Americas	2007	Divisional & Regional Head
Pamela A. Thomas-Graham, Chief Talent, Branding and Communications Officer	2010	Shared Services Head
Eric M. Varvel, Joint Head of Investment Banking and Regional CEO of APAC	2008	Divisional & Regional Head

¹ Appointed on November 20, 2012 as a new Executive Board member effective January 1, 2013.

Biographies of the Executive Board members



Brady W. Dougan

Born 1959

US Citizen



Gaël de Boissard

Born 1967

French Citizen

Brady W. Dougan has held the position of CEO since 2007 and has been a member of the Executive Board since 2003.

Prior to his appointment as CEO of the Group, Mr. Dougan was the CEO of the Investment Banking division and the CEO of the Americas region. After starting his career in the derivatives group at Bankers Trust, he joined Credit Suisse First Boston in 1990. He was the Head of the Equities division for five years before he was appointed the Global Head of the Securities division in 2001. From 2002 to July 2004, he was the Co-President of Institutional Securities at Credit Suisse First Boston, and from 2004 until 2005, he was CEO of Credit Suisse First Boston and, after the merger with Credit Suisse in May 2005, he was the CEO of Investment Banking until 2007.

Mr. Dougan received a BA in Economics in 1981 and an MBA in finance in 1982 from the University of Chicago, Illinois.

Mr. Dougan has been a member of the Board of Directors of Humacyte Inc., a biotechnology company, since 2005. He has also been a member of the Board of Trustees of the University of Chicago since January 2013.

Gaël de Boissard jointly leads the Investment Banking division together with Eric Varvel with responsibility for the Fixed Income business. He is also the CEO of the EMEA region. Gaël de Boissard was appointed as a member of the Executive Board, effective January 1, 2013.

Prior to his appointment to the Executive Board, Mr. de Boissard spent four years as the Co-Head of Global Securities with responsibility for trading and risk management of Fixed Income products and was previously responsible for Global Rates and Foreign Exchange. Mr. de Boissard joined Credit Suisse First Boston in 2001 from JP Morgan, where he worked in a variety of roles in Fixed Income, having started in the Paris office in 1990.

Mr. de Boissard graduated with a degree in Mathematics and Civil Engineering from Ecole Polytechnique in Palaiseau, France, and received a degree in Russian from the University of Volgograd.

Mr. de Boissard currently chairs the Association of Financial Markets in Europe, an industry organization that engages with policymakers on financial regulation.



Romeo Cerutti
Born 1962
Swiss and Italian Citizen

Romeo Cerutti has been the Group General Counsel and a member of the Executive Board since April 2009.

Prior to that, Mr. Cerutti was the General Counsel of the Private Banking division from 2006 to 2009 and the global Co-Head of Compliance of Credit Suisse from 2008 to 2009. Before joining Credit Suisse, Mr. Cerutti was a partner of the Group Holding of Lombard Odier Darier Hentsch & Cie, from 2004 to 2006, and the Head of Corporate Finance at Lombard Odier Darier Hentsch & Cie from 1999 to 2006. Prior to that position, Mr. Cerutti was in private practice as an attorney-at-law with Homburger Rechtsanwälte in Zurich from 1995 to 1999 and with Latham and Watkins in Los Angeles from 1993 to 1995.

Mr. Cerutti studied law at the University of Fribourg and obtained his doctorate in 1990. He was admitted to the bar of the canton of Zurich in 1989 and the bar of the state of California in 1992. Mr. Cerutti also holds a Master of Laws from the University of California, School of Law, Los Angeles.

Mr. Cerutti has been a member of the Board of Trustees of the University of Fribourg since 2006. He also currently represents Credit Suisse on the Board of the Swiss Bankers Association since December 2012.



Tobias Guldemann
Born 1961
Swiss Citizen

Tobias Guldemann has been the CRO of Credit Suisse since 2009 and a member of the Executive Board in the role of Group CRO since 2004.

Mr. Guldemann joined Credit Suisse's Internal Audit Department in 1986 before transferring to Investment Banking in 1990. He later became the Head of Derivatives Sales in 1992, the Head of Treasury Sales in 1993 and the Head of Global Treasury Coordination at Credit Suisse in 1994. In 1997, he became responsible for the management support of the CEO of Credit Suisse First Boston before becoming the Deputy CRO of Credit Suisse Group, a function he held from 1998 to 2004. From 2002 to 2004, he also served as the Head of Strategic Risk Management at Credit Suisse.

Mr. Guldemann studied Economics at the University of Zurich and received a doctorate from the same university in 1989.

Mr. Guldemann has been a member of the International Financial Risk Institute (IFRI) since 2010 and became a Member of the IFRI Executive Committee in 2011. He is also a member of the Board of Trustees of the Winterthur Art Museum.

**David R. Mathers**

Born 1965

British Citizen

**Hans-Ulrich Meister**

Born 1959

Swiss Citizen

David Mathers has been the CFO of Credit Suisse Group and a member of the Executive Board since October 2010. He is also responsible for the Group's global IT and global Operations functions.

Prior to his appointment as CFO, Mr. Mathers was the Head of Finance and the COO for Investment Banking in New York and London from 2007 to 2010. In this role, he was responsible for Investment Banking Finance, Operations, Expense Management and Strategy. Mr. Mathers started his career as a research analyst at HSBC James Capel in 1987 and became Global Head of Equity Research in 1997. He joined Credit Suisse in 1998, working in a number of senior positions in Credit Suisse's Equity business, including the Director of European Research and the Co-Head of European Equities.

Mr. Mathers holds an MA in Natural Sciences from the University of Cambridge, England. Since 2011, he has also served as a member of the Council of the British-Swiss Chamber of Commerce.

Hans-Ulrich Meister jointly leads the Private Banking & Wealth Management division together with Robert Shafir, with responsibility for the Private Banking business. He is also CEO of the Swiss region. Mr. Meister has been a member of the Executive Board since September 2008.

Between 2011 and 2012, Mr. Meister served as the CEO of Private Banking and from 2008 onward as the CEO of the Swiss region, a role he continues to hold. Before joining Credit Suisse in 2008, Mr. Meister spent 25 years with UBS. Among the roles he had were the Head of Corporate Banking Region Zurich from 1999 to 2002, the Head of Large Corporates and Multinationals from 2003 to 2005 and the Head of Business Banking from 2005 to 2007. From 2002 to 2003, he worked on group projects in the area of Wealth Management, based in New York. From 2004 to 2007, Mr. Meister was a member of UBS's Group Managing Board.

Mr. Meister graduated from the University of Applied Sciences in Zurich, in 1987, majoring in Economics and Business Administration. In addition, he attended Advanced Management programs at the Wharton School, University of Pennsylvania in 2000 and the Harvard Business School in 2002.

Mr. Meister has been a member of the Foundation Board of the Swiss Finance Institute since 2008. He has also been a member of the board of the Zurich Chamber of Commerce since 2010.



Robert S. Shafir

Born 1958

US Citizen

Robert Shafir jointly leads the Private Banking & Wealth Management division together with Hans-Ulrich Meister, with responsibility for Private Banking & Wealth Management Products. He is also the CEO of the Americas region. Mr. Shafir has been a member of the Executive Board since August 2007.

From 2008 until 2012, Mr. Shafir was the CEO of Asset Management and also held the position of the CEO of the Americas region between 2008 and 2010, reappointed to this role in 2012. Mr. Shafir joined Credit Suisse from Lehman Brothers in 2008, where he worked for 17 years, having served as the Head of Equities and a member of their Executive Committee. He also held other senior roles, including the Head of European Equities and the Global Head of Equities Trading, and played a key role in building Lehman's equities business into a global, institutionally focused franchise. Prior to that, he worked at Morgan Stanley in the preferred stock business within the fixed income division.

Mr. Shafir received a BA in Economics from Lafayette College, Pennsylvania, in 1980, and an MBA from Columbia University, Graduate School of Business, New York, in 1984.

Mr. Shafir is a member of the Board of Directors of the Cystic Fibrosis Foundation and the Dwight School Foundation.



Pamela A. Thomas-Graham

Born 1963

US Citizen

Pamela Thomas-Graham has been the Chief Talent, Branding and Communications Officer and a member of the Executive Board since January 2010.

Prior to joining the Group, Ms. Thomas-Graham was a Managing Director in the private equity group of Angelo, Gordon & Co., a New York-based investment management firm, from 2008 to 2010. She previously served as Group President of Liz Claiborne Inc.'s women's wholesale apparel business from 2005 to 2008. Ms. Thomas-Graham was at NBC for six years from 1999 to 2005, where she served as President, CEO and Chairwoman of CNBC television and a Director of CNBC International. She also served as the President and CEO of CNBC.com. Prior to that, she worked at McKinsey & Company for ten years from 1989 to 1999.

Ms. Thomas-Graham obtained a BA in Economics from Harvard University, Massachusetts, in 1985, a JD from Harvard Law School in 1989 and an MBA from Harvard Business School in 1989.

Ms. Thomas-Graham is a member of the Board of Directors of the Clorox Company and a member of the Board of Governors of the Parsons School of Design. She is also a member of the Council on Foreign Relations, the Economic Club of New York, the Trustees Education Committee of the Museum of Modern Art and the Business Committee of the Metropolitan Museum of Art. In addition, she is a member of the board of the New York Philharmonic.

**Eric M. Varvel**

Born 1963

US Citizen

Eric Varvel jointly leads the Investment Banking division together with Gaël de Boissard, with responsibility for the Equities & Investment Banking business. He is also the CEO of Asia Pacific region. Eric Varvel has been a member of the Executive Board since February 2008.

From 2010 until 2012, Mr. Varvel was the CEO of Investment Banking and served as acting CEO from September 2009 until July 2010. From 2008 until 2010, Mr. Varvel was the CEO of the EMEA region. Prior to his appointment to the Executive Board in 2008, he was the Co-Head of the Global Investment Banking department and the Head of the Global Markets Solutions Group in the Investment Banking division of Credit Suisse for over three years, based in New York. Before that, Mr. Varvel spent 15 years in the Asia Pacific region in a variety of senior roles, including the Head of Investment Banking and Emerging Markets Coverage for the Asia Pacific region ex-Japan and the Head of Fixed Income Sales and Corporate Derivative Sales. During that time, Mr. Varvel was based in Tokyo, Jakarta and Singapore. Mr. Varvel joined Credit Suisse in 1990. Previously, he worked as an analyst for Morgan Stanley in its investment banking department in New York and Tokyo.

Mr. Varvel holds a BA in Business Finance from Brigham Young University, Utah.

Since 2010, Mr. Varvel has been a member of the Board of Directors of the Qatar Exchange.

Additional information

Changes in control and defense measures

Duty to make an offer

Swiss law provides that anyone who, directly or indirectly or acting in concert with third parties, acquires 33⅓% or more of the voting rights of a listed Swiss company, whether or not such rights are exercisable, must make an offer to acquire all of the listed equity securities of such company, unless the AoA of the company provides otherwise. Our AoA does not include a contrary provision. This mandatory offer obligation may be waived under certain circumstances by the Swiss Takeover Board or FINMA. If no waiver is granted, the mandatory offer must be made pursuant to procedural rules set forth in the SESTA and the implementing ordinances.

Clauses on changes in control

Subject to certain provisions in the Group's employee compensation plans which allow for the Compensation Committee or Board to determine the treatment of outstanding awards for all employees in the case of a change in control, there are no provisions that require the payment of extraordinary benefits in the case of a change in control in the agreements and plans benefiting members of the Board and the Executive Board or any other members of senior management. Specifically, there are no contractually agreed severance payments in the case of a change in control of the Group.

In the case of a change in control, the treatment of outstanding awards for all employees, including Executive Board members, will be determined by the Compensation Committee or the Board. In the case of a change in control, there are no provisions in the employment contracts of Executive Board members that require the payment of any type of extraordinary benefits, including special severance awards.

Internal and external auditors

Auditing forms an integral part of corporate governance at the Group. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Internal Audit

Our Internal Audit function comprises a team of around 250 professionals, substantially all of whom are directly involved in auditing activities. Effective November 2012, Martyn Scrivens was appointed as the new Head of Internal Audit and successor to Heinz Leibundgut, who has retired from the Group. As Head of Internal Audit, Martyn Scrivens reports directly to the Audit Committee chairman.

Internal Audit performs an independent and objective assurance and consulting function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Regulations of Internal Audit approved by the Audit Committee. It regularly and independently assesses the risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining areas of audit concentration and specifying resource requirements for approval by the Audit Committee.

As part of its efforts to achieve best practice, Internal Audit regularly benchmarks its methods and tools against those of its peers. In addition, it submits periodic internal reports and summaries thereof to the management teams as well as the Chairman and the Audit Committee chairman. The Head of Internal Audit reports to the Audit Committee at least quarterly

and more frequently as appropriate. Internal Audit coordinates its operations with the activities of the external auditor for maximum effect.

External auditors

Our statutory auditor is KPMG AG (KPMG), Badenerstrasse 172, 8004 Zurich, Switzerland. The mandate was first given to KPMG for the business year 1989/1990. The lead Group engagement partners are Anthony Anzevino, Global Lead Partner (since 2012); Simon Ryder, Group Engagement Partner (since 2010); and Mirko Liberto, Leading Bank Auditor (since 2012).

In addition, we have mandated BDO AG, Fabrikstrasse 50, 8031 Zurich, Switzerland, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations, mainly relating to the valuation of companies in consideration of the qualified capital increases involving contributions in kind.

The Audit Committee monitors and pre-approves the fees to be paid to KPMG for its services.

Fees paid to external auditors

	2012	2011	% change
Fees paid to external auditors (CHF million)			
Audit services ¹	39.7	40.3	(1)
Audit-related services ²	6.5	7.0	(7)
Tax services ³	5.6	6.9	(19)

¹ Audit fees include the integrated audit of the Group's consolidated and statutory financial statements, interim reviews and comfort and consent letters. Additionally it includes all assurance and attestation services related to the regulatory filings of the Group and its subsidiaries. ² Audit-related services are primarily in respect of: (i) reports related to the Group's compliance with provisions of agreements or calculations required by agreements; (ii) accounting advice; (iii) audits of private equity funds and employee benefit plans; and (iv) regulatory advisory services. ³ Tax services are in respect of tax compliance and consultation services, including: (i) preparation and/or review of tax returns of the Group and its subsidiaries; (ii) assistance with tax audits and appeals; and (iii) confirmations relating to the Qualified Intermediary status of Group entities.

KPMG attends all meetings of the Audit Committee. At each meeting, KPMG reports on the findings of its audit and/or interim review work. The Audit Committee reviews on an annual basis KPMG's audit plan and evaluates the performance of KPMG and its senior representatives in fulfilling its responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the external auditor, subject to shareholder approval as required by Swiss law.

KPMG provides a report as to its independence to the Audit Committee at least once a year. In addition, our policy on the engagement of public accounting firms, which has been approved by the Audit Committee, strives to further ensure an appropriate degree of independence of our external auditor.

The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries in connection with its audit and stipulates certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. In accordance with this policy and as in prior years, all KPMG non-audit services provided in 2012 were pre-approved. KPMG is required to report to the Audit Committee periodically regarding the extent of services provided by KPMG and the fees for the services performed to date.

American Depositary Share fees

Fees and charges for holders of ADS

In accordance with the terms of the Deposit Agreement, Deutsche Bank Trust Company Americas, as depositary for the ADS (the Depositary), may charge holders of our ADS,

either directly or indirectly, fees or charges up to the amounts described below. In June 2011, after a competitive bid process, the Group signed an engagement letter renewing the term of Deutsche Bank Trust Company Americas as Depositary for an additional five years.

Fees and charges for holders of ADS

Fees	
USD 5 (or less) per 100 ADS (or portion thereof)	For the issuance of ADS, including issuances resulting from a distribution of shares, share dividends, share splits and other property; for ADS issued upon the exercise of rights; and for the surrender of ADS for cancellation and withdrawal of shares.
USD 2 per 100 ADS	For any distribution of cash to ADS registered holders, including upon the sale of rights or other entitlements.
Registration or transfer fees	For the transfer and registration of shares on our share register to or from the name of the Depositary or its agent when the holder deposits or withdraws shares.
Charges	
Expenses of the Depositary	For cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); and for converting foreign currency to US dollars.
Taxes and other governmental charges	Paid, as necessary, to the Depositary or the custodian who pays certain charges on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or applicable interest or penalty thereon.
Other charges	Paid, as necessary, to the Depositary or its agents for servicing the deposited shares.

The Depositary collects its fees for the delivery and surrender of ADS directly from investors depositing shares or surrendering ADS for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to holders by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee services until its fees for those services are paid.

Amounts paid by the Depositary to the Group

In 2012, the Depositary reimbursed the Group USD 49,179 for NYSE listing fees. Under the Group's new engagement letter, the Depositary has agreed to make certain payments to the Group in 2012 and thereafter. In 2012, these fees amounted to USD 1,200,000 for expenses relating to its American Depositary Receipt program. The Depositary has also contractually agreed to provide certain ADS program-related services free of charge.

Under certain circumstances, including removal of the Depositary or termination of the ADS program by the Group,

the Group is required to repay certain amounts paid to the Group and to compensate the Depositary for payments made or services provided on behalf of the Group.

Liquidation

Under Swiss law and our AoA, we may be dissolved at any time by a shareholders' resolution which must be passed by:

- a supermajority of at least three quarters of the votes cast at the meeting in the event we are to be dissolved by way of liquidation; and
- a supermajority of at least two thirds of the votes represented and an absolute majority of the par value of the shares represented at the meeting in other events.

Dissolution by court order is possible if we become bankrupt. Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up par value of shares held.

Compensation

Dear shareholders,

We are pleased to present our Compensation Report in respect of the reporting year 2012 to our shareholders and request your support through the advisory vote at the Annual General Meeting. We are committed to a responsible performance culture, which rewards progress towards our aspiration of strengthening Credit Suisse as a leading, integrated financial services provider and balances the interests of employees and shareholders.

During 2012, we focused on a review and revision of our executive compensation structure. To this end, we solicited and carefully reviewed feedback from our shareholders in respect of the structure of compensation at Credit Suisse, focusing on the compensation of senior executives, as well as the general concerns regarding the alignment of pay for performance in our industry. As a result of this analysis, we have restructured the incentive compensation for members of the Executive Board. We decided to:

- introduce individual target levels of compensation for each Executive Board member, based on the philosophy of paying market competitive compensation if challenging performance targets are achieved;
- introduce caps on the amount of compensation that can be awarded to each Executive Board member upon significantly exceeding the performance targets, set at levels to motivate performance while still being within the range of market levels of compensation;
- separate the granting of short and long-term incentive awards, where the short-term incentive awards aim to reward executives for their achievements in the prior year, while also discouraging future negative performance through the use of clawback provisions; and
- introduce new long-term incentive awards, which aim to motivate outstanding performance in the future and are clearly linked to meeting challenging financial goals.

The introduction of new long-term incentive awards reflects our commitment to pay for performance, with an emphasis on a long-term and sustainable creation of shareholder value. Recipients will only earn the full value of deferred awards if explicit and transparent performance conditions, linked to relative total shareholder return and return on equity, are met over the full five-year period. The targets and caps provide that the combined short and long-term incentive compensation granted to any executive stay within the range of what the

Compensation Committee has determined to be an appropriate pay level for that particular executive's role.

Granting a substantial part of variable compensation in deferred share-based awards aligns the interests of employees and shareholders and meets expectations of regulators. The delivery of these awards in new shares has been a core component of our capital plan over the last two years to meet the changed regulatory requirements. However, we are mindful of the potential dilutive impact to shareholders and we expect to revert to our previous practice of buying shares in the market to meet these delivery obligations after our Look-through Swiss Core Capital ratio exceeds 10%.

While we focused on executive compensation in 2012, in 2013 the Compensation Committee will look to review and rebalance the mix of share-linked and cash-linked deferred compensation for the broader employee population, including the performance criteria of our current share awards. At the same time, we will assess the implications of emerging regulations, including the new initiative recently approved by voters in Switzerland with regard to a binding say on the pay for the executive boards and boards of directors as well as the recently proposed EU rules on compensation. Further, we believe in the equitable sharing of the future economic gains of Credit Suisse between its shareholders and its employees, and we will work to achieve a better balanced distribution to this effect going forward.

The Compensation Committee is satisfied that this report reflects the manner in which it has reviewed and set compensation for 2012 and it is in line with the specific remuneration disclosure requirements issued by the Swiss Financial Market Supervisory Authority. The activities of the Compensation Committee were executed in accordance with its mandate under the Credit Suisse Organizational Guidelines and Regulations and the Compensation Committee charter.

Aziz R.D. Syriani
Chairman of the Compensation Committee
Member of the Board of Directors
March 2013

Compensation Report 2012 – Overview

This compensation report explains our compensation approach and provides our compensation disclosure for 2012. It is composed of the following sections:

- Compensation governance;
- Executive Board compensation;
- Board of Directors compensation; and
- Group compensation.

The Group is committed to fair, balanced and performance-based compensation practices that align long-term employee and shareholder interests.

As in recent years, shareholder interest in the structure and pay levels for bank executives remained high in 2012. In consideration of shareholder input and emerging practices for executive compensation in the industry, the Group implemented significant changes to the compensation approach for the Executive Board. Key changes include the introduction of individual targets and caps for the determination of compensation for Executive Board members and a new structure for their incentive award plans (incentive compensation), which now consists of an unrestricted cash payment and a short-term incentive (STI) award, with vesting over a three year period, and a new separate long-term incentive (LTI) award, with vesting over a five year period. The STI awards are deferred share-based awards subject to clawback in the event of negative business performance. The LTI awards are deferred cash-based awards subject to pre-defined, challenging performance vesting conditions linked to Group relative total shareholder return (RTSR) and underlying return on equity (ROE). As in prior years, Executive Board members remain subject to minimum Group shareholding requirements

and their contracts contain no provisions that provide for special payments or other benefits upon termination.

For employees who are not members of the Executive Board, the 2012 structure is similar to that of 2011. Consistent with past practice and in line with the expectations of regulators, we granted a substantial portion of deferred discretionary variable incentive awards (variable compensation) for 2012 as share-based awards. The share awards granted for 2012 are the same as those granted for 2011. All share awards vest over three years and a portion of the share awards granted to managing directors and certain other groups of employees are subject to clawback in the event of negative performance. Other deferred variable compensation was awarded in the form of Plus Bonds, a new plan granted principally to managing directors and directors in Investment Banking. Plus Bonds, which are linked to a portfolio of asset-backed securities that originated in and continues to be managed by Investment Banking should also be viewed within the context of the Group's capital strategy and applicable regulatory capital requirements as they constitute a risk transfer from the Group to the Plus Bond holders and thus contribute to the reduction of the Group's risk-weighted assets. Managing directors and directors in Investment Banking received the cash portion of their variable compensation in the form of Restricted Cash Awards, which are cash payments that are subject to repayment under certain termination conditions.

For the Group overall, total compensation and benefits expense for 2012 was CHF 12.5 billion, down 5% compared to 2011, which includes the impact of lower salaries, reflecting lower headcount in 2012. Variable compensation awarded for 2012 (including incentive compensation granted to members of the Executive Board) was CHF 3.4 billion, which was awarded in aggregate as 35% unrestricted cash and 65% deferred awards.

2012 revised compensation approach for the Executive Board

Responsible

- Introduction of individual targets and caps
- Targets/caps expressed as multiples of base salary and per incentive award plan
- Overall pool capped at 2.5% of Group underlying net income

Long-term orientation

- Separate short-term and long-term incentive award plans
- New long-term incentive award plan vesting over five years after grant, payable starting three years after grant, subject to explicit performance vesting conditions

Performance-linked

- Individual awards subject to weighted performance assessments, based on Group, divisional and individual performance
- Short-term incentive awards subject to clawback for negative business performance
- Vesting of long-term incentive awards linked to relative total shareholder return and underlying return on equity

The variable compensation awards for 2012 reflect the improved underlying results of the Group compared to 2011. Group underlying pre-tax income increased 111% to CHF 5.0 billion in 2012 from CHF 2.4 billion in 2011 and underlying ROE was 10% for 2012, up from 5.5% in 2011. The Group's underlying results are non-GAAP financial measures that exclude valuation impacts from movements in own credit spreads and certain other significant items included in our reported results. Without excluding these significant non-operating items, the largest of which is fair value losses on own debt of CHF 2.9 billion due to the improvement of our own credit spreads, our reported Core pre-tax income for 2012 was CHF 1.9 billion, compared to CHF 2.7 billion in 2011, while reported ROE was 3.9% compared to 6.0% in 2011. The Compensation Committee regards the underlying results to be a more accurate reflection of the Group's operating performance than reported results, in particular because the largest component, fair value gains/(losses) on our own debt, is inversely related to movements in our own credit spreads, generating gains when credit spreads widen and losses when credit spreads narrow.

- ▶ Refer to "Reconciliation of underlying results" in Executive Board compensation – Performance evaluation for 2012 for the a reconciliation of underlying results to the most directly comparable US-GAAP measures and other related disclosures.

Incentive compensation awarded to members of the Executive Board for 2012 comprised CHF 13.6 million in the form of unrestricted cash, CHF 21.0 million as STI awards and a further CHF 15.4 million as LTI awards. The average incentive compensation awarded to members of the Executive Board for 2012 was CHF 1.1 million in unrestricted cash, CHF 1.7 million as STI awards and CHF 1.3 million as LTI awards. Incentive compensation awarded to the Chief Executive Officer (CEO) for 2012 was CHF 0.5 million in unrestricted cash, CHF 2.5 million as an STI award and CHF 2.0 million as an LTI award. The level of the incentive compensation was granted to members of the Executive Board and the CEO for 2012 in consideration of the Group's improved underlying results, the substantial strengthening of the Group's capital position achieved in 2012 and the significant progress made to adapt the business and organization to the new regulatory requirements, changing client demands and the current market environment.

Compensation governance

Compensation objectives

The Group's ability to implement a comprehensive human capital strategy and to attract, retain, reward and motivate talented individuals is fundamental to the Group's long-term success. Compensation is a key component of this strategy and aims to align employee and shareholder interests. The Group is committed to responsible compensation practices and plans that balance the need to reward our employees fairly and competitively based on performance while promoting principled behavior and actions. The Group's objectives are to maintain a compensation policy that:

- supports a performance culture that is based on merit and differentiates and rewards excellent performance, both in the short and long term, and recognizes our company values;
- enables the Group to attract and retain employees and motivate them to achieve results with integrity and fairness;
- balances the mix of fixed compensation and variable compensation to appropriately reflect the value and responsibility of the role the employees perform day to day and to influence appropriate behaviors and actions;
- is consistent with and promotes effective risk management practices and the Group's compliance and control culture;
- fosters teamwork and collaboration across the Group;
- takes into account the capital position and long-term performance of the Group in order to create sustainable value for our shareholders; and
- is reviewed regularly and endorsed by an independent Compensation Committee.

Consistent with these objectives, the Group applies a total compensation approach based on fixed compensation and variable compensation. Fixed compensation includes base salary, which reflects seniority, experience, skills and market practice. Variable compensation is awarded annually at the discretion of the Group and varies depending on Group, divisional and individual performance. The percentage mix between fixed and variable compensation varies according to the employee's seniority, business and location and is an important consideration in determining total compensation, in particular for the Group's most senior employees.

Compensation Committee

The Compensation Committee of the Board of Directors (Board) is the supervisory and governing body for compensation policy, practices and plans within the Group and is responsible for determining, reviewing and proposing compensation for approval by the Board. The Compensation Committee consists of not fewer than three independent members of the Board. The members of the Compensation Committee are Aziz

R.D. Syriani (chairman), Robert H. Benmosche, Iris Bohnet, Walter B. Kielholz and Jean Lanier. Based on the criteria for determining independence under the Swiss Code of Best Practice for Corporate Governance and the rules of the New York Stock Exchange and the Nasdaq Stock Market, the Board has determined all five members of the Compensation Committee to be independent.

- ▶ Refer to “Independence” in Corporate Governance – Board of Directors for more information on how the Group determines the independence of its Board members.

The Compensation Committee has appointed Johnson Associates, Inc., a global compensation consulting firm, to assist it in ensuring that the Group's compensation program remains competitive and is responsive to regulatory developments and in line with its compensation approach. Johnson Associates, Inc. is independent from the Group's management and does not provide any services to the Group other than supporting the Compensation Committee. The Compensation Committee has appointed Nobel & Hug as external legal counsel. In 2012, the Compensation Committee retained Fehr Advice & Partners AG, a Swiss-based consulting firm, to advise on the redesign of the compensation approach for the Executive Board.

The Compensation Committee is required to meet at least four times per year, but in practice meets more often. During 2012, the Compensation Committee held ten meetings. The Compensation Committee chairman decides on the attendance of management, the compensation consultants and external legal counsel at the committee meetings. The committee meets each January for the primary purpose of reviewing the performance of the businesses and the respective management teams for the previous year and recommending to the Board for approval the overall compensation pools for the divisions and the compensation payable to the members

of the Board, the CEO and the head of Internal Audit. The Compensation Committee also reviews the performance of and determines compensation for members of the Executive Board and certain other members of senior management. During its performance review, the Compensation Committee considers input from the Group's internal control functions, including Risk Management, Legal and Compliance and Internal Audit, regarding control and compliance issues, including any breaches of relevant rules and regulations or the Group's Code of Conduct. The Audit Committee provides input to the Compensation Committee for its performance review with respect to control and compliance matters. Specifically, the Audit Committee reviews the impact on the recommended amount of variable compensation of individuals who have been subject to the Group's disciplinary process. In line with the process established in 2011 and in response to specific regulatory guidelines regarding compensation for employees engaged in risk-taking activities, the Compensation Committee also reviews and approves the compensation for Group employees identified as ◉ material risk takers and controllers (MRTC), who are employees whose activities are considered to have a potentially material impact on the Group's risk profile. The Risk Committee is involved in the review process for MRTC and also provides input to the Compensation Committee with respect to risk considerations in the compensation process. The chairmen of the Risk Committee and the Audit Committee attend the Compensation Committee meeting in January.

The following table sets forth the approval authority for determining compensation policy and setting compensation for different groups of employees, as stipulated within the Group's Organizational Guidelines and Regulations (OGR) and the Compensation Committee charter (available on our website at www.credit-suisse.com/governance).

Approval authority

Approval grid	Authority
Establishment or amendment of the Group's compensation policy	Board upon recommendation by the Compensation Committee
Establishment or amendment of compensation plans	Board upon recommendation by the Compensation Committee
Setting variable compensation pools for the Group and the divisions	Board upon recommendation by the Compensation Committee
Board compensation (including the Chairman's compensation) ¹	Board upon recommendation by the Compensation Committee
Compensation of the CEO	Board upon recommendation by the Compensation Committee
Compensation of other Executive Board members	Compensation Committee with information to the Board
Compensation for the Head of Internal Audit	Compensation Committee upon consultation of the Audit Committee Chairman
Compensation for MRTC	Compensation Committee
Compensation for other selected members of management	Compensation Committee

¹ In the case of the Chairman's compensation and the additional fees for the committee chairmen, the Board member concerned does not participate in the decision involving his or her own compensation. In the case of other Board members, compensation consists of a base fee plus a fee that may differ from committee to committee. The Compensation Committee recommends the base fee and committee fee amounts to the full Board for approval.

During 2012, the Board, upon recommendation of the Compensation Committee, approved a new approach for compensation of the Executive Board and endorsed other modifications to our compensation policy to ensure our plans remain in line with peers and permit compliance with evolving regulations. The Compensation Committee's main focus areas during 2012 were:

- developing and approving a new compensation approach for the Executive Board for 2012 and beyond, aimed at addressing key issues raised by shareholders and emerging best practice among peer companies;
- maintaining an active dialogue and consulting with our principal regulators about our compensation plans, as well as monitoring global regulatory and market trends with respect to compensation at financial institutions;
- continuing to engage with shareholders and shareholder groups regarding our compensation governance and plans;
- further enhancing the compensation process for covered employees in line with regulatory guidance; and
- increasing the transparency of our compensation disclosure, in particular with respect to compensation for members of the Executive Board.

Compensation policy

The Group maintains a comprehensive compensation policy, which formalizes our compensation principles and related processes and provides the foundation for sound compensation practices that support the Group's long-term strategic objectives. The compensation policy is approved by the Board. The compensation policy adheres to the compensation principles set out by our regulator in Switzerland, the Swiss Financial Market Supervisory Authority (FINMA), and our other main regulators and applies to all employees and compensation plans of the Group. The compensation policy is periodically updated and all revisions are approved by the Board. In 2012, to address the request of regulators, in particular the US Federal Reserve (Fed), we expanded the policy regarding MRTC and certain other US employees with more clear and documented procedures for granting variable compensation to these employees. These revisions provide guidelines for setting risk-adjusted compensation and require training for all managers of covered employees with responsibility for compensation recommendations. The revisions also provide guidelines on malus provisions that can lead to the clawback of compensation. The Group's compensation policy is available on our website at www.credit-suisse.com/compensation.

The compensation policy also includes implementation standards, which provide managers and employees with a detailed description of our principles, programs and the defined standards and processes relating to the development, management, implementation and governance of compensation. The implementation standards and the guidelines related to covered employees are published internally and accessible to all employees.

Impact of regulation on compensation

Many regulators across the world relevant to the Group, including FINMA, continue to focus on compensation. The requirements of FINMA apply to the Group on a global basis, while the requirements of other regulators generally only apply in respect of operations of the Group in a specific location. Several regulators, such as regulators in the US, the EU and the UK, impose provisions that diverge from the principles set forth in the Circular on Remuneration Schemes, which was issued by FINMA and which our plans comply with on a global basis. To the extent jurisdictional requirements diverge, we adapt our local plans in order to comply with local requirements, which generally results in additional terms, conditions and processes being implemented in the relevant locations.

The Group continuously monitors regulatory and legislative developments in all applicable jurisdictions, as well as industry best practices in compensation and guidance issued by various bodies including the Financial Stability Board, the Committee of European Banking Supervisors, the Group of Twenty Financial Ministers and Central Bank Governors and the Basel Committee on Banking Supervision.

On March 3, 2013, Swiss citizens approved the so-called "Minder Initiative", intended to strengthen shareholder rights. The initiative requires legislation be passed to impose board and executive compensation-related requirements on Swiss public companies, including requiring a binding (rather than advisory) shareholder vote on total board and total executive management compensation and prohibiting severance payments, salary prepayments and payments related to the acquisition or disposal of companies. The initiative also provides that the board members, the board chairperson and the compensation committee members be directly elected by shareholders annually. Further, the initiative calls for criminal sanctions in case of noncompliance. The Federal Council will have one year to issue a transitional ordinance which will be applicable until the Swiss Parliament passes the new law. Timing for the final implementation of the initiative is currently undetermined.

Executive Board compensation

The new approach for Executive Board compensation that was introduced during 2012 was designed to ensure that the Group is in line with best practice among peer companies and to address requirements of regulators and shareholder feedback, while motivating outstanding performance from our executives.

The key features of the new approach to Executive Board compensation are:

- A new structure for incentive compensation consisting of short-term awards and a separate long-term incentive award;
- Short-term awards in the form of unrestricted cash and a deferred STI award, with vesting over a three-year period,

subject to clawback in the event of negative business performance;

- A new deferred LTI award, which vests over a five-year period, payable starting on the third anniversary of the grant date and subject to predefined and challenging performance vesting conditions linked to the subsequent economic and market performance of the Group; and
- The introduction of clear compensation target levels and caps for each Executive Board member, linked to predefined performance criteria, expressed as multiples of base salary and for each incentive award plan.

An overview of the vesting timeline for the Executive Board short-term and long-term award plans is shown below.

Executive Board incentive award plan vesting timeline



Unrestricted cash

Unrestricted cash awards are short-term incentive awards, payable in cash after grant, which are intended to recognize the Executive Board members' performance for the most recent prior year.

Short-term incentive (STI) award

STI awards are granted in the form of performance share awards, which are deferred over three years and subject to clawback. The clawback results in a negative adjustment to the outstanding awards depending on the performance of the most recent prior year in the following circumstances:

- If the Group reports a negative underlying ROE, the number of outstanding awards is reduced by the same percentage as the negative underlying ROE;
- For the heads of the divisions reporting a pre-tax loss, the awards are reduced by 15% per CHF 1 billion of loss and the calculation of the reduction is performed on a pro-rata basis, based on the actual loss amount;

- In the case of both a negative underlying ROE and a divisional pre-tax loss, the negative adjustment is the greater of the negative underlying ROE and 15% per CHF 1 billion of loss adjustments;
- For the CEO and Executive Board members heading a Shared Services function, the clawback for negative performance will affect outstanding awards only if the Group has a negative underlying ROE; and
- If the general malus provision is triggered, the Group may cancel outstanding awards. In the case of Executive Board members, the general malus provision can be applied in a wide range of situations, including in the event of adverse individual, divisional or firm-wide factors, such as (but not limited to) any activity that is materially detrimental to the Group, that causes or could cause the Group or any of its divisions or regions to suffer reputational risk or a significant downturn in financial performance or capital base, or a significant failure of risk management.

The final number of STI awards delivered to Executive Board members will be the original number of awards granted or, if a clawback is triggered prior to vesting, a lower number. There are no circumstances under which the outstanding STI awards are increased. The value of the STI awards at delivery is solely dependent on the Group share price.

- ▶ Refer to “Potential downward adjustments of performance share awards and STI” in Group compensation – Compensation design – Deferred variable compensation instruments – Performance share awards for specific downward adjustments to be applied.

Long-term incentive (LTI) award

LTI awards are granted in the form of cash awards, which are deferred over a period of five years and vest in three tranches, one on each of the third, fourth and fifth anniversaries of the date of grant, subject to pre-defined performance vesting conditions. The amount due at vesting is determined based on the following performance criteria and conditions, which are measured on a tranche by tranche basis over the three calendar years preceding the year in which vesting occurs:

- Average of the RTSR achieved during each of the three years prior to vesting, calculated by reference to the average total shareholder return achieved by a group of peer firms, is the primary performance metric; and
- Average underlying ROE achieved during the three years prior to vesting compared to the ROE targets set for the respective years acts as a further adjustment, increasing or decreasing the amount payable by up to 25%.
- The amount payable at vesting of each tranche is subject to a cap of 200% of the initial LTI award value for that tranche.

RTSR is our total shareholder return compared to the average total shareholder return of our peers. Total shareholder return is calculated as equal to the appreciation or depreciation of a particular share, plus any dividends, over a given period, expressed as a percentage of the share’s value at the beginning of the three-year measurement period. The peer group used for the RTSR calculation is the same group of twelve peer firms defined below. The RTSR achievement level can increase or decrease the amount due on a sliding scale basis and is subject to a cap as follows:

- Achievement of average RTSR of 150% (where the Group RTSR is 50% greater than that of the peer group) or greater results in a maximum upward adjustment of 100% (cap);
- Achievement of average RTSR of 100% (where the Group RTSR is the same as that of the peer group) results in an LTI payout that equals the grant value (no upward or downward adjustment);

- Achievement of RTSR of 50% (where the Group RTSR falls 50% below that of the peer group) or below results in the forfeiture of the respective LTI awards (downward adjustment of 100%); and
- Achievement of average RTSR between 50% and 150% of that of the peer group results in an upward or downward adjustment between negative 100% and positive 100%, applied on a sliding scale basis.

Following the RTSR calculation above, the amount payable is subject to a further upward or downward adjustment of up to 25%, depending on the average underlying ROE achieved during the three years prior to vesting compared to the underlying ROE targets approved for the corresponding years. The maximum upward adjustment of 25% applies if the average underlying ROE achieved is 200% of the target. The ROE adjustment, however, cannot increase the amount payable beyond two times the initial award.

The LTI is a deferred cash award. However, the Group retains the right to settle the LTI awards in shares at its discretion. In such a case, the amount of shares delivered in the year of vesting is based on the Group share price at the time of settlement.

Targets and caps for Executive Board members

Under the new structure, the Compensation Committee establishes individual targets and caps for each Executive Board member. An award at the target level is conditional upon the achievement of challenging performance goals, measured in terms of pre-defined performance criteria. If performance goals are exceeded, an amount above the target level can be awarded, but it may not exceed the cap. If performance goals are not met, awards will be below target and can be reduced to zero. The targets are determined by reference to estimated market levels of compensation for each individual role when matched against a group of peers, so that the individual target levels are aligned with competitive pay levels for comparable roles in the market. The caps are set at a premium over the target, again matched against peers, in order to provide suitable motivation for outstanding performance. The market data on executive compensation levels is provided to the Compensation Committee by its independent compensation advisor Johnson & Associates. The targets and caps for incentive compensation awards are expressed as multiples of base salary for each Executive Board member and in terms of the different incentive award plans (unrestricted cash, STI awards and LTI awards). Depending on the performance achieved, an Executive Board member can be awarded an amount of incentive compensation that is between zero and his or her cap for each incentive award plan. If the performance achieved is fully

in line with the member's objectives, the member will be awarded the target amount of incentive compensation for each incentive award plan. Based on the overall assessment of the Group's performance by the Compensation Committee, and in consideration of individual contributions, the Compensation Committee retains discretion in determining the final amounts awarded to the Executive Board for individual members and in aggregate. Nonetheless, the sum of all the incentive compensation awards for the Executive Board remains subject to an overall cap of 2.5% of Group underlying net income, irrespective of individual performance.

2012 targets, caps and performance criteria

For 2012, the Compensation Committee approved individual target and cap levels for the CEO and the Executive Board members as of the end of 2012 (eight individuals), as summarized in the table below. The annual 2012 base salary was CHF 2.5 million for the CEO and CHF 1.5 million or the US dollar equivalent for other Executive Board members, which remained unchanged from the prior year respectively. For 2012, the incentive compensation was granted in the proportion of 10%/50%/40% for the unrestricted cash, STI award and LTI award, respectively. This corresponds to a deferral rate of 90% for Executive Board members, which is the maximum deferral rate applied to employees Group wide. No Executive Board member was awarded his or her cap level for 2012.

2012 targets and caps for Executive Board members

	Target levels		Cap levels	
	Average for Executive Board members	CEO	Average for Executive Board members	CEO
Multiples of base salaries				
Short-term awards				
Unrestricted cash	0.3	0.3	0.4	0.5
Short-term incentive award	1.6	1.4	2.2	2.2
Long-term incentive award				
	1.3	1.2	1.8	1.8

2012 performance criteria

The Compensation Committee approved criteria to measure the performance of Executive Board members in 2012 in terms of the performance of the Group and the respective business division or Shared Services function for which the individual was responsible. The performance criteria and their weightings for 2012 were as follows:

Group performance (40%):

- Group performance was evaluated on the basis of pre-tax income and ROE, both measured on an underlying basis at year-end compared to the 2012 targets, which were defined in the Group's 2012 financial plan and approved by the Board.

Divisional and individual performance (40%):

- Divisional financial performance: financial performance of the divisions was evaluated primarily on the basis of divisional pre-tax income and pre-tax income margin, reviewed on both a reported and an underlying basis for each division at year-end compared to the targets that

were defined in the Group's 2012 financial plan and approved by the Board. The divisional financial performance criteria were applicable only to the Executive board members heading a division. For these individuals, the 40% weighting was split between the divisional financial performance and the individual qualitative assessment;

- Individual qualitative assessment: the qualitative assessment was performed on the basis of individual scorecards for each Executive Board member, based on the achievement of pre-defined non-financial objectives established for each division and Shared Services function. The objectives are set in each of the scorecard categories for the year, covering business and strategy, clients, people, collaboration and the control environment. For Executive Board members heading a Shared Services function, the 40% weighting was based on the qualitative assessment.

Compensation Committee assessment (20%):

- The Compensation Committee performed an overall quantitative and qualitative assessment of the Group's performance, including its capital and risk positions, the control

environment, and its relative performance against peers. In reaching its decisions, the Compensation Committee also considered the overall operating environment and the position of the Group and its businesses. In addition, it also considered individual roles and achievements of the Executive Board members.

For the evaluation of relative performance against peers, the Group has identified a group of twelve peer firms, based on the comparable scope and complexity of the business platform, business mix and geographical footprint: Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Morgan Stanley, Nomura, Société Générale and UBS.

2013 targets, caps and performance criteria

In early 2013, the Compensation Committee approved the targets and caps and the performance criteria to be applied for the 2013 performance review and incentive compensation process for individuals serving on the Executive Board as of the beginning of 2013. The Compensation Committee decided to place more emphasis on the long-term incentive award and therefore approved individual target levels for 2013 to be granted in the proportion of 10%/40%/50% for the unrestricted cash, STI award and LTI award, respectively (the 2012 proportion was 10%/50%/40%). The 2013 targets and caps are shown in the table below.

2013 targets and caps for Executive Board members

	Target levels		Cap levels	
	Range for Executive Board members	CEO	Range for Executive Board members	CEO
Multiples of base salaries				
Short-term awards				
Unrestricted cash	0.2 – 0.4	0.3	0.3 – 0.7	0.4
Short-term incentive award	0.6 – 1.7	1.1	1.2 – 2.9	1.6
Long-term incentive award	0.8 – 2.1	1.3	1.5 – 3.5	2.0

In addition, the aggregate value of the unrestricted cash, STI and LTI awards may be subject to a further upward or downward adjustment of up to 20% at the discretion of the Compensation Committee.

2013 performance criteria for the Executive Board

Performance criteria	Weightings			Description and performance objectives
	CEO	Divisional Head	Shared Services Head	
Group performance				
Underlying ¹ ROE	33%	33%	40%	Group performance is evaluated on the basis of ROE, measured on an underlying basis at year end compared to target; targets are set on an annual basis in the Group's financial plan and approved by the Board. Performance objectives: 11% underlying ¹ ROE to reach target; 16% underlying ¹ ROE to reach cap
Divisional performance				
Group cost/income ratio	33%	–	10%	For the CEO and the Heads of the Shared Services functions, divisional performance is evaluated on the basis of the Group's cost/income ratio. Performance objectives: 70% underlying ¹ cost/income ratio to reach target; 65% underlying ¹ cost/income ratio to reach cap
Divisional performance	–	33%	10%	Divisional performance is evaluated on the basis of the following performance metrics for the divisional and Shared Services Heads: – Private Banking & Wealth Management Heads: Performance objectives: 70% underlying ¹ cost/income ratio to reach target; 65% underlying ¹ cost/income ratio to reach cap – Investment Banking Heads: Performance objectives: 11% pre-tax return on average utilized economic capital to reach target; 15% pre-tax return on average utilized economic capital to reach cap (allocated capital based on risk-weighted assets and total balance sheet usage) – Shared Services Heads: Performance objectives: performance against approved 2013 budget to reach target; 5% below budgeted cost to reach cap
Individual qualitative assessment				
Scorecard assessment	33%	33%	40%	The Compensation Committee performs a qualitative assessment on the basis of individual scorecards established for the CEO and the other Executive Board members, based on the achievement of pre-defined non-financial objectives set out in each of the following scorecard categories for the year: CEO scorecard: i) capital strength; ii) human capital management (including succession planning); iii) strategy execution; and iv) management of control, operational and reputational risks. Executive Board member scorecard: i) capital strength; ii) human capital management (including succession planning); iii) management of control, operational and reputation risks; iv) involvement in client activities; and v) partnership and firm focused behavior. For the Executive Board members with regional responsibilities, these factors are also considered in respect of each of the regions for which they are responsible.

¹Underlying results are non-GAAP financial measures that exclude valuation impacts from movements in own credit spreads and certain other significant items.

Performance evaluation for 2012

In January 2013, the Compensation Committee completed its performance evaluation for 2012 for the Group and the individual assessments of Executive Board members.

Group performance evaluation

For 2012, the Compensation Committee concluded that the Group performance targets were met. The Group delivered a performance largely in line with annual targets in the financial plan for 2012. In 2012, underlying pre-tax income significantly improved to CHF 5.0 billion from CHF 2.4 billion in 2011 and underlying ROE significantly improved to 10.0% from 5.5% in

2011. Reported Core pre-tax income was CHF 1.9 billion, compared to CHF 2.7 billion in 2011, while reported ROE was 3.9%, compared to 6.0% in 2011. The primary difference between the Group's reported and underlying results for 2012 arose from fair value losses on our own debt before tax of CHF 2.9 billion, which resulted from improvements in our credit spreads, a trend closely aligned to market recognition of the strengthening of the Group's capital and competitive position in 2012. The table "Reconciliation of underlying results" below provides a reconciliation of the Group's underlying results to the most directly comparable US GAAP measures. For the purposes of evaluating the Executive Board's

contribution to the achievement of satisfactory financial results for the Group, the Compensation Committee considers the underlying results to be a more accurate reflection of our operating results and therefore a more appropriate basis for the purposes of establishing compensation.

Underlying performance

Underlying results are non-GAAP financial measures. The numbers listed in the following table are included in the operating and financial review of the businesses.

- ▶ Refer to “Core Results”, “Private Banking & Wealth Management” and “Investment Banking” in II – Operating and financial review for discussions of the individual line items.

Reconciliation of underlying results

in	Core pre-tax income		Net income attributable to shareholders		Return on equity (%)	
	2012	2011	2012	2011	2012	2011
Overview of significant items (CHF million)						
Reported results	1,879	2,749	1,349	1,953	3.9	6.0
Fair value losses/(gains) from movement in own credit spreads	2,939	(1,616)	2,261	(1,151)	–	–
Realignment costs	680	847	477	640	–	–
Gain on sale of stake in Aberdeen Asset Management	(384)	(15)	(326)	(13)	–	–
Gain on sale of non-core business (Clariden Leu integration)	(41)	–	(37)	–	–	–
Impairment of Asset Management Finance LLC and other losses	68	–	41	–	–	–
Gain on sale of real estate	(533)	(72)	(445)	(60)	–	–
Gain on sale of Wincasa	(45)	–	(45)	–	–	–
Losses on planned sale of certain private equity investments	82	–	72	–	–	–
Litigation provisions	363 ¹	478 ²	230 ¹	428 ²	–	–
Underlying results	5,008	2,371	3,577	1,797	10.0	5.5

¹ Includes CHF 136 million (CHF 96 million after tax) related to significant Investment Banking litigation provisions in the third quarter of 2012 and CHF 227 million (CHF 134 million after tax) NCFE-related litigation provisions in the fourth quarter of 2012. ² Related to litigation provisions in connection with German and US tax matters.

Divisional and individual performance evaluation

For 2012, the Compensation Committee concluded that divisional and individual performance targets were met.

In Private Banking & Wealth Management, the Compensation Committee acknowledged the improvement of the financial indicators. Pre-tax income and pre-tax income margin improved for the former Private Banking and Asset Management divisions. Results were consistent with the Group's financial plan for 2012. With regard to the qualitative assessment, the Compensation Committee acknowledged the continued strong asset gathering momentum for net new assets in targeted markets, particularly in emerging markets and the ultra-high-net-worth client business which were partially offset by outflows in Western Europe and relating to the integration of Clariden Leu. It also acknowledged the successful repositioning of the Asset Management business, and further reflects our continued focus on alternative investment strategies, including emerging markets, and core investments, including asset allocation and traditional products.

In Investment Banking, the Compensation Committee acknowledged the improvement of financial indicators. The improvements of pre-tax income and the pre-tax income mar-

gin were consistent with the Group's financial plan for 2012. With regard to the qualitative assessment, the Compensation Committee also acknowledged the reduced volatility and improved consistency of results, reflecting the successful alignment of the business model to new market and regulatory requirements. Investment Banking risk-weighted assets under Basel III were reduced from USD 242 billion at year-end 2011 to USD 187 billion at year-end 2012, reflecting substantial progress towards the target level of below USD 175 billion by year-end 2013.

For Shared Services, the Compensation Committee acknowledged the robust control and support environment combined with cost discipline and efficiency gains that helped to improve results in 2012 while transitioning the business to new regulatory requirements. In the aggregate, the Group achieved expense savings of CHF 2 billion in 2012 compared to our annualized six month 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

Compensation Committee discretionary assessment

As a result of its discretionary assessment, the Compensation Committee concluded that the Executive Board made good progress in a number of areas relevant to the long term positioning of the Group. In particular, the Compensation Committee acknowledged the progress during 2012 towards meeting new regulatory requirements. With improved earnings and the successful implementation of the capital measures announced in July 2012, the Group achieved an improvement of its regulatory capital base. As of year-end 2012, our Look-through Swiss Core Capital ratio was 9.0%, compared to 10% that will be required by FINMA by year-end 2018. Our Basel II.5 tier 1 ratio improved to 19.4% from 15.2% in 2011. We reduced our total assets by CHF 99 billion during the fourth quarter of 2012, making significant progress toward the goal of reducing our balance sheet to below CHF 900 billion on a foreign exchange neutral basis by year-end 2013.

- ▶ Refer to “Capital management” and “Balance sheet, off-balance sheet and other contractual obligations” in III Treasury, Risk, Balance sheet and Off-balance sheet for further discussion on capital ratios and the reduction of our balance sheet.

Compensation decisions

Based on the evaluation of the Group, divisional and individual performance, the Compensation Committee concluded that the Executive Board members had largely achieved their challenging performance targets for 2012. On that basis, the Executive Board members in the aggregate were awarded an amount of CHF 13.6 million as unrestricted cash and CHF 21.0 million as STI awards, representing, on average, 95% and 97% of the individual target amounts, respectively. Further, Executive Board members were awarded CHF 15.4 million as LTI awards, representing, on average, 94% of the individual LTI target amounts. The incentive compensation decisions for 2012 also reflected an adjustment of our executive compensation to market levels for comparable roles within the global banking industry.

Executive Board compensation for 2012

in	Short-term awards				Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation ⁴
	Base salary	Unrestricted cash	Value of STI awards	Value of LTI awards				
2012 (CHF million, except where indicated)								
13 members ⁵	17.75	13.56 ⁶	20.95 ⁷	15.40 ⁸	4.28	2.18	–	74.12
% of total compensation	24%	18%	28%	21%				
of which highest paid:								
Robert Shafir	1.40	0.70	3.50	2.80	1.91 ⁹	0.28	–	10.59
% of total compensation	13%	7%	33%	26%				
of which CEO:								
Brady W. Dougan	2.50	0.50	2.50	2.00	0.04	0.23	–	7.77
% of total compensation	32%	6%	32%	26%				

¹ Other benefits consist of housing allowances, lump sum expenses, child allowances and carried interest. ² Share awards carry the right to an annual payment equal to the dividend payable on each Group share. The dividend equivalents were paid in respect of awards granted in prior years. ³ During 2012, there were no payments made to Executive Board members for contractual agreements. ⁴ Does not include CHF 3.9 million of charitable contributions made by the Group for which the CEO and a former Executive Board member are able to make recommendations. ⁵ Of the 13 members, 5 left the Executive Board during 2012: Karl Landert and Antonio Quintella stepped down from the Executive Board effective April 30, 2012 and May 31, 2012, respectively, and Osama Abbasi, Walter Berchtold and Fawzi Kyriakos-Saad left the Executive Board effective November 30, 2012. The base salary and incentive compensation for these individuals has been pro rated accordingly. These individuals were paid incentive compensation in the form of unrestricted cash and STI awards for their performance in their respective roles on the Executive Board in 2012. ⁶ Includes pro rated unrestricted cash of CHF 10.2 million paid to the five individuals who left the Executive Board during 2012. ⁷ All short-term incentive awards for 2012 were granted as performance shares. The applicable Group share price for the performance share awards was CHF 24.62. ⁸ Long-term incentive awards vest over a five year period, payable on the third, fourth and fifth anniversaries of the grant date. The final value at vesting depends on the achievement of pre-defined performance criteria linked to the average relative total shareholder return and average return on equity. ⁹ CHF 1.87 million of this amount was granted as carried interest in 2012 (see below). In addition, in connection with his role at the time as CEO of the Asset Management division, in 2008 Mr. Shafir received a carried interest award in certain alternative investment funds. The value realized over time depends on the investment performance of the funds over their lifetime up to fifteen years. The initial value of the award is determined by making assumptions about the return that will be realized on the funds. The aggregate theoretical value of these awards was approximately USD 10 million assuming an estimated 9 percent return on all fund investments over their projected lifetime, and reducing this estimated return by 25 percent to reflect potential underperformance in some of the funds.

2012 total compensation of the CEO and highest paid Executive Board member

For CEO Brady Dougan, the Compensation Committee evaluated the performance of the Group as well as the performance of the Executive Board. In recommending the incentive compensation to the Board for Mr. Dougan, the Compensation Committee considered the improved financial position of the Group in 2012, reflected in an underlying pre-tax income of CHF 5.0 billion, more than double the CHF 2.4 billion in the prior year. In addition, the Compensation Committee considered the achievement of targets and the significant progress made in transitioning the business to the new regulatory and market environment and to meeting challenging new capital requirements, that came into effect in January 2013 with the implementation of Basel III in Switzerland. In particular, the Compensation Committee acknowledged that by year-end 2012 as compared to 2011, the Group reduced Basel III risk-weighted assets by CHF 55 billion to CHF 285 billion, reduced its balance sheet by CHF 125 billion, achieved a 9.0% Look-through Swiss Core Capital ratio and improved its leverage ratio (up to 5.8% from 4.6%). The Compensation Committee also recognized the steady progress made towards meeting the Group's challenging CHF 4.4 billion run-rate cost reduction target by year-end 2015, and the successful transformation of the Group's businesses, including the creation of an integrated Private Banking & Wealth Management division and the changes and realignment measures implemented within the Investment Banking business. Given the strong performance of Mr. Dougan during 2012 and his achievements in positioning the firm for the future, the Board decided upon the recommendation by the Compensation Committee to award Mr. Dougan unrestricted cash of CHF 0.5 million, an STI award of CHF 2.5 million and an LTI award of CHF 2.0 million, which were regarded as appropriate award levels in the current environment.

The highest paid member of the Executive Board in 2012 was Robert Shafir. For 2012, Mr. Shafir was awarded unrestricted cash of CHF 0.7 million, an STI award of CHF 3.5 million and an LTI award of CHF 2.8 million. Mr. Shafir's incentive compensation in 2012 was awarded in consideration of his continued strong performance. The Compensation Committee noted that, in particular, Mr. Shafir had successfully repositioned the former Asset Management division while improving financial results through higher net revenues and lower total operating expenses. He also assumed the role of CEO for the Americas, in addition to his role as Head of the

Asset Management division, after Mr. Antonio Quintella left the Executive Board in May 2012. In addition, for 2012 Mr. Shafir was granted a carried interest in certain alternative investment funds in the Asset Management business with a value of CHF 1.87 million. This award was granted to align Mr. Shafir with the overall special capital program where he is required to restructure the Asset Management business. Carried interest is a participation in the investment performance of a private equity or hedge fund portfolio, the value of which will vary significantly depending on the performance of the underlying portfolio.

Other aspects of Executive Board compensation

Charitable contributions

As in the prior three years, a portion of the Executive Board incentive compensation pool for 2012 was approved by the Compensation Committee to fund charitable contributions by the Group. The total amount approved for charitable contributions was CHF 3.9 million for 2012. The contributions will benefit eligible registered charities. The CEO and a former Executive Board member are able to make recommendations in respect of the allocation of the 2012 contributions to various specific charities.

Minimum share ownership requirements

The Group applies minimum share ownership requirements for members of the Executive Board and members of the divisional and regional management committees as follows:

- CEO: 350,000 shares;
- Other Executive Board members: 150,000 shares;
- Executives responsible for Private Banking & Wealth Management and Investment Banking: 50,000 shares; and
- Executives responsible for Shared Services functions: 20,000 shares.

The thresholds include all Group shares held by or on behalf of these executive employees, including unvested share awards. All affected executive employees are restricted from selling shares (including vested share awards) until they meet the minimum share ownership requirements. The Group prohibits all employees from entering into transactions to hedge the value of unvested share awards. Pledging of unvested share awards by Executive Board members is also not permitted unless expressly approved by the Compensation Committee.

Executive Board compensation for 2011

in	Base salary	Unrestricted cash	Value of share awards	Value of PAF2 awards	Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation ⁴
2011 (CHF million, except where indicated)								
13 members	19.38	– ⁵	32.83 ⁶	12.48 ⁷	2.66	2.85	–	70.20
% of total compensation	28%		47%	18%				
of which highest paid:								
Robert S. Shafir	1.32	–	4.39	2.37	0.02	0.40	–	8.50
% of total compensation	16%		52%	28%				
of which CEO:								
Brady W. Dougan	2.50	–	3.00	–	0.02	0.30	–	5.82
% of total compensation	43%		52%					

¹ Other benefits consist of housing allowances, lump sum expenses and child allowances. ² Share awards carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents were paid in respect of awards granted in prior years. ³ During 2011, there were no payments made to Executive Board members for contractual agreements. ⁴ Does not include CHF 13 million of charitable contributions made by the Group for which certain Executive Board members, including the CEO, were able to make recommendations. ⁵ As of December 31, 2011, no members of the Executive Board received unrestricted cash. ⁶ Includes CHF 22.8 million of performance share awards; the applicable Group share price was CHF 21.90. ⁷ The value of the 2011 Partner Asset Facility was the fair value as of the grant date of March 1, 2012.

Contract lengths, change in control and termination provisions

All members of the Executive Board have employment contracts with the Group. The contracts do not specify a contract length and are valid until terminated. Members of the Executive Board are required by contract to give six months' notice of termination of employment. The Group must also give members of the Executive Board six months' notice of termination of employment. There are no other contracts, agreements or arrangements with the members of the Executive Board that provide for payments or benefits in connection with termination of employment that are not generally available to other employees of the Group. For example, in the event of a termination of employment, pre-defined conditions apply to the balances of outstanding compensation awards, depending on whether the termination of employment was voluntary, involuntary or the result of a change in control.

In the case of a change in control, the treatment of outstanding awards for all employees, including Executive Board members, will be determined by the Compensation Committee or the Board. In the case of a change in control, there are no provisions in the employment contracts of Executive Board members that require the payment of any type of extraordinary benefits, including special severance awards.

In the event of the termination of the employment of an Executive Board member without cause, there are no pre-arranged contractual rights to a severance payment. Nonetheless, the amount and terms of a severance payment may be agreed between the Group and the respective Executive Board member.

Former Executive Board members

During 2012, five individuals left the Executive Board. As of December 31, 2012, all five individuals continued to be employed by the Group. Agreements were entered into with four of the individuals to terminate their employment during 2013.

Generally, former members of our most senior executive body who no longer provide services to the Group upon their request are still eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to former members of the Executive Board who no longer provide services to the Group or related parties during 2012.

Executive Board shareholdings and loans

Executive Board shareholdings

The shareholdings as disclosed in the table below include the holdings of the respective members of the Executive Board, their immediate family members and companies where they have a controlling interest. The unvested share-based awards do not include awards granted after December 31, 2012. The increase in the number of unvested share awards at the end of 2012 compared to 2011 was due to the decision by all the Executive Board members to convert into share-based awards all of their unvested cash-based Adjustable Performance Plan awards from 2010 and 2009, and the share-based awards granted in 2012 for 2011. The voluntary conversion option was offered to all employees holding cash Adjustable Perform-

ance Plan awards in the context of the capital strengthening measures announced in July 2012.

The value of share-based compensation awards granted to members of the Executive Board in prior years, but not yet fully vested, varies depending on the Group share price and other factors influencing the fair value of the award. The table "Executive Board holdings and values of deferred share-based awards by individual" shows the value of the unvested share-based compensation awards held by members of the Executive Board as of December 31, 2012. The aggregate cumulative value of these unvested share-based awards as of December 31, 2012 was 6% higher compared to the value of the awards as of their respective grant dates.

As a result of the conversion of the Adjustable Performance Plan cash awards to share awards during 2012, the remaining cash-based deferred compensation awards granted to certain Executive Board members in prior years are the 2008 Partner Asset Facility (PAF) and the 2011 Partner Asset Facility (PAF2) awards. The aggregate value of such cash-based awards at their grant dates was CHF 12.2 million compared to a value CHF 20.1 million as of December 31, 2012. The value of these awards varies depending upon the value of the underlying portfolios linked to the PAF and PAF2 awards and the length of the remaining deferral period.

Executive Board holdings and values of deferred share-based awards by individual

end of	Number of owned shares ¹	Number of unvested share awards	Number of owned shares and unvested share awards	Number of unvested ISUs	Number of unvested SISUs	Number of options	Value of unvested awards at grant (CHF)	Current value of unvested awards (CHF)
December 31, 2012								
Brady W. Dougan	906,929	666,068	1,572,997	–	76,102	–	18,945,613	19,815,939
Romeo Cerutti	80,279	320,261	400,540	–	23,272	–	8,446,679	9,172,331
Tobias Guldemann	57,763	375,725	433,488	–	29,090	–	9,964,935	10,808,561
David R. Mathers	0	461,439	461,439	–	15,130	1,095 ²	11,174,895	12,724,392
Hans-Ulrich Meister	178,198	550,776	728,974	–	46,546	–	14,848,594	15,948,497
Robert S. Shafir	387,544	736,377	1,123,921	–	62,320	–	19,807,159	21,325,210
Pamela A. Thomas-Graham	4,583	239,137	243,720	–	14,382	–	6,342,875	6,768,957
Eric M. Varvel	62,169	454,785	516,954	–	55,470	–	13,996,715	13,623,809
Total	1,677,465 ³	3,804,568	5,482,033	–	322,312	1,095	103,527,465	110,187,696
December 31, 2011								
Brady W. Dougan	870,586	117,754	988,340	–	114,153	–	12,538,963	5,118,187
Osama S. Abbasi	233,801	75,354	309,155	3,771	44,232	–	6,218,957	2,804,282
Walter Berchtold	700,040	157,005	857,045	42,023	106,473	–	15,093,404	7,653,886
Romeo Cerutti	37,543	66,426	103,969	7,260	34,908	–	5,343,325	2,554,139
Tobias Guldemann	20,124	66,426	86,550	8,399	43,635	–	5,968,402	2,796,587
Fawzi Kyriakos-Saad	199,942	75,354	275,296	35,973	34,425	–	6,667,886	3,997,001
Karl Landert	96,248	66,426	162,674	34,039	45,381	–	6,967,319	3,957,127
David R. Mathers	16,420	78,503	94,923	17,588	22,695	14,960 ⁴	5,547,285	3,003,091
Hans-Ulrich Meister	46,676	108,696	155,372	39,751	69,819	–	10,554,425	5,679,330
Antonio C. Quintella	112,323	37,677	150,000	–	–	–	1,559,828	831,531
Robert S. Shafir	190,489	127,522	318,011	84,480	93,480	–	14,460,480	8,574,359
Pamela A. Thomas-Graham	4,583	46,372	50,955	–	21,573	–	3,368,158	1,499,546
Eric M. Varvel	0	139,810	139,810	39,183	83,205	–	12,721,715	6,636,589
Total	2,528,775	1,163,325	3,692,100	312,467	713,979	14,960	107,010,147	55,105,655

¹ Includes shares that were initially granted as deferred compensation and have vested. ² Consists of options with an expiration date of January 22, 2013 and an exercise price of CHF 30.60. ³ In addition to the number of owned shares shown, the following Executive Board members held an aggregate number of 2,320 mandatory and contingent convertible securities (MACCS): Brady Dougan (1,336), Romeo Cerutti (60), Hans-Ulrich Meister (262), Robert Shafir (571), Eric Varvel (91); these securities are convertible into an aggregate number of 143,033 shares on March 29, 2013 at a conversion price of CHF 16.29, with settlement and delivery of shares in early April 2013. ⁴ Consists of 1,095 options with an expiration date of January 22, 2013 and an exercise price of CHF 30.60 and 13,865 options with an expiration date of December 3, 2012 and an exercise price of CHF 34.10.

Executive Board loans

A large majority of loans outstanding to members of the Executive Board are mortgages or loans against securities. Such loans are made on the same terms available to employees pursuant to widely available employee benefit plans. As of December 31, 2012, 2011 and 2010, outstanding loans to the members of the Executive Board amounted to CHF 8 million, CHF 22 million and CHF 18 million, respectively. The number of individuals with outstanding loans at the beginning and the end of 2012 was six and three, respectively, and the highest loan outstanding was CHF 4 million to Eric Varvel.

All mortgage loans to members of the Executive Board are granted either with variable or fixed interest rates over a certain period. Typically, fixed-rate mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. When granting a loan to these individuals, the same credit approval and risk assessment procedures apply as for loans to other employees. Unless otherwise noted, all loans to Executive Board members were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and in consideration of the terms which apply to all Group employees, and did not involve more than the normal risk of collectability or present other unfavorable features.

- ▶ Refer to “Banking relationships with members of the Board and Executive Board and related party transactions” in Corporate Governance for further information.

Board of Directors compensation

Compensation to members of the Board is set in accordance with the Articles of Association, OGR and the Compensation Committee Charter. The annual compensation paid to members of the Board is set by the Board based on the recommendation of the Compensation Committee. All members of the Board receive a base board fee plus a committee fee or an additional fee that reflects the respective Board member's role, time commitment and scope of responsibility on the Board. The full-time Chairman, the Vice-Chairman and the three committee chairmen assume the greatest responsibility and dedicate the most time in fulfilling their board duties. As such, these individuals receive a higher annual base board fee than other board members and may receive additional fees which vary according to their specific role. The base and com-

mittee fee amounts are set by the Board upon recommendation of the Compensation Committee for the 12-month period from the current Annual General Meeting (AGM) to the following year's AGM. Fees paid to Board members are in the form of cash and Group shares, which are blocked from being sold for a period of four years. By compensating Board members to a significant degree in the form of blocked Group shares, we ensure alignment of their interests with the interests of our shareholders.

Members of the Board without designated leadership responsibilities (ten individuals) each received an annual base board fee for 2012 of CHF 250,000 and an annual committee fee for serving on the Audit, Risk or Compensation Committees. The committee fees were CHF 150,000 for the Audit Committee, CHF 100,000 for the Risk Committee and CHF 100,000 for the Compensation Committee. Members of the Chairman's and Governance Committee do not receive a committee fee.

Compensation of the Chairman

The Chairman of the Board is paid a base board fee plus an additional fee, which is proposed by the Compensation Committee and approved by the Board. The additional fee awarded to the Chairman can vary from year to year, depending on Group and individual performance. The base board and the additional fee awarded to the Chairman reflect his full-time status and active role taken in shaping the Group's strategy, governing the Group's affairs and representing the Group vis-à-vis shareholders. The Chairman coordinates the work within the Board, works with the committee chairmen to coordinate the tasks of the committees and ensures that Board members are provided with sufficient information for performing their duties. In particular, the Chairman drives the Board agenda and key Board topics, especially regarding the strategic development of the Group, succession planning, structure and organization of the Group, as well as compensation and compensation structure, including the performance evaluation and compensation of the CEO and the Executive Board. He chairs the Board, the Chairman's and Governance Committee and the shareholder meetings, leads the Group's corporate governance and takes an active role in representing the Group to the key shareholders, investors, regulators and supervisors, industry associations and other stakeholders.

For 2012, Chairman Urs Rohner received total compensation of CHF 5.2 million, of which CHF 2.5 million was the base board fee, CHF 2.5 million was additional fees and CHF 0.2 million was other compensation, consisting mainly of pension-related benefits. Of the CHF 5.2 million, CHF 4.0 million was awarded in cash and CHF 1.2 million was awarded in Group shares, blocked for a period of four years. For the

prior year, Urs Rohner received total compensation of CHF 4.3 million, for his successive roles as Vice-Chairman and Chairman, which he assumed at the AGM in April of 2011. The total compensation awarded to the Chairman for 2012 reflects the improved financial position of the Group and Urs Rohner's performance under difficult circumstances as evaluated by the Compensation Committee. In particular, it is in recognition of Mr. Rohner's leadership of the Board, his impact in closely steering and monitoring the strategic development of the Group, including the alignment of business structure and organization to the new regulatory requirements, as well as his active engagement with key stakeholders and regulators and representation of the Group in a variety of industry associations.

Compensation of the Vice-Chairman and the committee chairmen

Peter Brabeck-Letmathe, in the role of Vice-Chairman, received an annual base board fee of CHF 400,000 but no committee or additional fees. Aziz R.D. Syriani, Richard E. Thornburgh and John Tiner, each in the role of committee chairman, received an annual base board fee plus an additional fee, which reflects the greater responsibility and time commitment required to perform

the role of a committee chairman. The annual base board fee for the chairmen of the Audit and Risk Committees for 2012 was CHF 400,000 and the annual base board fee for the chairman of the Compensation Committee was CHF 350,000. The base board fees for the committee chairmen are set by the Compensation Committee for the 12-month period from the current AGM to the following year's AGM. The additional fees awarded to the three committee chairmen may vary from year to year, according to their overall time commitment, and are determined and paid for the current year, in alignment with the annual variable compensation cycle. The additional fees paid to the Audit and Risk Committee chairmen, who also serve on other committees as regular members, reflect the additional time commitment required to serve as regular members on such committees, which they do not chair.

Former members of the Board

Three former members of the Board are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to current or former members of the Board or related parties during 2012.

Board compensation for 2012

in	Base board fee	Committee fee	Additional fees ¹	Other compensation categories ²	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ³
2012/2013 (CHF)										
Urs Rohner, Chairman ⁴	2,500,000	–	2,500,000	234,881	5,234,881	3,984,881	76%	1,250,000	24%	50,772
Peter Brabeck-Letmathe, Vice-Chairman ⁵	400,000	–	–	–	400,000	200,000	50%	200,000	50%	9,026
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	5,641
Robert H. Benmosche ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Iris Bohnet ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Noreen Doyle ⁵	250,000	100,000	182,600	–	532,600	357,600	67%	175,000	33%	7,898
Jean-Daniel Gerber ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Andreas N. Koopmann ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Jean Lanier ⁵	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	11,282
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Aziz R.D. Syriani, Chairman of the Compensation Committee ⁴	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	9,241
David W. Syz ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
Total	6,550,000	1,150,000	5,082,600	234,881	13,017,481	8,514,981	65%	4,502,500	35%	192,020

¹ Includes the additional fees for the full-time Chairman and the three committee chairmen as well as the additional fees paid to Noreen Doyle in 2012 as a non-executive director of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities Europe Limited. The additional fees of CHF 182,600 for Noreen Doyle corresponded to the annual fees of GBP 125,000 which Noreen Doyle received in 2012 as a non-executive director (annual fee of GBP 100,000) and audit committee chair (additional fee of GBP 25,000) of Credit Suisse International and Credit Suisse Securities Europe Limited. ² Other compensation for the Chairman included lump sum expenses, child and health care allowances and pension benefits. ³ The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period. ⁴ The Chairman and the three committee chairmen received an annual base board fee paid in cash. They also received additional fees paid in cash and/or share awards as determined by the Board in the course of the regular compensation process. The additional fees awarded to these four individuals for 2012 were paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 24.62. ⁵ Except for the Chairman and the three committee chairmen, members of the Board were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 26, 2012 to April 27, 2013. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for each of the Risk and Compensation Committees. For 2012, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2012 annual general meeting was CHF 22.16.

Board compensation for 2011

in	Base board fee	Committee fee	Compensation for functional duties	Other compensation categories ¹	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ²
2011/2012 (CHF)										
Urs Rohner, Chairman ^{3,4}	2,100,000	–	2,000,000	234,881	4,334,881	3,334,881	77%	1,000,000	23%	45,663
Hans-Ulrich Doerig, former Chairman ³	750,000	–	666,667	–	1,416,667	1,416,667	100%	–	–	–
Peter Brabeck-Letmathe, Vice-Chairman	400,000	–	–	–	400,000	200,000	50%	200,000	50%	5,088
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	3,180
Robert H. Benmosche ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Noreen Doyle ^{5,6}	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Andreas N. Koopmann ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Jean Lanier ⁵	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	6,360
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Aziz R.D. Syriani, Chairman of the Compensation Committee ⁴	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	10,389
David W. Syz ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	5,088
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	22,832
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	666,666 ⁷	–	1,066,666	733,333	69%	333,333	31%	15,221
Peter F. Weibel ⁵	250,000	150,000	465,000 ⁷	–	865,000	665,000	77%	200,000	23%	5,088
Total	6,650,000	1,050,000	5,198,333	234,881	13,133,214	9,222,381	70%	3,910,833	30%	141,169

¹ Other compensation included lump sum expenses, child and health care allowances and pension benefits. ² The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period. ³ Hans-Ulrich Doerig and Urs Rohner served in the roles of full-time Chairman and full-time Vice Chairman, respectively, from January 2011 until the AGM in April 2011. As of the 2011 AGM, Urs Rohner succeeded Hans-Ulrich Doerig in the role of full-time Chairman. ⁴ Members of the Board with functional duties received an annual base board fee paid in cash. In addition, they received variable compensation paid in cash and/or share awards as determined by the Board in the course of the regular management compensation process. Generally, variable compensation awarded for 2011 was paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 21.90. ⁵ Members of the Board without functional duties were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 29, 2011 to April 27, 2012. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for the Risk and Compensation Committees. For 2011, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2011 AGM was CHF 39.31. ⁶ In July 2011, Noreen Doyle was appointed as a non-executive director and audit committee chair of the Group's UK subsidiaries Credit Suisse International and Credit Suisse Securities Europe Limited and was paid a total of GBP 50,000 in fees. ⁷ Peter F. Weibel was the Chairman of the Audit Committee until the 2011 annual general meeting, at which time John Tiner took over the role.

Board shareholdings and loans

Board shareholdings

The shareholdings as disclosed in the following table include the holdings of the respective members of the Board, their immediate family members and companies in which they have a controlling interest. As of December 31, 2012, there were no Board members with outstanding options.

Board shareholdings by individual

in	2012	2011
December 31 (shares) ¹		
Urs Rohner	244,422	221,056
Peter Brabeck-Letmathe	120,999	108,820
Jassim Bin Hamad J.J. Al Thani	11,790	5,696
Robert H. Benmosche	30,872	23,304
Iris Bohnet	7,898	–
Noreen Doyle	41,324	31,837
Jean-Daniel Gerber	9,826	–
Walter B. Kielholz	292,424	281,891
Andreas N. Koopmann	30,469	21,400
Jean Lanier	43,881	30,912
Anton van Rossum	48,598	38,831
Aziz R.D. Syriani	76,774	66,385
David W. Syz	92,745	81,193
Richard E. Thornburgh	218,456	283,600
John Tiner	24,799	8,625
Total	1,295,277 ²	1,203,550 ³

¹ Includes Group shares that are subject to a blocking period of up to four years. ² In addition to the shareholdings shown, the following Board members held an aggregate number of 1,519 mandatory and contingent convertible securities (MACCS): Urs Rohner (395), Peter Brabeck-Letmathe (175), Jassim Bin Hamad J.J. Al Thani (17), Iris Bohnet (11), Walter Kielholz (431), Andreas Koopmann (44), Aziz Syriani (113), Richard Thornburgh (297) and John Tiner (36); these securities are convertible into an aggregate number of 93,247 shares on March 29, 2013 at a conversion price of CHF 16.29, with settlement and delivery of shares in early April 2013. ³ Excludes 72,232 shares held by Peter Weibel as of December 31, 2011, who stepped down from the Board as of April 27, 2011.

Board loans

A large majority of loans outstanding to members of the Board are mortgages or loans against securities. Such loans are made to Board members on the same terms available to third-party clients. As of December 31, 2012, 2011 and 2010, outstanding loans to the members of the Board amounted to CHF 40 million, CHF 34 million and CHF 35 million, respectively.

Members of the Board with loans do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Members of the Board who were previously employees of the Group may still have outstanding loans, which were extended to them at the time that employee conditions applied to them. Unless otherwise noted, all loans to members of the Board were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. In addition to the loans listed below, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current members of the Board have a significant influence as defined by the US Securities and Exchange Commission, such as holding executive and/or board level roles in these companies. Unless otherwise noted, loans extended by the Group to such companies are also made in the ordinary course of business and at prevailing market conditions. As of December 31, 2012, 2011 and 2010, there was no loan exposure to such related party companies that was not made in the ordinary course of business and at prevailing market conditions.

▶ Refer to “Banking relationships with members of the Board and Executive Board and related party transactions” in Corporate Governance for further information.

Board loans by individual

in	2012	2011
December 31 (CHF)		
Urs Rohner	5,034,157	5,090,650
Peter Brabeck-Letmathe	27,520,527	15,833,928
Walter B. Kielholz	4,200,000	5,050,000
Andreas N. Koopmann	2,775,000	2,775,000
David W. Syz	1,500,000	1,500,000
Richard E. Thornburgh	0	14,266
Total ¹	41,029,684	30,263,844 ²

¹ Includes loans to immediate family members. ² Excludes a loan of CHF 3,950,000 held by Peter Weibel as of December 31, 2011, who stepped down from the Board as of April 27, 2011.

Group compensation

For all Group employees other than members of the Executive Board, the 2012 compensation design remained similar to the prior year. The key features of the 2012 compensation design are:

- The divisional variable compensation pools were determined based on the 2012 financial performance of each division and adjusted by a uniform capital charge.
- The threshold at which variable compensation becomes subject to deferral remained unchanged at total compensation of CHF/USD 250,000 (or local currency equivalent). The deferral rates applied for 2012 also remained largely unchanged compared to the prior year.
- As in previous years, all deferred awards for 2012 contained a general malus provision, which enables the Group to cancel any unsettled awards granted to any individual or individuals in the event that they engage in any activity that results in, or has the potential to result in, material financial, reputational or other material harm to the Group.
- The majority of deferred variable compensation for 2012 was granted to employees in the form of share awards, with vesting over three years.
- For managing directors and all employees categorized as MRTC, at least 50% of their deferred variable compensation for 2012 was awarded in the form of performance share awards that are subject to clawback provisions, which provide that the number of unvested shares will be adjusted downward in the event of a divisional loss or a negative underlying ROE. There will be no upward adjustment on unvested award balances.
- For managing directors and directors in the Investment Banking division, a portion of their deferred variable compensation for 2012 was awarded in the form of Plus Bonds, a new award plan. Plus Bonds are deferred cash-based awards that are notionally referenced to a portfolio of assets linked to asset-backed securities (ABS) and transfer risk from the Group to employees.
- Managing directors and directors in the Investment Banking division received the cash component of their variable compensation in the form of Restricted Cash Awards, which are cash payments that are subject to a pro-rata repayment in the event of voluntary resignation or termination for cause within three years of the grant.

Determination of divisional variable compensation pools

Determination of the performance-based variable compensation pools is an annual process. Appropriate accruals for the divisional and Group-wide variable compensation pools are made by the Group throughout the year. The Board regularly

reviews the accruals and related financial information and makes adjustments at its discretion to ensure that the overall size of the pools is consistent with the Group's compensation objectives. An accrual, at the Group or any other level, however, does not create legal rights or entitlements for employees to receive variable compensation.

For the business divisions, the primary measure for determining the variable compensation pool is the division's income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. In order to better align the calculation methodology of the pools across all businesses, we standardized the calculation basis of our capital charge in 2012 so that a uniform capital charge was applied to our divisions. The capital charge is calculated as the economic cost of allocated capital. Allocated capital is defined as 10% of average ◊Basel III ◊risk-weighted assets. The methodology to determine the divisional variable compensation pools, however, is not purely formula driven, but instead takes into account divisional key performance indicators and non-financial criteria including risk considerations and relative performance compared to peers. For 2012, the divisional variable compensation pools were determined according to the former divisional structure (Private Banking, Investment Banking and Asset Management), which was in place for most of 2012.

For Shared Services functions, a deduction is applied to the pool of each division to fund a variable compensation pool for these employees, the total amount of which is based on the Group-wide performance and qualitative measurements rather than the performance of any particular division they support.

The determination of the pools for the business divisions and Shared Services functions also takes into account Group-wide performance, ethics, risk, compliance and control as well as the market and regulatory environment. The final variable compensation pools are reviewed and recommended by the Compensation Committee and approved by the Board.

Once the variable compensation pools have been set at the Group and divisional levels, each division allocates its pool to the various business areas, based on the same or similar factors used to determine the divisional pool. Capital usage continues to be factored into the pools as they are allocated within business areas. Through this process, business area managers recognize that capital usage is a significant factor in the determination of the variable compensation pool for the business area under their responsibility. The pools are then allocated further to line managers and employees. Line managers award variable compensation to employees based on individual and business area performance, subject to the constraints of the pool available.

Competitive benchmarking

The assessment of the economic and competitive environment is another important element of our compensation process as we strive for market-informed, competitive compensation levels for comparable roles, experience and geographical location of employees. We use internal expertise and the services provided by compensation consulting firms to benchmark our compensation levels against relevant competitors. We adopt a differentiated approach, looking at pay levels and competitive market players in the various geographical regions where we do business.

For key personnel of the Group and the divisions, we compete for talent primarily with major banks globally. To benchmark our compensation levels and as a key input for setting the variable compensation pools at the Group and divisional levels, we measure ourselves against a set of peer groups, including European and US banks. These peer groups and rel-

evant metrics are reviewed annually in April by the Compensation Committee and tracked throughout the year. The relevant peer group for 2012 for the Group is the same twelve peers used for by the Compensation Committee in the context of assessing the Group's relative performance for the purposes of determining compensation for the Executive Board: Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley, Nomura, Société Générale and UBS. Most of these peer companies explicitly mention Credit Suisse as one of their peers.

The peer groups for 2012 for the Group and the divisions are shown in the following table, followed by specific performance criteria that the Compensation Committee reviews for assessing the relative performance against peers as part of the process to determine the divisional variable compensation pools.

2012 peer groups and performance criteria¹

Credit Suisse Group

Peer group	Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley, Nomura, Société Générale and UBS
Performance criteria	
Profitability and efficiency	Return on equity, pre-tax income margin and compensation/revenue ratio
Growth	Earnings per share growth, net revenue growth, net new assets growth and total assets under management growth
Capital and risk	Tier 1 ratio, core tier 1 ratio, leverage ratio, Value-at-Risk and risk-weighted assets development
Shareholder satisfaction	Total shareholder return over one year, total shareholder return over two years and book value per share growth

Private Banking

Peer group	Barclays, Deutsche Bank, HSBC, Julius Bär Group, JPMorgan Chase and UBS
Performance criteria	
Profitability and efficiency	Pre-tax income margin, pre-tax income on assets under management and gross margin
Growth	Net revenue growth, pre-tax income growth and net new assets growth

Investment Banking

Peer group	Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	Pre-tax return on economic risk capital, pre-tax income margin and compensation/revenue ratio
Growth	Net revenue growth and pre-tax income growth
Capital and risk	Net revenue/Value-at-Risk

Asset Management

Peer group	Allianz, BlackRock, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	Pre-tax income margin and gross margin on assets under management
Growth	Pre-tax income growth, net revenue growth and net new assets growth

¹ For the 2012 compensation process, the peer groups and performance criteria were approved by the Compensation Committee in April 2012 and were defined according to the former divisional structure.

Risk and control considerations within the compensation process

Risk and control considerations are integrated throughout the performance assessment and compensation processes in order to ensure that our approach to compensation discourages excessive risk taking and that significant attention is given to risk and internal control matters. During 2012, we continued to refine our processes and governance regarding risk and compensation, in particular those impacting MRTC.

Compensation process for MRTC

During 2012, the Group enhanced its processes for reviewing the performance, compliance and variable compensation recommendations for MRTC and certain other groups of employees. MRTC include employees who, either individually or as a part of a group, are considered to have a potentially material impact on the Group's risk profile. Regulators, in particular, have placed increased emphasis and requirements on the identification and management of employees who have the potential to take or manage risk at firms. The criteria for classifying individuals as MRTC for the Group are approved by the Board upon recommendation by the Compensation and Risk Committees.

Employees meeting one or more of the following criteria are identified as MRTC:

- members of the Executive Board;
- employees who report directly to a member of the Executive Board, typically employees who are responsible for managing significant lines of business of the Group and are members of divisional management committees;
- senior control function personnel, which are senior employees in the Shared Services functions of Finance, Risk Management, Legal and Compliance and Talent, Branding and Communications who have responsibility for monitoring individuals or groups of individuals who manage material amounts of risk for the Group;
- employees, either individually or as part of a group, with the ability to put material amounts of the Group's capital at risk, such as traders, and others who are authorized to manage, supervise or approve risk exposure that could have a material or significant effect on our financial results;
- the top 150 paid employees across the Group (based on total compensation), regardless of seniority or function;
- UK Financial Services Authority Code Staff, which are determined based on the significance of the employees' functions in the UK and the potential impact of their risk-taking activities on the UK entities; and

- other individuals, whose role, individually or as part of a group, has been identified as having a potential impact on market, reputational or operational risk.

All managing directors and MRTC received at least 50% of their deferred variable compensation as performance share awards.

In response to requirement of the Fed, the Group has also identified two groups of US-based employees in addition to the MRTC, which are subject to the enhanced compensation processes for MRTC. The broader group is collectively known as covered employees, which are comprised of:

- MRTC;
- as all US-based revenue producers in Investment Banking; and
- all branch managers of our US Wealth Management Clients business within the Private Banking & Wealth Management division.

The 2012 enhancements to the compensation process apply to all covered employees and included the introduction of policies and procedures to ensure that managers who make performance assessments and variable compensation recommendations in respect of covered employees apply due consideration to risk taken by those employees. This included mandatory training for all managers of covered employees. Policies were also introduced for malus triggers and the compensation impact of different trigger events, based on the severity of such events. To ensure that the new guidelines are being applied, validation and monitoring processes have been created, which include a review of covered employee compensation decisions.

- ▶ [Refer to the table "Approval authority" for further information on the review and approval process for variable compensation.](#)

Role of control functions in the compensation process

In addition to the annual performance assessment conducted by their line managers, covered employees are subject to a separate review process by the Group's control functions, which can impact decisions about individual variable compensation awards. The control functions include Legal and Compliance, Risk Management, Finance and Internal Audit, which are independent of the businesses. Reports of infractions of employees are presented to regional disciplinary review committees, which assess such infractions and make recommendations on disciplinary measures. Such measures can include the reduction or elimination of the employee's variable compensation award for the given year and, in the case of MRTC, deferred awards from prior years. The Board's Audit and Risk Committees are periodically provided with information on the

disciplinary cases and may give directional input regarding the appropriateness of disciplinary outcomes. The results of the disciplinary review committees' assessment and any disciplinary measures are communicated to the Compensation Committee, together with details of any impacts on variable compensation. In the case of MRTC, the proposed variable compensation amounts are subject to final review and approval by the Compensation Committee.

Clawback and risk-based adjustments for deferred awards

All deferred awards contain clawback provisions. Specifically, the performance share awards and Adjustable Performance Plan awards (granted in 2010 and 2009) contain provisions that result in the unvested amount of the deferred awards to be adjusted downwards or cancelled in the event of future negative business performance according to specific pre-defined performance criteria and other conditions. Given the positive performance of the Group and all divisions in 2012, no such downward adjustments were made to existing performance share awards or Adjustable Performance Plan awards for calendar year 2012.

All deferred awards also contain general malus provisions. The Group can reduce or cancel the amount of the unsettled awards of any employee whose individual behavior has a materially detrimental impact on the Group. Additionally, for all covered employees, a further general malus provision applies, which can be triggered not only for cases of materially detrimental individual behavior, but also in cases where the behavior or performance of the individual causes, or could cause the Group or any division or region to suffer a material downturn in its financial performance or regulatory capital base, a material failure of risk management or reputational harm or other similar events, or a combination thereof, as determined by the Group in its sole discretion.

- ▶ Refer to the table "Potential downward adjustments of performance share awards and STI" for specific downward adjustments to be applied.

In addition to the downward adjustments that may be made as a result of explicit clawback provisions, deferred awards are subject to implicit or fair value adjustments due to changing market conditions. Normal market fluctuations in the Group share price, for example, will give rise to implicit upward or downward adjustments in the value of the deferred share awards.

- ▶ Refer to the table "Fair value of outstanding deferred compensation awards" for a quantitative disclosure of the explicit and implicit risk adjustments made in 2012 on the outstanding deferred awards.

Compensation design

In line with the Group's total compensation approach, all Group employees received fixed compensation in the form of salaries and were eligible to receive variable compensation for 2012. Variable compensation for 2012 was awarded to employees in the form of cash, Restricted Cash Awards, share-based awards and, in certain cases, Plus Bond awards, subject to the eligibility and other terms and conditions of the specific award plans as shown below.

Base salaries

All employees are paid a base salary. The level of base salary paid to an individual employee is based on the role and experience of the individual, his or her individual sustained long-term performance and market positioning. The Group regularly reviews benchmarking data on base salary levels with respect to different functions and geographical regions to ensure that employees are paid fairly and competitively in reference to comparable roles in the market.

Variable compensation and deferral rates

For 2012, 42,482 employees received some amount of variable compensation, of which 7,592, or 18%, received some portion of deferred variable compensation. This is consistent with the 7,719 employees who received deferred variable compensation for 2011. The number of employees, including members of the Executive Board, managing directors and other MRTC, who received performance share awards subject to performance-related clawback provisions was 1,715. Variable compensation was paid in cash unless total compensation granted for 2012 was CHF/USD 250,000 (or local currency equivalent) or more, in which case a portion was paid in cash and the balance was deferred. The portion that was deferred was determined by reference to a pre-established deferral table, which increases the deferred portion for higher levels of total compensation. Compared to 2011, the deferral rates for 2012 were adjusted slightly. The initial deferral rate was increased from 15% to 17.5%. The largest change was for the maximum deferral rate, which was set at 90% for 2012 compared to 80% for 2011. The amount of variable compensation paid as cash for 2012 was subject to a cap of CHF/USD 2 million (or local currency equivalent).

Employee categories and components of total compensation for 2012

Employee category		Total compensation					
		Fixed compensation	Variable compensation				
			Unrestricted cash	Restricted Cash Awards	Deferred compensation ¹		
Base salary	Shares	Performance shares			Plus Bond		
Non-IB	Managing directors and MRTC				50%	50%	
	Other employees with total compensation above CHF/USD 250,000				100%		
IB	Managing directors and directors who are MRTC				33%	50%	17%
	Other directors				83%		17%
	Other MRTC				50%	50%	
	Other employees with total compensation above CHF/USD 250,000				100%		
Employees with total compensation below CHF/USD 250,000							

IB – Investment Banking

¹ Deferred compensation is applicable to employees with total compensation of CHF/USD 250,000 or higher.

Unrestricted cash

Generally employees were paid the cash portion of their variable compensation as unrestricted cash.

Deferred variable compensation instruments

Share awards

Our share awards align the interests of our employees with those of our shareholders and the performance of the Group and comply with the expectations of regulators to grant a substantial portion of variable compensation in the form of share awards. A total of 7,592 employees received share awards for 2012. Each share award granted entitles the holder of the award to receive one Group share and does not contain a leverage component or multiplier effect. The share award vests over three years, such that one third of the share award vests on each of the three anniversaries of the grant date, and will be expensed over the vesting period. The number of share awards was determined by dividing the deferred component of variable compensation being granted as shares by the average price of a Group share over the twelve business days ended

January 16, 2013. The final value of these share awards is solely dependent on the Group share price at the time of delivery.

In order to comply with regulatory requirements, the Group awarded an alternative form of share awards to senior employees in a number of EU countries instead of unrestricted cash. For 2012, these employees received 50% of the amount they otherwise would have received in cash in the form of blocked shares. The shares remain blocked for a period of time, which ranges from six months to three years depending on location, after which they are no longer subject to restrictions.

The Group prohibits employees from entering into transactions to hedge the value of outstanding share awards. Employee pledging of unvested share awards is not allowed except with express approval of the Compensation Committee. The Group continues to apply minimum share ownership requirements for members of the divisional and regional management committees and the Executive Board.

▶ Refer to “Minimum share ownership requirements” in Executive Board compensation for further information.

Performance share awards

Members of the Executive Board, managing directors and all other MRTC (1,715 employees) received at least 50% of their deferred variable compensation in the form of performance share awards, which are subject to explicit performance-related clawback provisions. Each performance share award granted entitles the holder of the award to receive one Group share. Performance share awards also vest over three years, such that one third of the share awards vest on each of the three anniversaries of the grant date and will be expensed over the vesting period. Unlike the share awards described above, however, the outstanding performance share awards are subject to a negative adjustment in the event of a divisional loss or a negative underlying ROE of the Group. Outstanding performance shares are subject to a negative adjustment in the event of a divisional loss, unless there is a negative underlying ROE of the Group that would call for a negative adjustment greater than the divisional adjustment for the year, in which case the negative adjustment is based on such negative underlying ROE. For employees in Shared Services, the negative adjustment only applies in the event of a negative underlying ROE of the Group and is not linked to the performance of the divisions. Performance shares awarded prior to 2012 were based on reported ROE, unlike performance share awards for 2012, which were based on underlying ROE.

The amount of potential negative adjustment for loss at the divisional level, which is applicable to all outstanding performance share awards (including STI awards of Executive Board members heading a business division), is shown in the following chart.

Potential downward adjustments of performance share and STI awards

Downward adjustment if division incurs a loss	
Division pre-tax loss (in CHF billion)	Percentage adjustment on award balance
(1.00)	(15%)
(2.00)	(30%)
(3.00)	(45%)
(4.00)	(60%)
(5.00)	(75%)
(6.00)	(90%)
(6.67)	(100%)

Plus Bond awards

Managing directors and directors in the Investment Banking division received approximately 17% of their variable compensation in the form of Plus Bond awards. The Plus Bond award is essentially a fixed income instrument, denominated in US dollars, which provides a coupon payment that is commensurate with market-based pricing. Plus Bond award holders are entitled to receive semi-annual cash payments on their adjusted award amounts at the rate of $\text{London Interbank Offered Rate} + 7.875\%$ per annum until settlement. The Plus Bond will settle in the summer of 2016 based on the amount of the initial award less portfolio losses, if any, in excess of a first loss portion retained by the Group of approximately USD 600 million. The value of the Plus Bond awards is based on the performance of a portfolio of unrated and sub-investment-grade ABS that are held in inventory by various trading desks of the Investment Banking division. While the Plus Bond award is a cash-based instrument, the Group reserves the right to settle the award in Group shares based on the share price at the time of final distribution. In addition, subject to oversight procedures, the Group retains the right to prepay all or a portion of the Plus Bond award in cash at any time and, in the event of certain regulatory developments or changes on capital treatment, exchange the award into Group shares. Similar to the PAF2 awards, the Plus Bond award plan contributes to a reduction of the Group's $\text{risk-weighted assets}$ and constitutes a risk transfer from the Group to the Plus Bond award holders.

The Plus Bonds provided to 2,274 employees in Investment Banking had a notional value of CHF 187 million and were fully vested and expensed as of the grant date of December 31, 2012.

Managing directors and directors outside of the Investment Banking division were given the opportunity in early 2013 to voluntarily reallocate a portion of the share award component of their deferred awards into the Plus Bond awards. The Plus Bonds provided to 769 employees outside the Investment Banking division through the voluntary reallocation offer had a notional value of CHF 38 million as of the grant date, will vest on the third anniversary of the grant date in 2016 and will be expensed over the vesting period.

In addition, members of the Executive Board who did not participate in the structuring of the instrument were given the opportunity to invest their own funds in Plus Bond instruments that have substantially the same terms as the Plus Bond awards granted to employees. As a result, certain Executive Board members acquired an aggregate of CHF 9 million in Plus Bond instruments in February 2013.

- ▶ Refer to "Banking relationships with members of the Board and Executive Board and related party transactions" in Corporate Governance – Board of Directors for further information.

Restricted Cash Awards

Managing directors and directors in the Investment Banking division received the cash component of their variable compensation in the form of Restricted Cash Awards. These awards are cash payments made on the grant date, but are subject to a pro-rata repayment by the employee in the event of voluntary resignation or termination for cause within three years of the grant. The Restricted Cash Award is reported as part of the deferred compensation award for the Group even though the award was paid as of the grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

Other awards

In addition, we may, from time to time, employ other long-term incentive compensation plans or programs to assist in hiring at competitive levels and to support the retention of talent. These variations from our standard approach to compensation

are generally applied to small populations of employees within the Group where the specific circumstances warrant such compensation arrangements. For 2012, such compensation arrangements were applied to approximately 328 employees, including employees engaged in arbitrage trading in the Investment Banking division, alternative investments in the Private Banking & Wealth Management division and certain employees in our Credit Suisse Hedging-Griffo Investimentos S.A. subsidiary. Generally, compensation for employees at Group subsidiaries follows the standard compensation design described above, with few exceptions. Any and all variations from our standard approach must be approved by the Compensation Committee.

We may pay commissions to employees operating in specific areas of the business where such compensation practices are warranted and in line with market practice. The value of commissions paid is determined by formulas, which are reviewed regularly to ensure that they remain competitive.

Total compensation awarded

The following table shows the value of total compensation awarded to employees for 2012 and 2011, including awards granted to employees as variable incentive compensation for 2012 and 2011 granted in January 2013 and 2012, respec-

tively. The deferred awards are subject to future service, performance, market and clawback criteria that will determine the final payout to employees upon settlement and/or may be forfeited or reduced if such criteria are not achieved.

Total compensation awarded

For	2012			2011		
	Unrestricted	Deferred	Total	Unrestricted	Deferred	Total
Fixed compensation (CHF million)						
Salaries	6,063	–	6,063	6,319	–	6,319
Social security	769	–	769	865	–	865
Other	837 ¹	–	837	874 ¹	–	874
Total fixed compensation	7,669	–	7,669	8,058	–	8,058
Variable incentive compensation (CHF million)						
Unrestricted cash	1,202	–	1,202	1,519	–	1,519
Share awards	6	950 ²	956	11	438	449
Performance share awards	–	660	660	–	516	516
Plus Bond awards	–	187	187	–	–	–
2011 Partner Asset Facility awards	–	–	–	–	499 ³	499
Restricted Cash Awards	–	299	299	–	–	–
Other cash awards	–	119	119	–	5	5
Total variable incentive compensation	1,208	2,215	3,423	1,530	1,458	2,988
Other variable compensation (CHF million)						
Cash severance awards	251	–	251 ⁴	405	–	405 ⁴
Sign-on awards	10	79	89	25	142	167
Cash-based commissions	157	–	157	143	–	143
Total other variable compensation	418	79	497	573	142	715
Total compensation awarded (CHF million)						
Total compensation awarded	9,295	2,294	11,589	10,161	1,600	11,761
of which guaranteed bonuses	–	–	69 ⁵	–	–	172 ⁵

¹ Includes pension and other post-retirement expense of CHF 532 million and CHF 610 million in 2012 and 2011, respectively. ² Includes the notional value of CHF 38 million of share awards that was reallocated to Plus Bond awards as a part of the voluntary employee reallocation offer that took place subsequent to the grant date. ³ Represents the fair value of the 2011 Partner Asset Facility awards as of the grant date. The notional value was CHF 751 million. ⁴ Includes CHF 215 million and CHF 182 million relating to cash severance awards for terminations effective as of December 31, 2012 and 2011, respectively. ⁵ Awarded to 205 and 332 employees in 2012 and 2011, respectively. Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

All variable compensation was approved by the Board, based on the Compensation Committee's recommendation and the thorough assessment of the Group's performance in 2012. In addition, other factors were taken into consideration, such as the overall economic and competitive environment, the capital and risk position of the Group and returns to shareholders. Total compensation awarded for 2012, which reflected the solid performance of the Group in 2012 in a challenging market environment, was CHF 11.6 billion, down 1% compared

to 2011, and up 3% on an average basis per person, reflecting the net decline of 2,300 employees throughout the year. The overall variable incentive compensation awarded for 2012 was CHF 3.4 billion, up 15% compared to 2011. Of the total variable incentive compensation awarded across the Group for 2012, 65% was deferred and subject to future performance, market and clawback criteria. A total of 42,482 employees received some form of variable incentive compensation for 2012, of which 523 were classified as MRTC.

Number of employees awarded variable and other compensation

	Other		2012	Other		2011
	MRTC ¹	employees	Total	MRTC ²	employees	Total
Number of employees awarded variable compensation						
Variable compensation	523	41,959	42,482	487	43,405	43,892
of which unrestricted cash	235	39,935	40,170	470	43,359	43,829
of which share awards	508	7,084	7,592	163	6,204	6,367
of which performance share awards	481	1,234	1,715	455	1,277	1,732
of which Plus Bond awards	298	1,976	2,274	–	–	–
of which 2011 Partner Asset Facility awards	–	–	–	442	5,150	5,592
of which Restricted Cash Awards	285	1,976	2,261	–	–	–
or which other cash awards	41	48	89	–	139	139
Number of employees awarded other variable compensation						
Cash severance awards	9	3,056	3,065 ³	2	1,697	1,699 ³
Sign-on awards	6	190	196	5	39	44
Cash-based commissions	0	370	370	3	0	3
Guaranteed bonuses	5	200	205	7	325	332

¹ Excludes individuals who may have been classified as material risk takers and controllers according to regulatory requirements of jurisdictions outside of Switzerland, particularly US-based revenue producers in Investment Banking and branch managers of the US Wealth Management Clients business within the Private Banking & Wealth Management division, who were classified as covered employees by the US Federal Reserve, and other UK employees. ² Excludes individuals who may have been classified as material risk takers and controllers according to regulatory requirements of jurisdictions outside of Switzerland (e.g., US, UK). ³ Includes employees who received cash severance awards for terminations of employment as of December 31, 2012 and 2011.

Compensation awarded to MRTC

The 523 employees classified as MRTC were awarded total compensation of CHF 1,282 million for 2012 and variable incentive compensation of CHF 993 million for 2012, of which

CHF 914 million, or 92%, was deferred. MRTC received 50% of their deferred compensation for 2012 in the form of performance share awards, which are subject to clawback provisions.

Compensation awarded to MRTC

For	Unrestricted	Deferred	2012		2011	
			Total	Unrestricted	Deferred	Total
Fixed compensation (CHF million)						
Total fixed compensation	275	–	275	231	–	231
Variable incentive compensation (CHF million)						
Unrestricted cash	77	–	77	136	–	136
Share awards	–	313	313	–	73	73
Performance share awards	–	404	404	–	278	278
Plus Bond awards	–	107	107	–	–	–
2011 Partner Asset Facility awards	–	–	–	–	201	201
Restricted Cash Awards	–	57	57	–	–	–
Other cash awards	2	33	35	–	–	–
Total variable incentive compensation	79	914	993	136	552	688
Other variable compensation (CHF million)						
Cash severance awards	5	–	5	5	–	5
Sign-on awards	0	9	9	2	0	2
Cash-based commissions	0	–	0	2	–	2
Total other variable compensation	5	9	14	9	–	9
Total compensation (CHF million)						
Total compensation	359	923	1,282	376	552	928
of which guaranteed bonuses ¹	1	4	5	4	10	14

¹ Guaranteed bonuses may be awarded as variable incentive compensation or sign-on awards.

Group compensation and benefits expense

Compensation and benefits expense recognized for a given year in the consolidated statement of operations includes salaries, variable compensation, the amortization of share-based and other awards that were granted as deferred variable compensation in prior years, benefits and employer taxes on compensation. Variable compensation mainly reflects the unrestricted performance-based compensation for the current year and deferred variable compensation, as well as severance, sign-on and commission payments. Deferred variable compensation granted for the current year is expensed in future periods and subject to restrictive features such as continued employment with the Group, vesting, forfeiture, clawback and blocking rules.

Compensation expense for share-based and other awards that were granted as deferred variable compensation in prior years is recognized in accordance with the specific terms and conditions of each respective award and is primarily recognized over the future requisite service and vesting period,

which is determined by the individual respective plan, retirement eligibility of employees, moratorium periods and certain other terms. Compensation expense for share-based and other awards that were granted as deferred variable compensation in prior years 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.

In 2012, there was a 5% decrease in compensation and benefits expense primarily due to lower variable compensation expense and lower salaries, reflecting lower headcount, partly offset by severance and other compensation expense associated with our cost efficiency measures.

The amounts shown below for severance payments in 2012 and 2011 were paid to 3,065 and 1,699 individuals, respectively, and the amounts awarded for sign-on payments in 2012 and 2011 were awarded to 196 and 44 individuals, respectively.

Group compensation and benefits expense

in	2012			2011		
	Current compensation	Deferred compensation	Total	Current compensation	Deferred compensation	Total
December 31						
Fixed compensation expense (CHF million)						
Salaries	6,063	–	6,063	6,319	–	6,319
Social security ¹	769	–	769	865	–	865
Other	837 ²	–	837	874 ²	–	874
Total fixed compensation expense	7,669	–	7,669	8,058	–	8,058
Variable incentive compensation expense (CHF million)						
Unrestricted cash	1,202	–	1,202	1,519	–	1,519
Share awards	6	786 ³	792	11	767 ³	778
Performance share awards	–	366	366	–	–	–
Plus Bond awards	187 ⁴	–	187	–	–	–
2011 Partner Asset Facility awards ⁵	–	677	677	–	–	–
Adjustable Performance Plan share awards	–	74	74	–	–	–
Adjustable Performance Plan cash awards	–	286	286	–	1,106	1,106
Restricted Cash Awards	–	165	165	–	253	253
Scaled Incentive Share Units	–	97	97	–	415	415
Incentive Share Units	–	62	62	–	174	174
2008 Partner Asset Facility awards ⁵	–	173	173	–	3	3
Other cash awards	–	362	362	–	334	334
Total variable incentive compensation expense	1,395	3,048	4,443	1,530	3,052	4,582
Other variable compensation expense (CHF million)						
Severance payments	251	–	251	405	–	405
Sign-on payments	10	–	10	25	–	25
Commissions	157	–	157	143	–	143
Total other variable compensation expense	418	–	418	573	–	573
Total compensation expense (CHF million)						
Total compensation expense	9,482	3,048	12,530 ⁶	10,161	3,052	13,213 ⁶

¹ Represents the Group's portion of employees' mandatory social security. ² Includes pension and other post-retirement expense of CHF 532 million and CHF 610 million in 2012 and 2011, respectively. ³ Includes CHF 32 million and CHF 43 million of expenses associated with other share awards granted in 2012 and 2011, respectively. ⁴ The Plus Bond awards granted to Investment Banking employees were fully vested and expensed on December 31, 2012. Changes in the underlying fair value of the instruments may have an impact on deferred compensation expense in future periods. ⁵ Includes the change in the underlying fair value of the indexed assets during the period. ⁶ Includes severance and other compensation expense relating to headcount reductions of CHF 456 million and CHF 715 million in 2012 and 2011, respectively.

Group estimated unrecognized compensation expense

The following table shows the estimated unrecognized compensation expense for deferred compensation awards granted for 2012 and prior years outstanding as of December 31, 2012 and comparative information for 2011. These estimates

were based on the fair value of each award on the grant date taking into account the current estimated outcome of relevant performance criteria and estimated future forfeitures. No estimate has been included for future mark-to-market adjustments.

Group estimated unrecognized compensation expense

in	Deferred compensation		2012	Deferred compensation		2011
	For 2012	For prior-year awards		For 2011	For prior-year awards	
			Total			Total
Estimated unrecognized compensation expense (CHF million)						
Share awards	935	706 ¹	1,641	464	1,100 ¹	1,564
Performance share awards	677	161	838	546	–	546
Plus Bond awards	37 ²	–	37	–	–	–
2011 Partner Asset Facility awards	–	–	–	540	–	540
Adjustable Performance Plan share awards	–	42	42	–	–	–
Adjustable Performance Plan cash awards	–	54	54	–	569 ³	569
Restricted Cash Awards	299	–	299	–	167	167
Scaled Incentive Share Units	–	73	73	–	211	211
Incentive Share Units	–	–	–	–	85	85
Other cash awards	118	72	190	5	87	92
Estimated unrecognized compensation expense	2,066	1,108	3,174	1,555	2,219	3,774

¹ Includes CHF 47 million and CHF 93 million of estimated unrecognized compensation expense associated with other share awards which were granted to new employees in 2012 and 2011, respectively. ² Represents the notional value of share awards reallocated to Plus Bond awards through the employee voluntary reallocation offer, with vesting in 2016, after consideration of estimated future forfeitures. ³ Includes CHF 16 million of estimated unrecognized compensation expense associated with special Adjustable Performance Plan cash awards.

- ▶ Refer to “Note 27 – Employee deferred compensation” in V – Consolidated financial statements – Credit Suisse Group for information about the fair value assumptions used to estimate the unrecognized compensation expense of unvested awards.
- ▶ Refer to “Note 7 – Share capital, conditional, conversion and authorized capital of Credit Suisse Group” in VI – Parent company financial statements – Credit Suisse Group for more information.

Impact of share-based compensation on shareholders' equity

Our shareholders' equity reflects the effect of share-based compensation. Share-based compensation expense, which is generally based on fair value at the time of grant, reduces equity; however, the recognition of the obligation to deliver shares increases equity by a corresponding amount. Equity is generally unaffected by the granting and vesting of share-based awards, including through the issuance of shares from approved conditional capital. If Credit Suisse purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price. Shareholders' equity also includes, as addi-

tional paid-in capital, the excess tax benefits/charges that arise at settlement of share-based awards.

Settlement of share delivery obligation

Granting a substantial part of variable compensation in deferred share-based awards aligns the interests of employees and shareholders and meets the expectations of regulators. To avoid shareholder dilution, the Group in the past has covered its share delivery obligations by buying shares in the market. This practice has been temporarily suspended, as the Group seeks to meet the increased regulatory capital requirements under the Basel III framework and the Swiss “Too Big to Fail” legislation and regulations thereunder. Consequently, in 2011, we decided to start settling outstanding share-based awards primarily through the issuance of new shares from conditional capital. We intend to resume our previous practice of buying shares in the market after the Group achieves its Look-through Swiss Core Capital ratio target of 10%, which is expected by mid-2013.

- ▶ Refer to Look-through Swiss Core Capital and Total Capital ratios” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital Management – Ratios based on new capital frameworks for more information.

Awards outstanding

Our share-based awards generally vest and settle over three years, subject to service and/or performance conditions. As of the end of 2012, we had the following types of awards outstanding:

- Performance share awards: 23 million awards are subject to explicit performance-related clawback provisions in relation to divisional performance or reported ROE;
- Other share-based awards; includes 56 million share awards and a population of other awards relating to prior years that are no longer part of our current compensation plans, consisting of 10 million Scaled Incentive Share Units and 3 million Incentive Share Units, as well as 5 million share options that we expect to settle without value; and
- Converted Adjustable Performance Plan awards: 31 million awards were converted from cash-based to share-based awards. In July 2012, as part of the announced capital strengthening measures, we have launched a voluntary exchange offer under which employees could elect to convert any future payments from deferred cash compensation awards under the Adjustable Performance Plan into Adjustable Performance Plan share awards at the same price as the conversion price under MACCS that

were also issued in July. Adjustable Performance Plan awards were granted for performance in 2010 and 2009, with ratable vesting over four and three years, respectively. These awards are linked to reported ROE and divisional performance criteria.

The number of shares issued as of the end of 2012 was 1,321 million. In April 2013, we expect to issue 200 million shares as a result of the conversion of our MACCS. Additionally, we have 550 million shares available to support contingent conversion instruments (CoCos) that increase loss absorbing regulatory capital without diluting shareholders at the time of their issuance, including 499 million shares relating to buffer capital notes we placed in 2012 and 2011. In the following table, we show the number of outstanding awards as a percentage of shares issued as of year-end 2012 and in the context of our capital strategy. Excluding the converted Adjustable Performance Plan share awards, we had 97 million share-based awards outstanding, equivalent to 6.4% of shares issued, including shares subject to issuance pursuant to the terms of the MACCS. If we also consider the shares available for CoCos within the total number of shares to be issued, the number of outstanding share-based awards represents 4.7% of shares issued as of year-end 2012.

Outstanding share awards in the context of our capital strategy

end of 2012	Awards outstanding (CHF million)	Awards outstanding in relation to shares issued, including MACCS (%) ¹	Awards outstanding in relation to shares issued, including MACCS and CoCos (%) ^{1,2}
Outstanding awards in the context of our capital strategy ³			
Performance share awards	23	1.5	1.1
Other share-based awards ⁴	74	4.9	3.6
Converted Adjustable Performance Plan awards ⁵	31	2.0	1.5

¹ Mandatory and contingent convertible securities were issued as part of our capital measures, which were announced in July 2012. Upon their conversion, 200 million shares will be issued in April 2013. ² For CoCos, 550 million shares are available as a contingency. ³ Does not include Plus Bond awards and 2011 Partner Asset Facility awards which may be settled in cash or shares at the Group's discretion. ⁴ Includes share awards, Scaled Incentive Share Units, Incentive Share Units and share options. ⁵ Former cash-based awards that were converted into share awards as part of our capital measures announced in July 2012.

Subsequent activity and share issuance

For performance in 2012, we granted 26 million new performance share awards and 38 million new share awards in early 2013. In the same period, we settled 38 million deferred awards from prior years, consisting of 5 million performance share awards, 22 million other share-based awards and 11 million converted Adjustable Performance Plan share awards.

To meet our obligations, we issued 19 million shares in early 2013, 39 million shares in 2012 and 22 million shares in 2011, all from conditional capital. We currently have a remaining authorization to issue 3 million new shares from conditional capital.

In connection with our obligation from the converted Adjustable Performance Plan awards and consistent with our capital-efficient strategy of issuing new shares from conditional capital, the Board will propose to the AGM in April 2013 an increase of the currently available conditional capital to 30 million shares. This increase of 27 million shares represents 2.1% of shares issued as of the end of 2012, or 1.3% including MACCS and CoCos. Any further new share issuance will need AGM approval and it is not our current intention to seek this under our capital strategy.

- ▶ Refer to “Capital strategy and framework” in III – Treasury, Risk, Balance sheet and Off-Balance sheet – Treasury measurement – Capital management for more information.

Value changes of outstanding deferred awards

Employees experience changes to the values of their deferred compensation awards during the vesting period due to both implicit and explicit value changes. Implicit value changes primarily reflect market driven effects, such as changes in the

Group share price, changes in the value of the underlying PAF, PAF2 and Plus Bond assets or foreign exchange rates. Explicit value changes reflect risk adjustments triggered by clawback provisions related to negative performance in the performance share awards (applies to managing directors and MRTC), positive or negative performance for the Adjustable Performance Plan share awards or the general malus provisions in all deferred awards (applies to all employees). The final value of an award will only be determined at settlement.

The following table provides a comparison of the fair values of outstanding deferred compensation awards as of the beginning and the end of 2012, indicating the value of changes due to implicit and explicit adjustments. For 2012, the change in fair value for all outstanding deferred compensation awards was primarily due to implicit adjustments driven by the changes in the Group share price, changes in the value of the underlying PAF and PAF2 assets and the foreign exchange rate movements during the period.

Fair value of outstanding deferred compensation awards

in / end	Change in value			2012
	2011	Implicit	Explicit	
Share-based awards (CHF per unit)				
Incentive Share Units granted for 2009	22.1	0.2	0.0	22.3
Scaled Incentive Share Units granted for 2009	22.1	0.2	0.0	22.3
Share awards granted for 2010 ¹	22.1	0.2	0.0	22.3
Share awards granted for 2011 ²	21.9	0.4	0.0	22.3
Performance share awards granted for 2011 ³	21.9	0.4	0.0	22.3
Adjustable Performance Plan share awards converted in 2012	16.3 ³	6.0	1.0	23.3
Cash-based awards (CHF per unit)				
2008 Partner Asset Facility awards (PAF)	1.55	0.25	0.00	1.80
Adjustable Performance Plan cash awards granted for 2009	1.18	(0.03)	0.04	1.19
Adjustable Performance Plan cash awards granted for 2010	1.05	(0.03)	0.04	1.06
2011 Partner Asset Facility awards (PAF2) ⁴	0.65	0.25	0.00	0.90
Plus Bond awards granted for 2012 ⁵	–	–	–	1.00

¹ Represents awards granted in January 2011 for 2010. ² Represents awards granted in January 2012 for 2011. ³ Represents the value of the Adjustable Performance Plan share awards that were converted in August 2012 from Adjustable Performance Plan cash awards granted in 2011 for 2010 and granted in 2010 for 2009. ⁴ Represents the fair value of the 2011 Partner Asset Facility awards that were granted in the first quarter of 2012. ⁵ Represents the fair value of the Plus Bond awards that were granted to certain employees in the Investment Banking division and were fully vested in December 2012.

Discontinued compensation plans

While we believe that the evolution of our compensation instruments over recent years provides a track record of innovation and responsiveness, we also acknowledge that the complexity of our compensation instruments gave internal and external stakeholders concerns with regard to excess potential

leverage and transparency. These issues were taken into account as we have discontinued compensation instruments with leverage components and have provided more comprehensive disclosure on our compensation practices and plans in recent years.

A summary of the principal forms of awards granted in prior years, which have since been discontinued but are still vesting, is shown in the following overview.

Principal outstanding compensation plans

2011 Partner Asset Facility (PAF2)

Basis Cash-based, deferred variable compensation

Vesting start 2012

Vesting end March 31, 2012

Applied to

Performance in year 2011, which included managing directors and directors and certain members of the Executive Board.

General award conditions

The contractual term of a PAF award is four years, but it may be extended to nine years at the election of either the Group or the holders acting collectively. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in the Group's derivative activities. The value of the award (for both the interest accrual and the final redemption) will be reduced if the amount of realized credit losses from a specific reference portfolio exceeds a pre-defined threshold. The Group will bear the first USD 500 million of such losses and the PAF2 holders will bear any losses in excess of USD 500 million, up to the full amount of the deferred compensation awarded.

Other award conditions or restrictions

PAF2 holders will receive a semi-annual cash interest payment equivalent to an annual return of 5% (CHF-denominated awards) or 6.5% (USD-denominated awards) applied to the then current balance of the units. The Group can settle the PAF2 units in cash or an equivalent value in shares at its discretion. PAF2 holders are subject to a non-compete/non-solicit provision.

Program objective/rationale

PAF awards provided employees with a fixed income strategy while transferring risk from the Group to employees thereby contributing to risk reduction and capital efficiency.

Adjustable Performance Plan awards

Basis Cash and share-based, deferred variable compensation

Vesting start 2010-2011

Vesting end 2013-2015

Applied to

Performance in 2009-2010, which included the Executive Board, managing directors and directors.

General award conditions

Adjustable Performance Plan awards link awards to future performance through positive and negative adjustments. Vesting ratably over a three-year period for 2009 awards and a four-year period for 2010 awards.

Other award conditions or restrictions

For revenue-generating employees in the divisions, Adjustable Performance Plan awards are linked to the financial performance of the specific business areas in which the employees work and the Group ROE. For employees in Shared Services and other support functions and all Executive Board members, the awards are linked to the Group's adjusted profit or loss and the Group ROE.

Program objective/rationale

Promoting retention of Executive Board members, managing directors and directors.

Scaled Incentive Share Unit (SISU)

Basis Share-based, deferred variable compensation

Vesting start 2010

Vesting end 2014

Applied to

Performance in 2009, which included half of the variable compensation awarded to all managing directors and directors across all divisions.

General award conditions

Vesting ratably over a four-year period.

Other award conditions or restrictions

An SISU is similar to other share-based awards, but offers additional upside depending on the development of the Group share price and the Group reported ROE.

Program objective/rationale

Promoting retention of managing directors and directors.

Incentive Share Unit (ISU)

Basis Share-based, deferred variable compensation

Vesting start 2010

Vesting end 2013

Applied to

Performance in 2009 for all employees.

General award conditions

Vesting ratably over a three-year period.

Other award conditions or restrictions

An ISU is similar to other share-based awards, but offers additional upside depending on the development of the Group share price.

Program objective/rationale

An ISU links employee performance awards to the long-term performance of the Group, with an additional incentive to increase Group share value for the benefit of employees and shareholders.

2008 Partner Asset Facility (PAF)

Basis Cash-based, deferred variable compensation

Vesting start 2008. 66.7% vested upon grant

Vesting end 33.3% vested in March 2009

Applied to

Performance in year 2008, which included all managing directors and directors in Investment Banking.

General award conditions

The contractual term of a PAF award is eight years. PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in Investment Banking. The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool as of December 31, 2008, and those assets cannot be substituted throughout the contractual term of the award or until liquidated.

Other award conditions or restrictions

PAF holders will receive a semi-annual cash interest payment of the London Interbank Offered Rate plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. They will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool.

Program objective/rationale

PAF awards were designed to incentivize senior managers in Investment Banking to effectively manage assets which were a direct result of risk taking in Investment Banking during this period. As a result of the PAF program, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

- ▶ Refer to "Note 27 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for more information.

V

Consolidated financial statements – Credit Suisse Group

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Report of the Independent Registered Public Accounting Firm

Credit Suisse Group AG, Zurich

We have audited the accompanying consolidated balance sheets of Credit Suisse Group AG and subsidiaries (the “Group”) as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Group's management and the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 22, 2013 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

KPMG AG

Simon Kyder
Licensed Audit Expert
Auditor in Charge

Anthony Arzevino
Global Lead Partner

Zurich, Switzerland
March 22, 2013

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Consolidated financial statements

Consolidated statements of operations

	Reference to notes	2012	2011	2010
Consolidated statements of operations (CHF million)				
Interest and dividend income	6	22,105	23,002	25,533
Interest expense	6	(14,955)	(16,569)	(18,992)
Net interest income	6	7,150	6,433	6,541
Commissions and fees	7	13,073	12,952	14,078
Trading revenues	8	1,195	5,020	9,338
Other revenues	9	2,548	1,820	1,429
Net revenues		23,966	26,225	31,386
Provision for credit losses	10	170	187	(79)
Compensation and benefits	11	12,530	13,213	14,599
General and administrative expenses	12	7,310	7,372	7,231
Commission expenses		1,775	1,992	2,148
Total other operating expenses		9,085	9,364	9,379
Total operating expenses		21,615	22,577	23,978
Income from continuing operations before taxes		2,181	3,461	7,487
Income tax expense	26	496	671	1,548
Income from continuing operations		1,685	2,790	5,939
Income/(loss) from discontinued operations, net of tax	4	0	0	(19)
Net income		1,685	2,790	5,920
Net income attributable to noncontrolling interests		336	837	822
Net income attributable to shareholders		1,349	1,953	5,098
of which from continuing operations		1,349	1,953	5,117
of which from discontinued operations		0	0	(19)
Basic earnings per share (CHF)				
Basic earnings per share from continuing operations	13	0.82	1.37	3.93
Basic earnings/(loss) per share from discontinued operations	13	0.00	0.00	(0.02)
Basic earnings per share	13	0.82	1.37	3.91
Diluted earnings per share (CHF)				
Diluted earnings per share from continuing operations	13	0.81	1.36	3.91
Diluted earnings/(loss) per share from discontinued operations	13	0.00	0.00	(0.02)
Diluted earnings per share	13	0.81	1.36	3.89

Consolidated statements of comprehensive income

		2012	2011	2010
in				
Comprehensive income (CHF million)				
Net income		1,685	2,790	5,920
Gains/(losses) on cash flow hedges		37	(33)	8
Foreign currency translation		(1,114)	(263)	(3,579)
Unrealized gains/(losses) on securities		(15)	(18)	7
Actuarial gains/(losses)		(50)	(615)	(245)
Net prior service cost		248	395	13
Other comprehensive income/(loss), net of tax		(894)	(534)	(3,796)
Comprehensive income		791	2,256	2,124
Comprehensive income attributable to noncontrolling interests		211	882	78
Comprehensive income attributable to shareholders		580	1,374	2,046

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets

	Reference to notes	end of	
		2012	2011
Assets (CHF million)			
Cash and due from banks		61,763	110,573
of which reported at fair value		569	–
of which reported from consolidated VIEs		1,750	1,396
Interest-bearing deposits with banks		1,945	2,272
of which reported at fair value		627	405
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	14	183,455	236,963
of which reported at fair value		113,664	158,673
of which reported from consolidated VIEs		117	19
Securities received as collateral, at fair value		30,045	30,191
of which encumbered		17,767	20,447
Trading assets, at fair value	15	256,399	279,553
of which encumbered		70,948	73,749
of which reported from consolidated VIEs		4,697	6,399
Investment securities	16	3,498	5,160
of which reported at fair value		3,498	5,158
of which reported from consolidated VIEs		23	41
Other investments	17	12,022	13,226
of which reported at fair value		8,994	9,751
of which reported from consolidated VIEs		2,289	2,346
Net loans	18	242,223	233,413
of which reported at fair value		20,000	20,694
of which encumbered		535	471
of which reported from consolidated VIEs		6,053	5,940
allowance for loan losses		(922)	(910)
Premises and equipment	19	5,618	7,193
of which reported from consolidated VIEs		581	646
Goodwill	20	8,389	8,591
Other intangible assets	21	243	288
of which reported at fair value		43	70
Brokerage receivables		45,768	43,446
Other assets	22	72,912	78,296
of which reported at fair value		37,275	35,765
of which encumbered		1,495	2,255
of which reported from consolidated VIEs		14,536	13,002
Total assets		924,280	1,049,165

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets (continued)

	Reference to notes	end of	
		2012	2011
Liabilities and equity (CHF million)			
Due to banks	23	31,014	40,147
of which reported at fair value		3,413	2,721
Customer deposits	23	308,312	313,401
of which reported at fair value		4,643	4,599
of which reported from consolidated VIEs		247	221
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	14	132,721	176,559
of which reported at fair value		108,784	136,483
Obligation to return securities received as collateral, at fair value		30,045	30,191
Trading liabilities, at fair value	15	90,816	127,760
of which reported from consolidated VIEs		125	1,286
Short-term borrowings		18,641	26,116
of which reported at fair value		4,513	3,547
of which reported from consolidated VIEs		9,582	6,141
Long-term debt	24	148,134	162,655
of which reported at fair value		65,384	70,366
of which reported from consolidated VIEs		14,532	14,858
Brokerage payables		64,676	68,034
Other liabilities	22	57,637	63,217
of which reported at fair value		26,871	31,092
of which reported from consolidated VIEs		1,228	746
Total liabilities		881,996	1,008,080
Common shares		53	49
Additional paid-in capital		23,636	21,796
Retained earnings		28,171	27,053
Treasury shares, at cost		(459)	(90)
Accumulated other comprehensive income/(loss)	25	(15,903)	(15,134)
Total shareholders' equity		35,498	33,674
Noncontrolling interests		6,786	7,411
Total equity		42,284	41,085
Total liabilities and equity		924,280	1,049,165

	Reference to notes	end of	
		2012	2011
Additional share information			
Par value (CHF)		0.04	0.04
Authorized shares ¹		2,118,134,039	1,868,140,066
Issued shares	25	1,320,829,922	1,224,333,062
Treasury shares	25	(27,036,831)	(4,010,074)
Shares outstanding	25	1,293,793,091	1,220,322,988

¹ Includes issued shares and unissued shares (conditional, conversion and authorized capital).

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in equity

	Attributable to shareholders							
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	Total equity
2012 (CHF million)								
Balance at beginning of period	49	21,796	27,053	(90)	(15,134)	33,674	7,411	41,085
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	44	–	–	–	44	(4)	40
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{1,2}	–	–	–	–	–	–	(809)	(809)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ²	–	–	–	–	–	–	116	116
Net income/(loss)	–	–	1,349	–	–	1,349	347 ³	1,696
Total other comprehensive income/(loss), net of tax	–	–	–	–	(769)	(769)	(125)	(894)
Issuance of common shares	4	1,926	–	–	–	1,930	–	1,930
Sale of treasury shares	–	(3)	–	8,358	–	8,355	–	8,355
Repurchase of treasury shares	–	–	–	(8,859)	–	(8,859)	–	(8,859)
Share-based compensation, net of tax	–	932 ⁴	–	132	–	1,064	–	1,064
Financial instruments indexed to own shares ⁵	–	(9)	–	–	–	(9)	–	(9)
Dividends paid	–	(1,011) ⁶	(231)	–	–	(1,242)	(54)	(1,296)
Changes in redeemable noncontrolling interests	–	(7) ⁷	–	–	–	(7)	–	(7)
Change in scope of consolidation, net	–	–	–	–	–	–	(96)	(96)
Other	–	(32)	–	–	–	(32)	–	(32)
Balance at end of period	53	23,636	28,171	(459)	(15,903)	35,498	6,786	42,284

¹ Distributions to owners in funds include the return of original capital invested and any related dividends. ² Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership". ³ Net income attributable to noncontrolling interests excludes CHF 11 million due to redeemable noncontrolling interests. ⁴ Includes a net tax benefit of CHF 41 million from the excess fair value of shares delivered over recognized compensation expense. ⁵ The Group had purchased certain call options on its own shares to economically hedge share-based compensation awards. In accordance with US GAAP, these call options were designated as equity instruments and, as such, were initially recognized in shareholders' equity at their fair values and not subsequently remeasured. ⁶ Paid out of reserves from capital contributions. ⁷ Represents the accrued portion of the redemption value of redeemable noncontrolling interests in Credit Suisse Hedging-Griffo Investimentos S.A. Refer to "Other commitments" in Note 31 – Guarantees and commitments for further information.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in equity (continued)

	Attributable to shareholders							Non-controlling interests	Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity			
2011 (CHF million)									
Balance at beginning of period	47	23,026	25,316	(552)	(14,555)	33,282	9,733	43,015	
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	6	–	–	–	6	(106)	(100)	
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(3,042)	(3,042)	
Sale of subsidiary shares to noncontrolling interests, changing ownership	–	(7)	–	–	–	(7)	7	–	
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	522	522	
Net income/(loss)	–	–	1,953	–	–	1,953	788	2,741	
Total other comprehensive income/(loss), net of tax	–	–	–	–	(579)	(579)	45	(534)	
Issuance of common shares	2	1,125	–	–	–	1,127	–	1,127	
Sale of treasury shares	–	(102)	–	11,955	–	11,853	–	11,853	
Repurchase of treasury shares	–	–	–	(11,790)	–	(11,790)	–	(11,790)	
Share-based compensation, net of tax	–	(145)	–	297	–	152	–	152	
Financial instruments indexed to own shares	–	164	–	–	–	164	–	164	
Dividends paid	–	(1,646)	(216)	–	–	(1,862)	(86)	(1,948)	
Changes in redeemable noncontrolling interests	–	(625)	–	–	–	(625)	(140)	(765)	
Change in scope of consolidation	–	–	–	–	–	–	(310)	(310)	
Balance at end of period	49	21,796	27,053	(90)	(15,134)	33,674	7,411	41,085	

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in equity (continued)

	Attributable to shareholders							Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholders' equity	Non-controlling interests	
2010 (CHF million)								
Balance at beginning of period	47	24,706	25,258	(856)	(11,638)	37,517	10,811	48,328
Purchase of subsidiary shares from non-controlling interests, changing ownership	-	(20)	-	-	-	(20)	(37)	(57)
Purchase of subsidiary shares from non-controlling interests, not changing ownership	-	-	-	-	-	-	(2,059)	(2,059)
Sale of subsidiary shares to noncontrolling interests, changing ownership	-	-	-	-	-	-	1	1
Sale of subsidiary shares to noncontrolling interests, not changing ownership	-	-	-	-	-	-	1,907	1,907
Net income/(loss)	-	-	5,098	-	-	5,098	822	5,920
Cumulative effect of accounting changes, net of tax	-	-	(2,384)	-	135	(2,249)	-	(2,249)
Total other comprehensive income/(loss), net of tax	-	-	-	-	(3,052)	(3,052)	(744)	(3,796)
Issuance of common shares	-	9	-	-	-	9	-	9
Sale of treasury shares	-	19	-	24,730	-	24,749	-	24,749
Repurchase of treasury shares	-	-	-	(26,846)	-	(26,846)	-	(26,846)
Share-based compensation, net of tax	-	(1,593)	-	2,420	-	827	9	836
Financial instruments indexed to own shares	-	(95)	-	-	-	(95)	-	(95)
Dividends paid	-	-	(2,656)	-	-	(2,656)	(144)	(2,800)
Change in scope of consolidation	-	-	-	-	-	-	(911)	(911)
Other	-	-	-	-	-	-	78	78
Balance at end of period	47	23,026	25,316	(552)	(14,555)	33,282	9,733	43,015

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows

in	2012	2011	2010
Operating activities of continuing operations (CHF million)			
Net income	1,685	2,790	5,920
(Income)/loss from discontinued operations, net of tax	0	0	19
Income from continuing operations	1,685	2,790	5,939
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)			
Impairment, depreciation and amortization	1,294	1,196	1,166
Provision for credit losses	170	187	(79)
Deferred tax provision/(benefit)	(226)	196	1,224
Share of net income/(loss) from equity method investments	80	(45)	(105)
Trading assets and liabilities, net	(14,348)	39,134	(12,052)
(Increase)/decrease in other assets	(1,144)	(7,750)	4,258
Increase/(decrease) in other liabilities	(4,769)	5,861	4,155
Other, net	4,584	(2,939)	3,722
Total adjustments	(14,359)	35,840	2,289
Net cash provided by/(used in) operating activities of continuing operations	(12,674)	38,630	8,228
Investing activities of continuing operations (CHF million)			
(Increase)/decrease in interest-bearing deposits with banks	184	(732)	(98)
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	46,952	(15,221)	(27,518)
Purchase of investment securities	(480)	(1,542)	(2,752)
Proceeds from sale of investment securities	936	2,118	988
Maturities of investment securities	1,626	2,462	3,748
Investments in subsidiaries and other investments	(2,039)	(1,782)	(1,674)
Proceeds from sale of other investments	3,104	6,784	2,467
(Increase)/decrease in loans	(10,885)	(17,242)	3,970
Proceeds from sale of loans	1,090	689	817
Capital expenditures for premises and equipment and other intangible assets	(1,242)	(1,739)	(1,689)
Proceeds from sale of premises and equipment and other intangible assets	26	11	17
Other, net	3,683	222	275
Net cash provided by/(used in) investing activities of continuing operations	42,955	(25,972)	(21,449)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows (continued)

in	2012	2011	2010
Financing activities of continuing operations (CHF million)			
Increase/(decrease) in due to banks and customer deposits	(13,055)	27,935	26,391
Increase/(decrease) in short-term borrowings	(7,840)	4,098	10,934
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(39,958)	7,182	(7,097)
Issuances of long-term debt	38,405	34,234	57,910
Repayments of long-term debt	(55,936)	(37,127)	(51,390)
Issuances of common shares	1,930	1,127	9
Sale of treasury shares	8,355	11,853	24,749
Repurchase of treasury shares	(8,859)	(11,790)	(26,846)
Dividends paid/capital repayments	(1,296)	(1,948)	(2,800)
Excess tax benefits related to share-based compensation	0	0	615
Other, net	394	(2,508)	553
Net cash provided by/(used in) financing activities of continuing operations	(77,860)	33,056	33,028
Effect of exchange rate changes on cash and due from banks (CHF million)			
Effect of exchange rate changes on cash and due from banks	(1,231)	(633)	(6,155)
Net cash provided by/(used in) discontinued operations (CHF million)			
Net cash provided by/(used in) operating activities of discontinued operations	0	25	(42)
Net increase/(decrease) in cash and due from banks (CHF million)			
Net increase/(decrease) in cash and due from banks	(48,810)	45,106	13,610
Cash and due from banks at beginning of period	110,573	65,467	51,857
Cash and due from banks at end of period	61,763	110,573	65,467

Supplemental cash flow information

in	2012	2011	2010
Cash paid for income taxes and interest (CHF million)			
Cash paid for income taxes	1,073	1,099	1,041
Cash paid for interest	15,012	17,257	19,012
Assets acquired and liabilities assumed in business acquisitions (CHF million)			
Fair value of assets acquired	2,418	0	0
Fair value of liabilities assumed	2,418	0	0

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The accompanying consolidated financial statements of Credit Suisse Group AG (the Group) are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). The financial year for the Group ends on December 31. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation and had no impact on net income/(loss) or total shareholders' equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the evaluation of variable interest entities (VIEs), the impairment of assets other than loans, recognition of deferred tax assets, tax uncertainties, pension liabilities, as well as various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

Principles of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries. The Group's subsidiaries are entities in which it holds, directly or indirectly, more than 50% of the voting rights or where it exercises control. The Group consolidates limited partnerships in cases where it is the general partner or is a limited partner with substantive rights to kick out the general partner or dissolve the partnership and participate in significant decisions made in the ordinary course of business. The Group also consolidates VIEs where the Group is the primary beneficiary in accordance with Accounting Standards Codification (ASC) Topic 810 – Consolidation. The effects of material intercompany transactions and balances have been eliminated.

Where a Group subsidiary is a separate legal entity and determined to be an investment company as defined by ASC Topic 946 – Financial Services – Investment Companies, interests in other entities held by this Group subsidiary are not consolidated and are carried at fair value.

Group entities that qualify as broker-dealer entities as defined by ASC Topic 940 – Financial Services – Broker and Dealers do not consolidate investments in voting interest entities that would otherwise qualify for consolidation when the investment is held on a temporary basis for trading purposes. In addition, subsidiaries that are strategic components of a broker-dealers' operations are consolidated regardless of holding intent.

Foreign currency translation

Transactions denominated in currencies other than the functional currency of the related entity are recorded by remeasuring them in the functional currency of the related entity using the foreign exchange rate on the date of the transaction. As of the dates of the consolidated balance sheets, monetary assets and liabilities, such as receivables and payables, are reported using the year-end spot foreign exchange rates. Foreign exchange rate differences are recorded in the consolidated statements of operations. Non-monetary assets and liabilities are recorded using the historic exchange rate.

For the purpose of consolidation, the assets and liabilities of Group companies with functional currencies other than Swiss francs are translated into Swiss franc equivalents using year-end spot foreign exchange rates, whereas revenues and expenses are translated using the weighted average foreign exchange rate for the year. Translation adjustments arising from consolidation are included in accumulated other comprehensive income/(loss) (AOCI) within total shareholders' equity.

Fair value measurement and option

The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. The fair value option creates an alternative measurement treatment for certain financial assets and financial liabilities. The fair value option can be elected at initial acquisition of the eligible item or at the date when the Group enters into an agreement which gives rise to an eligible item (e.g., a firm commitment or a written loan commitment). If not elected at initial recognition, the fair value option can be applied to an item upon certain triggering events that give rise to a new basis of accounting for that item. The application of the fair value option to a financial asset or a financial liability does not change its classification on the face of the balance sheet and the election is irrevocable. Changes in fair value resulting from the election are recorded in trading revenues.

▶ Refer to "Fair value option" in Note 33 – Financial instruments for further information.

Cash and due from banks

Cash and due from banks consists of currency on hand, demand deposits with banks or other financial institutions and cash equivalents. Cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less, which are held for cash management purposes.

Reverse repurchase and repurchase agreements

Purchases of securities under resale agreements (reverse repurchase agreements) and securities sold under agreements to repurchase substantially identical securities (repurchase agreements) do not constitute economic sales and are therefore treated as collateralized financing transactions and are carried in the consolidated balance sheet at the amount of cash disbursed or received, respectively. Reverse repurchase agreements are recorded as collateralized assets while repurchase agreements are recorded as liabilities, with the underlying securities sold continuing to be recognized in trading assets or investment securities. The fair value of securities to be repurchased and resold is monitored on a daily basis, and additional collateral is obtained as needed to protect against credit exposure.

Assets and liabilities recorded under these agreements are accounted for on one of two bases, the accrual basis or the fair value basis. Under the accrual basis, interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are reported in interest and dividend income and interest expense, respectively. The fair value basis of accounting may be elected pursuant to ASC Topic 825 – Financial Instruments, and any resulting change in fair value is reported in trading revenues. Accrued interest income and expense are recorded in the same manner as under the accrual method. The Group has elected the fair value basis of accounting on some of its agreements.

Reverse repurchase and repurchase agreements are netted if they are with the same counterparty, have the same maturity date, settle through the same clearing institution and are subject to the same master netting agreement.

Securities lending and borrowing transactions

Securities borrowed and securities loaned that are cash-collateralized are included in the consolidated balance sheets at amounts equal to the cash advanced or received. If securities received in a securities lending and borrowing transaction as collateral may be sold or repledged, they are recorded as securities received as collateral in the consolidated balance sheet and a corresponding liability to return the security is recorded. Securities lending transactions against non-cash collateral in which the Group has the right to resell or repledge

the collateral received are recorded at the fair value of the collateral initially received. For securities lending transactions, the Group receives cash or securities collateral in an amount generally in excess of the market value of securities lent. The Group monitors the fair value of securities borrowed and loaned on a daily basis with additional collateral obtained as necessary.

Fees and interest received or paid are recorded in interest and dividend income and interest expense, respectively, on an accrual basis. In the case where the fair value basis of accounting is elected, any resulting change in fair value is reported in trading revenues. Accrued interest income and expense are recorded in the same manner as under the accrual method.

Transfers of financial assets

The Group transfers various financial assets, which may result in the sale of these assets to special purpose entities (SPEs), which in turn issue securities to investors. The Group values its beneficial interests at fair value using quoted market prices, if such positions are traded on an active exchange or financial models that incorporate observable and unobservable inputs.

- ▶ Refer to “Note 32 – Transfers of financial assets and variable interest entities” for further information on the Group’s transfer activities.

Trading assets and liabilities

Trading assets and liabilities include debt and equity securities, derivative instruments, certain loans held in broker-dealer entities, commodities and precious metals. Items included in the trading portfolio are carried at fair value and classified as held for trading purposes based on management’s intent. Regular-way security transactions are recorded on a trade-date basis. Unrealized and realized gains and losses on trading positions are recorded in trading revenues.

Derivatives

Freestanding derivative contracts are carried at fair value in the consolidated balance sheets regardless of whether these instruments are held for trading or risk management purposes. Commitments to originate mortgage loans that will be held for sale are considered derivatives for accounting purposes. When derivative features embedded in certain contracts that meet the definition of a derivative are not considered clearly and closely related to the host contract, either the embedded feature is accounted for separately at fair value or the entire contract, including the embedded feature, is accounted for at fair value. In both cases, changes in fair value are recorded in the consolidated statements of operations. If separated for measurement purposes, the derivative is recorded in the same

line item in the consolidated balance sheets as the host contract.

Derivatives classified as trading assets and liabilities include those held for trading purposes and those used for risk management purposes that do not qualify for hedge accounting. Derivatives held for trading purposes arise from proprietary trading activity and from customer-based activity. Realized gains and losses, changes in unrealized gains and losses and interest flows are included in trading revenues. Derivative contracts designated and qualifying as fair value hedges, cash flow hedges or net investment hedges are reported as other assets or other liabilities.

The fair value of exchange-traded derivatives is typically derived from observable market prices and/or observable market parameters. Fair values for over-the-counter (OTC) derivatives are determined on the basis of proprietary models using various input parameters. Derivative contracts are recorded on a net basis per counterparty, where an enforceable master netting agreement exists. Where no such agreement exists, fair values are recorded on a gross basis.

Where hedge accounting is applied, the Group formally documents all relationships between hedging instruments and hedged items, including the risk management objectives and strategy for undertaking hedge transactions. At inception of a hedge and on an ongoing basis, the hedge relationship is formally assessed to determine whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risk. The Group discontinues hedge accounting prospectively in the following circumstances:

- (i) the derivative is no longer effective in offsetting changes in the fair value or cash flows of a hedged item (including forecasted transactions);
- (ii) the derivative expires or is sold, terminated or exercised;
- (iii) the derivative is no longer designated as a hedging instrument because it is unlikely that the forecasted transaction will occur; or
- (iv) the designation of the derivative as a hedging instrument is otherwise no longer appropriate.

For derivatives that are designated and qualify as fair value hedges, the carrying value of the underlying hedged items is adjusted to fair value for the risk being hedged. Changes in the fair value of these derivatives are recorded in the same line item of the consolidated statements of operations as the change in fair value of the risk being hedged for the hedged assets or liabilities to the extent the hedge is effective. The change in fair value representing hedge ineffectiveness is recorded separately in trading revenues.

When the Group discontinues fair value hedge accounting because it determines that the derivative no longer qualifies as an effective fair value hedge, the derivative will continue to be carried in the consolidated balance sheets at its fair value, and the hedged asset or liability will no longer be adjusted for changes in fair value attributable to the hedged risk. Interest-related fair value adjustments made to the underlying hedged items will be amortized to the consolidated statements of operations over the remaining life of the hedged item. Any unamortized interest-related fair value adjustment is recorded in the consolidated statements of operations upon sale or extinguishment of the hedged asset or liability, respectively. Any other fair value hedge adjustments remain part of the carrying amount of the hedged asset or liability and are recognized in the consolidated statements of operations upon disposition of the hedged item as part of the gain or loss on disposition.

For hedges of the variability of cash flows from forecasted transactions and floating rate assets or liabilities, the effective portion of the change in the fair value of a designated derivative is recorded in AOCI. These amounts are reclassified into the line item in the consolidated statements of operations in which the hedged item is recorded when the variable cash flow from the hedged item impacts earnings (for example, when periodic settlements on a variable rate asset or liability are recorded in the consolidated statements of operations or when the hedged item is disposed of). The change in fair value representing hedge ineffectiveness is recorded separately in trading revenues.

When hedge accounting is discontinued on a cash flow hedge, the net gain or loss will remain in AOCI and be reclassified into the consolidated statements of operations in the same period or periods during which the formerly hedged transaction is reported in the consolidated statements of operations. When the Group discontinues hedge accounting because it is probable that a forecasted transaction will not occur within the specified date or period plus two months, the derivative will continue to be carried in the consolidated balance sheets at its fair value, and gains and losses that were previously recorded in AOCI will be recognized immediately in the consolidated statements of operations.

For hedges of a net investment in a foreign operation, the change in the fair value of the hedging derivative is recorded in AOCI to the extent the hedge is effective. The change in fair value representing hedge ineffectiveness is recorded in trading revenues. The Group uses the forward method of determining effectiveness for net investment hedges, which results in the time value portion of a foreign currency forward being reported in AOCI to the extent the hedge is effective.

Investment securities

Investment securities include debt securities classified as held-to-maturity and debt and marketable equity securities classified as available-for-sale. Regular-way security transactions are recorded on a trade-date basis.

Debt securities where the Group has the positive intent and ability to hold such securities to maturity are classified as such and are carried at amortized cost, net of any unamortized premium or discount.

Debt and equity securities classified as available-for-sale are carried at fair value. Unrealized gains and losses, which represent the difference between fair value and amortized cost, are recorded in AOCI. Amounts reported in AOCI are net of income taxes.

Amortization of premiums or discounts is recorded in interest and dividend income using the effective yield method through the maturity date of the security.

Recognition of an impairment on debt securities is recorded in the consolidated statements of operations if a decline in fair value below amortized cost is considered other-than-temporary, that is, amounts due according to the contractual terms of the security are not considered collectible, typically due to deterioration in the creditworthiness of the issuer. No impairment is recorded in connection with declines resulting from changes in interest rates to the extent the Group does not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Recognition of an impairment on equity securities is recorded in the consolidated statements of operations if a decline in fair value below the cost basis of an investment is considered other-than-temporary. The Group generally considers unrealized losses on equity securities to be other-than-temporary if the fair value has been below cost for more than six months or by more than 20%.

Recognition of an impairment for debt or equity securities establishes a new cost basis, which is not adjusted for subsequent recoveries.

Unrealized losses on available-for-sale securities are recognized in the consolidated statements of operations when a decision has been made to sell a security.

Other investments

Other investments include equity method investments and non-marketable equity securities such as private equity, hedge funds, and restricted stock investments, certain investments in non-marketable mutual funds for which the Group has neither significant influence nor control over the investee, and real estate held for investment.

Equity method investments are investments where the Group has the ability to significantly influence the operating and financial policies of an investee. Significant influence is typically characterized by ownership of 20% to 50% of the voting stock or in-substance common stock of a corporation or 5% or more of limited partnership interests. Equity method investments are accounted for under the equity method of accounting or the fair value option. Under the equity method of accounting, the Group's share of the profit or loss, as well as any impairment on the investee, if applicable, are reported in other revenues. Under the fair value option, changes in fair value are reported in other revenues. The Group has elected the fair value basis of accounting on some of its equity method investments.

The Group's other non-marketable equity securities are carried at cost less other-than-temporary impairment or at fair value if elected under the fair value option. Non-marketable equity securities held by the Group's subsidiaries that are determined to be investment companies as defined by ASC Topic 946 – Financial Services – Investment Companies are carried at fair value, with changes in fair value recorded in other revenues.

Equity method investments and non-marketable equity securities held by broker-dealer entities as defined by ASC Topic 940 – Financial Services – Broker and Dealers are measured at fair value and reported in trading assets when the intent of the broker-dealer entity is to hold the asset temporarily for trading purposes. Changes in fair value are reported in trading revenues.

Real estate held for investment purposes is carried at cost less accumulated depreciation and is depreciated over its estimated useful life, generally 40 to 67 years. Land is carried at historical cost and is not depreciated. These assets are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying amount may not be recoverable. Recognition of an impairment on such assets establishes a new cost base, which is not adjusted for subsequent recoveries in value.

In connection with the life finance business, the Group invests in single premium immediate annuities (SPIA), which are carried at fair value with the related fair value changes reported in trading revenues. The life finance business also invests in life settlement contracts.

Loans

Loans held-to-maturity

Loans which the Group intends to hold until maturity are carried at outstanding principal balances plus accrued interest, net of the following items: unamortized premiums, discounts on purchased loans, deferred loan origination fees and direct

loan origination costs on originated loans. Interest income is accrued on the unpaid principal balance and net deferred premiums/discounts and fees/costs are amortized as an adjustment to the loan yield over the term of the related loans.

Loans are divided in two portfolio segments, “consumer” and “corporate & institutional”. Consumer loans are disaggregated into the classes of mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans are disaggregated into the classes of real estate, commercial and industrial loans, financial institutions and governments and public institutions.

Lease financing transactions where the Group is the lessor are classified as loans. Unearned income is amortized to interest and dividend income over the lease term using the effective interest method.

In accordance with Group policies, impaired loans include non-performing loans, non-interest-earning loans, restructured loans and potential problem loans.

- ▶ Refer to “Note 18 – Loans, allowance for loan losses and credit quality” for further information.

Allowance for loan losses on loans held-to-maturity

The allowance for loan losses is comprised of the following components: probable credit losses inherent in the portfolio and those losses specifically identified. Changes in the allowance for loan losses are recorded in the consolidated statements of operations in provision for credit losses and in interest income (for provisions on past due interest).

The Group evaluates many factors when estimating the allowance for loan losses, including volatility of default probabilities, rating changes, the magnitude of potential loss, internal risk ratings, and geographic, industry and other economic factors. The component of the allowance representing probable losses inherent in the portfolio is for loans not specifically identified as impaired and that, on a portfolio basis, are considered to contain probable inherent loss. The estimate of this component of the allowance for the consumer loans portfolio involves applying historical and current default probabilities and historical recovery experience and related current assumptions to homogenous loans based on internal risk rating and product type. To estimate this component of the allowance for the corporate & institutional loans portfolio, the Group segregates loans by risk, industry or country rating. Excluded from this estimate process are consumer and corporate & institutional loans that have been specifically identified as impaired or are held at fair value. For lending-related commitments, a provision for losses is estimated based on historical loss and recovery experience and recorded in other liabilities. Changes in the estimate of losses for lending-related commitments are

recorded in the consolidated statements of operations in provision for credit losses.

The estimate of the component of the allowance for specifically identified credit losses on impaired loans is based on a regular and detailed analysis of each loan in the portfolio considering collateral and counterparty risk. The Group considers a loan impaired when, based on current information and events, it is probable that the Group will be unable to collect the amounts due according to the contractual terms of the loan agreement. For certain non-collateral-dependent impaired loans, an impairment is measured using the present value of estimated future cash flows, except that as a practical expedient an impairment may be measured based on a loan’s observable market price. For collateral-dependent impaired loans, an impairment is measured using the fair value of the collateral.

A loan is classified as non-performing no later than when the contractual payments of principal and/or interest are more than 90 days past due except for subprime residential loans which are classified as non-performing no later than when the contractual payments of principal and/or interest are more than 120 days past due. The additional 30 days ensure that these loans are not incorrectly assessed as non-performing during the time when servicing of them typically is being transferred. However, management may determine that a loan should be classified as non-performing notwithstanding that contractual payments of principal and/or interest are less than 90 days past due or, in the case of subprime residential loans, 120 days past due. For non-performing loans, a provision is recorded in an amount equal to any accrued but unpaid interest at the date the loan is classified as non-performing, resulting in a charge to the consolidated statements of operations. In addition, the Group continues to add accrued interest receivable to the loans balance for collection purposes; however, a provision is recorded resulting in no interest income recognition. Thereafter, the outstanding principal balance is evaluated at least annually for collectibility and a provision is established as necessary.

A loan can be further downgraded to non-interest-earning when the collection of interest is considered so doubtful that further accrual of interest is deemed inappropriate. At that time, and on at least a quarterly basis thereafter depending on various risk factors, the outstanding principal balance, net of provisions previously recorded, is evaluated for collectibility and additional provisions are established as required.

Generally, non-performing loans and non-interest-earning loans may be restored to performing status only when delinquent principal and interest are brought up to date in accordance with the terms of the loan agreement and when certain performance criteria are met.

Interest collected on non-performing loans and non-interest-earning loans is accounted for using the cash basis or the cost recovery method or a combination of both.

Loans that are not already classified as non-performing or non-interest-earning but were modified in a troubled debt restructuring are reported as restructured loans. Generally, a restructured loan would have been considered impaired and an associated allowance for loan losses would have been established prior to the restructuring. Loans modified in a troubled debt restructuring are reported as restructured loans to the end of the reporting year in which the loan was modified or for as long as an allowance for loan losses based on the terms specified by the restructuring agreement is associated with the restructured loan or an interest concession made at the time of the restructuring exists. In making the determination of whether an interest rate concession has been made, market interest rates for loans with comparable risk to borrowers of the same credit quality are considered. Loans that have been restructured in a troubled debt restructuring and are performing according to the new terms continue to accrue interest. Loan restructurings may include the receipt of assets in satisfaction of the loan, the modification of loan terms (e.g., reduction of interest rates, extension of maturity dates at a stated interest rate lower than the current market rate for new loans with similar risk, or reduction in principal amounts and/or accrued interest balances) or a combination of both.

Potential problem loans are impaired loans not already classified as non-performing, non-interest earning or restructured loans where contractual payments have been received according to schedule, but where doubt exists as to the collection of future contractual payments. Potential problem loans are evaluated for impairment on an individual basis and an allowance for loan losses is established as necessary. Potential problem loans continue to accrue interest.

The amortization of net loan fees or costs on impaired loans is generally discontinued during the periods in which matured and unpaid interest or principal is outstanding. On settlement of a loan, if the loan balance is not collected in full, an allowance is established for the uncollected amount, if necessary, and the loan is then written off, net of any deferred loan fees and costs.

Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. Recoveries of loans previously written off are recorded based on the cash or estimated fair value of other amounts received.

- ▶ Refer to "Impaired loans" in Note 18 – Loans, allowance for loan losses and credit quality for further information on the write-off of a loan and related accounting policies.

Loans held-for-sale

Loans, which the Group has the intent to sell in the foreseeable future, are considered held-for-sale and are carried at the lower of amortized cost or market value determined on either an individual method basis, or in the aggregate for pools of similar loans if sold or securitized as a pool. Loans held-for-sale are included in other assets. Gains and losses on loans held-for-sale are recorded in other revenues.

Purchased impaired loans

Purchased loans for which it is probable at acquisition that all contractually required payments will not be received are recorded at their net purchase price and no allowances are carried over. The excess of the estimated cash flows to be collected over the amount paid is accreted into interest income over the estimated recovery period when reasonable estimates can be made about the timing and amount of recovery. The Group does not consider such loans to be impaired at the time of acquisition. Such loans are deemed impaired only if the Group's estimate of cash to be received decreases below the estimate at the time of acquisition. Increases in the estimated expected recovery is recorded as a reversal of allowances, if any, and then recognized as an adjustment of the effective yield of the loan.

Loans held at fair value under the fair value option

Loans and loan commitments for which the fair value option is elected are reported at fair value with changes in fair value reported in trading revenues. The application of the fair value option does not change the loan's classification. Loan commitments carried at fair value are recorded in other assets or other liabilities, respectively.

Premises and equipment

Premises are carried at cost less accumulated depreciation and are depreciated on a straight-line basis over their estimated useful lives, generally 40 to 67 years. Land is carried at historical cost and is not depreciated. Alterations and improvements to rented premises are depreciated on a straight-line basis over the shorter of the lease term or estimated useful life, which is not to exceed ten years. Other tangible fixed assets such as computers, machinery, furnishings, vehicles, other equipment and building improvements are depreciated using the straight-line method over their estimated useful lives, generally three to ten years.

The Group capitalizes costs relating to the acquisition, installation and development of software with a measurable economic benefit, but only if such costs are identifiable and can be reliably measured. The Group depreciates capitalized software costs on a straight-line basis over the estimated use-

ful life of the software, generally not exceeding three years, taking into consideration the effects of obsolescence, technology, competition and other economic factors.

The Group reflects finance leasing activities for which it is the lessee by recording an asset in premises and equipment and a corresponding liability in other liabilities at an amount equal to the smaller of the present value of the minimum lease payments or fair value, and the leased asset is depreciated over the shorter of the asset's estimated useful life or the lease term.

Goodwill and other intangible assets

Goodwill arises on the acquisition of subsidiaries and equity method investments. It is measured as the excess of the fair value of the consideration transferred, the fair value of any noncontrolling interest in the acquiree and the fair value of any previously held equity interest in the acquired subsidiary, over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Goodwill is not amortized, rather it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. Goodwill is allocated to the Group's reporting units for the purposes of the impairment test.

Other intangible assets may be acquired individually or as part of a group of assets assumed in a business combination. Other intangible assets include but are not limited to: patents, licenses, copyrights, trademarks, branch networks, mortgage servicing rights, customer base and deposit relationships. Acquired intangible assets are initially measured at the amount of cash disbursed or the fair value of other assets distributed. Other intangible assets that have a finite useful life are amortized over that period. Other intangible assets acquired after January 1, 2002, that are determined to have an indefinite useful life, are not amortized; rather they are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the indefinite intangible asset may be impaired. Mortgage servicing rights are included in non-amortizing other intangible assets and are carried at fair value, with changes in fair value recognized through earnings in the period in which they occur. Mortgage servicing rights represent the right to perform specified mortgage servicing activities on behalf of third parties. Mortgage servicing rights are either purchased from third parties or retained upon sale of acquired or originated loans.

Recognition of an impairment on tangible fixed assets and finite intangible assets

The Group evaluates premises and equipment and finite intangible assets for impairment at least annually and whenever events or changes in circumstances indicate that the carrying

amount may not be recoverable. If the asset is considered not to be recoverable, an impairment is recorded in general and administrative expenses to the extent the fair value of the asset is less than its carrying amount. Recognition of an impairment on such assets establishes a new cost base, which is not adjusted for subsequent recoveries in value.

Income taxes

Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities at the dates of the consolidated balance sheets and their respective tax bases. Deferred tax assets and liabilities are computed using currently enacted tax rates and are recorded in other assets and other liabilities, respectively. Income tax expense or benefit is recorded in income tax expense/(benefit), except to the extent the tax effect relates to transactions recorded directly in total shareholders' equity. Deferred tax assets are reduced by a valuation allowance, if necessary, to the amount that management believes will more likely than not be realized. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates in the period in which changes are approved by the relevant authority. Deferred tax assets and liabilities are presented on a net basis for the same tax-paying component within the same tax jurisdiction.

The Group follows the guidance in ASC Topic 740 – Income Taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Group determines whether it is more likely than not that an income tax position will be sustained upon examination based on the technical merits of the position. Sustainable income tax positions are then measured to determine the amount of benefit eligible for recognition in the consolidated financial statements. Each such sustainable income tax position is measured at the largest amount of benefit that is more likely than not to be realized upon ultimate settlement.

Life settlement contracts

Life settlement contracts are initially recognized at the transaction price and subsequently carried at fair value unless the Group elects to apply the investment method. The contracts that are not accounted for under the investment method are carried at fair value and are recorded in trading assets.

Under the investment method, the contracts are initially recognized at the transaction price plus any directly related external costs and are recorded in other investments. Subsequently, all continuing premium payments made are capitalized unless the aggregated carrying value exceeds fair value in

which case an impairment allowance is established so that the carrying value does not exceed fair value.

Brokerage receivables and brokerage payables

The Group recognizes receivables and payables from transactions in financial instruments purchased from and sold to customers, banks, and broker-dealers. The Group is exposed to risk of loss resulting from the inability of counterparties to pay for or deliver financial instruments purchased or sold, in which case the Group would have to sell or purchase, respectively, these financial instruments at prevailing market prices. To the extent an exchange or clearing organization acts as counterparty to a transaction, credit risk is generally considered to be limited. The Group establishes credit limits for each customer and requires them to maintain margin collateral in compliance with applicable regulatory and internal guidelines. In order to conduct trades with an exchange or a third-party bank, the Group is required to maintain a margin. This is usually in the form of cash and deposited in a separate margin account with the exchange or broker. If available information indicates that it is probable that a brokerage receivable is impaired, an allowance is established. Write-offs of brokerage receivables occur if the outstanding amounts are considered uncollectible.

Other assets

Derivative instruments used for hedging

Derivative instruments are carried at fair value. The fair values of derivative instruments held for hedging are included as other assets or other liabilities in the consolidated balance sheets. The accounting treatment used for changes in fair value of hedging derivatives depends on the designation of the derivative as either a fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation. Changes in fair value representing hedge ineffectiveness are reported in trading revenues.

Long-term debt

Total long-term debt is comprised of debt issuances which do not contain derivative features (vanilla debt), as well as hybrid debt instruments with embedded derivatives, which are issued as part of the Group's structured product activities. Long-term debt includes both Swiss franc and foreign currency denominated fixed and variable rate bonds.

The Group actively manages the interest rate risk on vanilla debt through the use of derivative contracts, primarily interest rate and currency swaps, in particular, fixed rate debt is hedged with receive-fixed, pay-floating interest rate swaps. The Group elected to fair value this fixed rate debt upon implementation of the fair value option on January 1, 2007, with changes in fair value recognized as a component of trading

revenues. The Group did not elect to apply the fair value option to fixed-rate debt issued by the Group since January 1, 2008 and instead applies hedge accounting per the guidance of ASC Topic 815 – Derivatives and Hedging.

The Group's long-term debt also includes various equity-linked and other indexed instruments with embedded derivative features, whose payments and redemption values are linked to commodities, stocks, indices, currencies or other assets. The Group elected to account for substantially all of these instruments at fair value. Changes in the fair value of these instruments are recognized as a component of trading revenues.

Other liabilities

Guarantees

In cases where the Group acts as a guarantor, the Group recognizes in other liabilities, at the inception of a guarantee, a liability for the fair value of the obligations undertaken in issuing such a guarantee, including its ongoing obligation to perform over the term of the guarantee in the event that certain events or conditions occur.

Pensions and other post-retirement benefits

The Group uses the projected unit credit actuarial method to determine the present value of its projected benefit obligations (PBO) and the current and past service costs or credits related to its defined benefit and other post-retirement benefit plans. The measurement date used to perform the actuarial valuation is December 31.

Certain key assumptions are used in performing the actuarial valuations. These assumptions must be made concerning the future events that will determine the amount and timing of the benefit payments and thus require significant judgment and estimates by Group management. Among others, assumptions have to be made with regard to discount rates, expected return on plan assets and salary increases.

The assumed discount rates reflect the rates at which the pension benefits could be effectively settled. These rates are determined based on yields of high-quality corporate bonds currently available and are expected to be available during the period to maturity of the pension benefits. In countries where no deep market in high-quality corporate bonds exists, the estimate is based on governmental bonds adjusted to include a risk premium reflecting the additional risk for corporate bonds.

The expected long-term rate of return on plan assets is determined on a plan-by-plan basis, taking into account asset allocation, historical rate of return, benchmark indices for similar-type pension plan assets, long-term expectations of future returns and investment strategy.

Health care cost trend rates are determined by reviewing external data and the Group's own historical trends for health

care costs. Salary increases are determined by reviewing external data and considering internal projections.

The funded status of the Group's defined benefit postretirement and pension plans is recognized in the consolidated balance sheets.

Actuarial gains and losses in excess of 10% of the greater of the PBO or the market value of plan assets and unrecognized prior service costs or credits are amortized to net periodic pension and other post-retirement cost on a straight-line basis over the average remaining service life of active employees expected to receive benefits.

The Group records pension expense for defined contribution plans when the employee renders service to the company, essentially coinciding with the cash contributions to the plans.

Share-based compensation

For all share-based awards granted to employees and existing awards modified on or after January 1, 2005, compensation expense is measured at grant date or modification date based on the fair value of the number of awards for which the requisite service is expected to be rendered and is recognized in the consolidated statements of operations over the required service period on a straight-line basis. For all outstanding unvested share-based awards as of January 1, 2005, compensation expense is measured based on the original grant date fair value of the award and is recognized over the remaining requisite service period of each award on a straight-line basis.

The Group uses the tax law ordering approach to determine the portion of the total tax expense that relates to windfall tax benefits that are to be recorded in additional paid-in capital. In addition, it elected to use the practical transition option in determining the amount of windfall tax benefits recorded in additional paid-in capital arising on awards that were fully vested prior to January 1, 2005.

Compensation expense for share-based awards that vest in annual installments (graded vesting), which only contain a service condition that affects vesting, is recognized on a straight-line basis over the service period for the entire award. However, if such awards contain a performance condition, then each installment is expensed as if it were a separate award ("front-loaded" expense recognition). Furthermore, recognition of compensation expense is accelerated to the date an employee becomes eligible for retirement. For awards granted to employees eligible for retirement prior to January 1, 2005, the Group's policy is to record compensation expense over the requisite service period.

Certain share-based awards also contain a performance condition, where the number of shares the employee is to receive is dependent on the performance (e.g., net income or

return on equity (ROE)) of the Group or a division of the Group. If the employee is also required to provide the service stipulated in the award terms, the amount of compensation expense attributed to the incremental additional units expected to be received at vesting due to this performance condition is estimated on the grant date and subsequent changes in this estimate are recorded in the consolidated statements of operations over the remaining service period.

When awards contain market conditions, where the number of shares the employee receives varies based on changes in the Group share price, the incremental amount of extra shares the employee is expected to receive due to the market condition is estimated on the grant date and the total compensation expense is not adjusted thereafter for changes in the Group share price.

Certain employees own non-substantive equity interests in the form of carried interests in private equity funds managed by the Group. Expenses recognized under these ownership interests are reflected in the consolidated statements of operations in compensation and benefits.

The Group has certain option plans outstanding, primarily related to 1999 and prior years, which include a cash settlement feature. For those plans, liability award accounting is applied until settlement of the awards.

Own shares, own bonds and financial instruments on own shares

The Group may buy and sell own shares, own bonds and financial instruments on own shares within its normal trading and market-making activities. In addition, the Group may hold its own shares to satisfy commitments arising from employee share-based compensation awards. Own shares are recorded at cost and reported as treasury shares, resulting in a reduction to total shareholders' equity. Financial instruments on own shares are recorded as assets or liabilities or as equity when the criteria for equity classification are met. Dividends received by subsidiaries on own shares and unrealized and realized gains and losses on own shares classified in total shareholders' equity are excluded from the consolidated statements of operations.

Any holdings of bonds issued by any Group entity are eliminated in the consolidated financial statements.

Net interest income

Interest income and interest expense arising from interest-bearing assets and liabilities other than those carried at fair value or the lower of cost or market are accrued, and any related net deferred premiums, discounts, origination fees or costs are amortized as an adjustment to the yield over the life of the related asset and liability. Interest from debt securities and divi-

dends on equity securities carried as trading assets and trading liabilities are recorded in interest and dividend income.

► Refer to [Loans](#) for further information on interest on loans.

Commissions and fees

Fee revenue is recognized when all of the following criteria have been met: persuasive evidence of an arrangement exists, services have been rendered, the price is fixed or determinable and collectibility is reasonably assured. Fee income can be divided into two broad categories: income earned from services that are provided over a certain period of time, for which customers are generally billed on an annual or semi-annual basis, and income earned from providing transaction-type services. Fees earned from services that are provided over a certain period of time are recognized ratably over the service period. Fees earned from providing transaction-type services are recognized when the service has been completed. Performance-linked fees or fee components are recognized at any contractual measurement date when the contractually agreed thresholds are met.

Revenues from underwriting and fees from mergers and acquisitions (M&A) and other corporate finance advisory services are recorded at the time the underlying transactions are substantially completed and there are no other contingencies associated with the fees.

Transaction-related expenses are deferred until the related revenue is recognized, assuming they are deemed direct and incremental; otherwise, they are expensed as incurred. Underwriting fees are reported net of related expenses. Expenses associated with financial advisory services are recorded in operating expenses unless reimbursed by the client.

In circumstances where the Group contracts to provide multiple products, services or rights to a counterparty, an evaluation is made as to whether separate revenue recognition events have occurred. This evaluation considers the stand-alone value of items already delivered and if there is a right of return or warranties on delivered items and services, and the probability of delivery of remaining undelivered items or services. This evaluation is made on a transaction by transaction basis.

If the criteria noted are met, then the transaction is considered a multiple-deliverable arrangement where revenue recognition is determined separately for each deliverable. The consideration received on the total arrangement is allocated to the multiple deliverables based on the selling price of each deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence or third-party evidence is available.

Taxes collected from customers and remitted to governmental authorities are accounted for on a net basis.

2 Recently issued accounting standards

Recently adopted accounting standards

ASC Topic 220 – Comprehensive Income

In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05” (ASU 2011-12), an update to ASC Topic 220 – Comprehensive Income. The amendment delays the effective date of those changes in ASU 2011-05 that relate to the presentation of reclassification adjustments. ASU 2011-12 was effective upon issuance and its adoption did not impact the Group’s financial position, results of operations or cash flows.

In June 2011, the FASB issued ASU 2011-05, “Presentation of Comprehensive Income” (ASU 2011-05), an update to ASC Topic 220 – Comprehensive Income. ASU 2011-05 provides an entity with the option to present total comprehensive income either in a single continuous statement or in two separate but consecutive statements. The adoption of ASU

2011-05 on January 1, 2012 did not impact the Group’s financial position, results of operations or cash flows.

ASC Topic 350 – Intangibles – Goodwill and Other

In September 2011, the FASB issued ASU 2011-08, “Testing Goodwill for Impairment” (ASU 2011-08), an update to ASC Topic 350 – Intangibles – Goodwill and Other. The amendments in ASU 2011-08 permit an entity to qualitatively assess whether the fair value of the reporting unit is less than the carrying amount. Based on the qualitative assessment, if an entity determines that it is more likely than not that the fair value of the reporting unit is less than the carrying amount, then the entity must perform step one of the goodwill impairment test by calculating the fair value of the reporting unit and comparing the fair value to the carrying amount of the reporting unit. If the carrying amount of the reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. The adoption of ASU 2011-08 on Jan-

uary 1, 2012 did not have a material impact on the Group's financial position, results of operations or cash flows.

ASC Topic 360 – Property, Plant and Equipment

In December 2011, the FASB issued ASU 2011-10, "Derecognition of in Substance Real Estate – a Scope Clarification, a consensus of the FASB Emerging Issues Task Force" (ASU 2011-10), an update to ASC Topic 360 – Property, Plant and Equipment. The ASU specifies that the guidance in ASC Subtopic 360-20, Property, Plant and Equipment – Real Estate Sales, would apply to an entity that ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's non-recourse debt. The adoption of ASU 2011-10 on July 1, 2012 did not have a material impact on the Group's financial position, results of operations or cash flows.

ASC Topic 820 – Fair Value Measurement

In May 2011, the FASB issued ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" (ASU 2011-04), an update to ASC Topic 820 – Fair Value Measurement. The amendments in ASU 2011-04 include clarifications about the application of existing fair value measurement requirements and changes to principles for measuring fair value. ASU 2011-04 also requires additional disclosures about fair value measurements. The adoption of ASU 2011-04 on January 1, 2012 did not have a material impact on the Group's financial position, results of operations or cash flows.

- ▶ Refer to "Note 33 – Financial instruments" for further information.

ASC Topic 860 – Transfers and Servicing

In April 2011, the FASB issued ASU 2011-03, "Reconsideration of Effective Control for Repurchase Agreements" (ASU 2011-03), an update to ASC Topic 860 – Transfers and Servicing. Current guidance prescribes when an entity may or may not recognize a sale upon the transfer of financial assets subject to repurchase agreements. That determination is based, in part, on whether the entity has maintained effective control over the transferred financial assets. ASU 2011-03 removes from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets. The adoption of ASU 2011-03 on January 1, 2012 did not have a material impact on the Group's financial position, results of operations or cash flows.

Standards to be adopted in future periods

ASC Topic 210 – Balance Sheet

In January 2013, the FASB issued ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities" (ASU 2013-01), an update to ASC Topic 210 – Balance Sheet. ASU 2013-01 clarifies the scope of ASU 2011-11 and is effective for interim and annual reporting periods beginning on or after January 1, 2013. The adoption of ASU 2013-01 on January 1, 2013 did not have an impact on the Group's financial position, results of operations or cash flows.

In December 2011, the FASB issued ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities" (ASU 2011-11), an update to ASC Topic 210 – Balance Sheet. ASU 2011-11 is effective for interim and annual reporting periods beginning on or after January 1, 2013. An entity is required to provide the disclosures retrospectively for all comparative periods presented. The adoption of ASU 2011-11 on January 1, 2013 did not have an impact on the Group's financial position, results of operations or cash flows.

ASC Topic 220 – Comprehensive Income

In February 2013, the FASB issued ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" (ASU 2013-02), an update to ASC Topic 220 – Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. ASU 2013-02 is effective for interim and annual reporting periods beginning on or after January 1, 2013. The adoption of ASU 2013-02 on January 1, 2013 did not have an impact on the Group's financial position, results of operations or cash flows.

ASC Topic 830 – Foreign Currency Matters

In March 2013, the FASB issued ASU 2013-05, "Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity" (ASU 2013-05), an update to ASC Topic 830 – Foreign Currency Matters. The amendments provide guidance for the treatment of the cumulative translation adjustment when an entity ceases to hold a controlling financial interest in a subsidiary or group of assets within a foreign entity. ASU 2013-05 is effective for interim and annual reporting periods beginning after December 15, 2013. The Group is currently evaluating the impact of adoption of ASU 2013-05 on the Group's financial position, results of operations or cash flows.

3 Business developments and subsequent events

The Group's significant divestitures and acquisitions for the years ended December 31, 2012, 2011 and 2010, respectively, as well as the Group's significant shareholders are discussed below.

Divestitures

On January 10, 2013, Credit Suisse announced that it signed an agreement to sell its ETF business, with assets under management of CHF 16.1 billion as of December 31, 2012, to BlackRock, Inc. The transaction is expected to be completed by the end of the second quarter of 2013, subject to regulatory approvals.

In July 2012, the Group sold its remaining holding in Aberdeen Asset Management (Aberdeen), resulting in a total gain of CHF 384 million that was recognized in 2012.

Mergers and acquisitions

The Group acquired the remaining equity interests in Credit Suisse Hedging-Griffo Investimentos S.A. (Hedging-Griffo) as contemplated under existing option arrangements. The costs associated with the acquisition were covered by the issuance of mandatory convertible securities as announced on July 18, 2012.

In June 2012, the Group announced the completion of its acquisition of HSBC's private banking business in Japan, which includes expanded coverage through additional offices in Osaka and Nagoya.

Credit Suisse AG merged with Clariden Leu AG on April 2, 2012, assuming all of its rights and obligations.

On April 30, 2011, the Group completed the acquisition of ABN AMRO Bank's (formerly Fortis Bank Nederland) PFS hedge fund administration business, a global leader in hedge fund administration services.

On March 24, 2011, Credit Suisse Group AG owned 100% of the share capital of Neue Aargauer Bank AG after the cancellation of remaining shares pursuant to Art. 33 of the Swiss Federal Act on Stock Exchanges and Securities Trading entered into force.

In 2010, the Group acquired a significant noncontrolling interest of York Capital Management (York), a global hedge fund manager, based in New York. Under the terms of the transaction, the Group paid an initial USD 425 million (CHF 419 million) for its interest in York. The transaction also provides for earn-out payments based on 5-year financial performance by York as well as non-compete arrangements for the chief executive officer (CEO), chief investment officer and other senior York principals.

Joint ventures

On November 6, 2012, Credit Suisse AG and Qatar Holding LLC announced that they signed an agreement to form an asset management joint venture, Aventicum Capital Management (Aventicum). Aventicum will operate out of two hubs including a Doha-based business, focused on investment strategies in the Middle East, Turkey and other frontier markets and an international business, based outside of the region. The Doha-based business will launch in early 2013, with the launch of the international business following later in the year.

Capital measures

In July 2012, the Group raised CHF 3.8 billion mandatory and contingent convertible securities (MACCS) that are mandatorily convertible into 233.5 million shares at a conversion price of CHF 16.29 per share on March 29, 2013 (subject to early conversion upon certain contingency and viability events), with settlement and delivery of shares in early April 2013. Strategic and institutional investors purchased CHF 2.0 billion of MACCS and shareholders exercised preferential subscription rights for CHF 1.8 billion of MACCS. The MACCS will be accounted for as debt until conversion into equity, utilizing authorized capital.

In July 2012, the Group exchanged a portion of US dollar-denominated existing tier 1 capital notes issued in 2008 (hybrids) into high trigger tier 1 buffer capital notes (BCN), thereby accelerating an exchange initially scheduled for October 2013. The conversion floor price of the BCN delivered in the exchange (as well as the remaining BCN scheduled to be delivered in 2013) has been adjusted to the conversion price of the MACCS described above. This acceleration did not have any impact on reported balance sheet balances as BCN have been recognized on the balance sheet since the BCN commitment agreement in February 2011.

In July 2012, a voluntary exchange offer was completed, under which certain employees elected to convert any future cash payments from deferred compensation awards under the Adjustable Performance Plan awards for shares at the same price as the conversion price under the MACCS.

Subsequent event

On March 13, 2013, certain Group entities entered into agreements with bond investors of affiliates of National Century Financial Enterprises, Inc. (NCFE) to end all bond investor litigation against Credit Suisse. As a result of this settlement, the Group increased existing NCFE-related litigation provisions

by CHF 227 million, resulting in an after tax charge of CHF 134 million in respect of its previously reported 2012 financial results.

- ▶ Refer to “Note 37 – Litigation” for further information on the NCFE-related litigation.

Significant shareholders

In a disclosure notification that the Group published on July 24, 2012, the Group was notified that as of July 18, 2012, The Olayan Group, through its registered entity Crescent Holding GmbH, held 78.4 million, or 6.1%, of the registered

Group shares issued as of the date of the notified transaction. No further disclosure notification was received from The Olayan Group relating to holdings of registered Group shares in 2012.

In a disclosure notification that the Group published on April 30, 2011, the Group was notified that as of April 21, 2011, Qatar Holding LLC held 73.2 million shares, or 6.2%, of the registered Group shares issued as of the date of the notified transaction. No disclosure notifications were received from Qatar Holding LLC relating to holdings of registered Group shares in 2012.

4 Discontinued operations

On December 31, 2008, the Group signed an agreement to sell part of its traditional investments business in Asset Management to Aberdeen. The transaction was completed with the final closing on July 1, 2009. As part of the sale of the business, the Group purchased certain assets in the amount of CHF 114 million in the first quarter of 2010 in accordance with contractual obligations and recognized losses of CHF 19 million that were included in discontinued operations in 2010. The remaining balance of the assets purchased in the first quarter of 2010 was sold, or matured in the first quarter of 2011.

The results of operations of the business sold have been reflected in income/(loss) from discontinued operations in the consolidated statements of operations for the relevant periods presented. The assets and liabilities of the business sold were presented as assets of discontinued operations held-for-sale and liabilities of discontinued operations held-for-sale, respectively, in the consolidated balance sheet beginning in the fourth quarter of 2008. Assets and liabilities are reclassified as held-for-sale in the period in which the disposal determination is made, and prior periods are not reclassified.

5 Segment information

The Group is a global financial services company domiciled in Switzerland. The Group's business consists of two segments: Private Banking & Wealth Management and Investment Banking. The Group's results reflect the integration of its previously reported Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division and the transfer of the majority of its securities trading and sales business in Switzerland from Investment Banking into Private Banking & Wealth Management. This reorganization was effective November 30, 2012. Prior periods have been restated to conform to the current presentation. The two segments are complemented by Shared Services, which provides support in the areas of finance, operations, human resources, legal and compliance, risk management and IT.

The segment information reflects the Group's reportable segments as follows:

- Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Wealth Management Clients serves ◉ultra-high-net-worth and ◉high-net-worth individuals around the globe and private clients in Switzerland. Corporate & Institutional Clients serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across asset classes and for all investment styles, serving governments, institutions, corporations and individuals worldwide.
- Investment Banking offers investment banking and securities products and services to corporate, institutional and government clients around the world. Its products and

services include debt and equity underwriting, sales and trading, M&A advice, divestitures, corporate sales, restructuring and investment research.

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate inter-company revenues and expenses.

Noncontrolling interest-related revenues and expenses resulting from the consolidation of certain private equity funds and other entities in which the Group does not have a significant economic interest (SEI) in such revenues and expenses are reported as noncontrolling interests without SEI. The consolidation of these entities does not affect net income attributable to shareholders as the amounts recorded in net revenues and total operating expenses are offset by corresponding amounts reported as noncontrolling interests. In addition, the Group's tax expense is not affected by these revenues and expenses.

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis.

The aim of revenue-sharing and cost allocation agreements is to reflect the pricing structure of unrelated third-party transactions.

Corporate services and business support in finance, operations, human resources, legal and compliance, risk manage-

ment and IT are provided by the Shared Services area. Shared Services costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

Funding

The Group centrally manages its funding activities. New securities for funding and capital purposes are issued primarily by Credit Suisse AG, the Swiss bank subsidiary of the Group (the Bank). The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to capitalize on opportunities. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital.

Transfer pricing, using market rates, is used to record net revenues and expense in each of the segments for this capital and funding. The Group's funds transfer pricing system is designed to allocate to its businesses funding costs in a way that incentivizes their efficient use of funding. The Group's funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet and the costs associated with funding liquidity and balance sheet items, such as goodwill, which are beyond the control of individual businesses. This is of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this system, the Group's businesses are also credited to the extent they provide long-term stable funding.

Taxes

The Group's segments are managed and reported on a pre-tax basis.

Net revenues and income/(loss) from continuing operations before taxes

in	2012	2011	2010
Net revenues (CHF million)			
Private Banking & Wealth Management	13,541	13,447	14,580
Investment Banking	12,558	10,460	15,873
Corporate Center	(2,493)	1,522	172
Noncontrolling interests without SEI	360	796	761
Net revenues	23,966	26,225	31,386
Income/(loss) from continuing operations before taxes (CHF million)			
Private Banking & Wealth Management	3,775	2,961	4,142
Investment Banking	2,002	(593)	3,594
Corporate Center	(3,898)	381	(936)
Noncontrolling interests without SEI	302	712	687
Income from continuing operations before taxes	2,181	3,461	7,487

Total assets

end of	2012	2011
Total assets (CHF million)		
Private Banking & Wealth Management	407,329	392,201
Investment Banking	658,622	790,167
Corporate Center ¹	(145,777)	(137,952)
Noncontrolling interests without SEI	4,106	4,749
Total assets	924,280	1,049,165

¹ Under the central treasury model, Group financing results in intra-Group balances between the segments. The elimination of these assets and liabilities occurs in the Corporate Center.

Net revenues and income/(loss) from continuing operations before taxes by geographic location

in	2012	2011	2010
Net revenues (CHF million)			
Switzerland	8,818	8,584	9,185
EMEA	3,297	6,490	7,411
Americas	10,015	9,417	12,844
Asia Pacific	1,836	1,734	1,946
Net revenues	23,966	26,225	31,386
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	1,680	455	1,734
EMEA	(1,635)	1,313	1,519
Americas	2,960	2,613	5,036
Asia Pacific	(824)	(920)	(802)
Income from continuing operations before taxes	2,181	3,461	7,487

The designation of net revenues and income/(loss) from continuing operations before taxes is based on the location of the office recording the transactions. This presentation does not reflect the way the Group is managed.

Total assets by geographic location

end of	2012	2011
Total assets (CHF million)		
Switzerland	199,595	214,552
EMEA	222,483	277,783
Americas	421,418	469,294
Asia Pacific	80,784	87,536
Total assets	924,280	1,049,165

The designation of total assets by region is based upon customer domicile.

6 Net interest income

in	2012	2011	2010
Net interest income (CHF million)			
Loans	4,876	4,889	5,268
Investment securities	64	97	95
Trading assets	11,945	11,695	14,056
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	2,940	3,265	2,666
Other	2,280	3,056	3,448
Interest and dividend income	22,105	23,002	25,533
Deposits	(1,353)	(1,694)	(1,601)
Short-term borrowings	(184)	(69)	(63)
Trading liabilities	(6,833)	(7,125)	(9,011)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(1,677)	(1,621)	(1,637)
Long-term debt	(4,632)	(5,659)	(6,333)
Other	(276)	(401)	(347)
Interest expense	(14,955)	(16,569)	(18,992)
Net interest income	7,150	6,433	6,541

7 Commissions and fees

in	2012	2011	2010
Commissions and fees (CHF million)			
Lending business	1,513	1,296	1,455
Investment and portfolio management	4,039	4,070	4,316
Other securities business	99	90	75
Fiduciary business	4,138	4,160	4,391
Underwriting	1,561	1,479	2,125
Brokerage	3,695	4,066	3,953
Underwriting and brokerage	5,256	5,545	6,078
Other services	2,166	1,951	2,154
Commissions and fees	13,073	12,952	14,078

8 Trading revenues

in	2012	2011	2010
Trading revenues (CHF million)			
Interest rate products	2,707	6,794	5,866
Foreign exchange products	559	(4,433)	2,258
Equity/index-related products	139	1,644	2,211
Credit products	(3,306)	522	(1,644)
Commodity, emission and energy products	198	361	323
Other products	898	132	324
Trading revenues	1,195	5,020	9,338

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

Trading revenues includes revenues from trading financial assets and liabilities as follows:

- Equities;
- Commodities;
- Listed and OTC derivatives;
- Derivatives linked to funds of hedge funds and providing financing facilities to funds of hedge funds;
- Market making in the government bond and associated OTC derivative swap markets;
- Domestic, corporate and sovereign debt, convertible and non-convertible preferred stock and short-term securities such as floating rate notes and commercial paper (CP);
- Market making and positioning in foreign exchange products;
- Credit derivatives on investment grade and high yield credits;
- Trading and securitizing all forms of securities that are based on underlying pools of assets; and
- Life settlement contracts.

Trading revenues also includes changes in the fair value of financial assets and liabilities elected to fair value under US GAAP. The main components include certain instruments from the following categories:

- Central bank funds purchased/sold;
- Securities purchased/sold under resale/repurchase agreements;
- Securities borrowing/lending transactions;
- Loans and loan commitments; and
- Customer deposits, short-term borrowings and long-term debt.

Managing the risks

As a result of the Group's broad involvement in financial products and markets, its trading strategies are correspondingly diverse and exposures are generally spread across a diversified range of risk factors and locations. The Group uses an economic capital limit structure to limit overall risk taking. The level of risk incurred by its divisions is further restricted by a variety of specific limits, including consolidated controls over trading exposures. Also, as part of its overall risk management, the Group holds a portfolio of economic hedges. Hedges are impacted by market movements, similar to trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designed to economically hedge. The Group manages its trading risk with regard to both market and credit risk. For market risk, it uses tools capable of calculating comparable exposures across its many activities, as well as focused tools that can specifically model unique characteristics of certain instruments or portfolios.

The principal measurement methodology for trading assets, as well as most instruments for which the fair value option was elected, is value-at-risk. The Group holds securities as collateral and enters into credit default swaps (CDS) to mitigate the credit risk on these products.

9 Other revenues

in	2012	2011	2010
Other revenues (CHF million)			
Noncontrolling interests without SEI	336	701	737
Loans held-for-sale	(37)	(4)	(84)
Long-lived assets held-for-sale	458	(40)	(176)
Equity method investments	150	141	209
Other investments	749	457	170
Other	892	565	573
Other revenues	2,548	1,820	1,429

10 Provision for credit losses

in	2012	2011	2010
Provision for credit losses (CHF million)			
Provision for loan losses	159	141	(93)
Provision for lending-related and other exposures	11	46	14
Provision for credit losses	170	187	(79)

11 Compensation and benefits

in	2012	2011	2010
Compensation and benefits (CHF million)			
Salaries and variable compensation	10,924	11,474	12,481
Social security	769	865	928
Other ¹	837	874	1,190
Compensation and benefits²	12,530	13,213	14,599

¹ Includes pension and other post-retirement expense of CHF 532 million, CHF 610 million, CHF 483 million in 2012, 2011 and 2010, respectively, and the UK levy on variable compensation of CHF 404 million in 2010. ² Includes severance and other compensation expense relating to headcount reductions of CHF 456 million and CHF 715 million in 2012 and 2011, respectively.

Plus Bond

As part of the 2012 annual compensation, the Group awarded a portion of variable compensation to managing directors and directors in Investment Banking for services performed in 2012 in the form of Plus Bond awards.

Plus Bond units are cash-based awards linked to a portfolio of asset-backed securities originated and managed in Investment Banking. These awards provide recipients with semi-annual payments and a final settlement in 2016 in cash or shares at the Group's discretion, based on the initial award value less portfolio losses after a first loss retained by the

Group. The Plus Bond unit constitutes a transfer of risk from the Group to these employees.

As of the December 31, 2012 grant date, the Plus Bond awards granted to managing directors and directors in Investment Banking had a fair value of CHF 187 million and were fully vested and expensed. Compensation expense will be updated at each reporting period date to reflect any change in the underlying fair value of the Plus Bond units until the awards are settled.

► Refer to "Note 27 – Employee deferred compensation" for further information on Plus Bond awards.

12 General and administrative expenses

in	2012	2011	2010
General and administrative expenses (CHF million)			
Occupancy expenses	1,230	1,132	1,191
IT, machinery, etc.	1,472	1,452	1,348
Provisions and losses	694	704	533
Travel and entertainment	396	443	473
Professional services	1,932	2,074	2,176
Amortization and impairment of other intangible assets	36	30	35
Other	1,550	1,537	1,475
General and administrative expenses	7,310	7,372	7,231

13 Earnings per share

in	2012	2011	2010
Net income attributable to shareholders (CHF million)			
Income from continuing operations	1,349	1,953	5,117
Income/(loss) from discontinued operations, net of tax	0	0	(19)
Net income attributable to shareholders	1,349	1,953	5,098
Preferred securities dividends	(231)	(216)	(162)
Net income attributable to shareholders for basic earnings per share	1,118	1,737	4,936
Available for common shares	1,044	1,640	4,670
Available for unvested share-based payment awards	66	97	266
Available for mandatory convertible securities ¹	8	–	–
Diluted net income attributable to shareholders (million)			
Net income attributable to shareholders for basic earnings per share	1,118	1,737	4,936
Income impact of assumed conversion on contracts that may be settled in shares or cash ²	0	–	–
Net income attributable to shareholders for diluted earnings per share	1,118	1,737	4,936
Available for common shares	1,044	1,640	4,671
Available for unvested share-based payment awards	66	97	265
Available for mandatory convertible securities ¹	8	–	–
Weighted-average shares outstanding (million)			
Weighted-average shares outstanding for basic earnings per share available for common shares	1,279.6	1,198.5	1,194.8
Dilutive contracts that may be settled in shares or cash ³	0.0	–	–
Dilutive share options and warrants	4.9	2.9	5.9
Dilutive share awards	1.8	5.3	0.4
Weighted-average shares outstanding for diluted earnings per share available for common shares⁴	1,286.3	1,206.7	1,201.1
Weighted-average shares outstanding for basic/diluted earnings per share available for unvested share-based payment awards	97.3	72.6	67.4
Weighted-average shares outstanding for basic/diluted earnings per share available for mandatory convertible securities¹	97.1	–	–
Basic earnings per share available for common shares (CHF)			
Basic earnings per share from continuing operations	0.82	1.37	3.93
Basic earnings/(loss) per share from discontinued operations	0.00	0.00	(0.02)
Basic earnings per share available for common shares	0.82	1.37	3.91
Diluted earnings per share available for common shares (CHF)			
Diluted earnings per share from continuing operations	0.81	1.36	3.91
Diluted earnings/(loss) per share from discontinued operations	0.00	0.00	(0.02)
Diluted earnings per share available for common shares	0.81	1.36	3.89

¹ Reflects MACCS issued in July 2012 that are mandatorily convertible into shares on March 29, 2013 with settlement and delivery of shares in early April 2013. ² Reflects changes in the fair value of the PAF2 units which are reflected in the net profit of the Group until the awards are finally settled. Fair value of the PAF2 units which are reflected in the net profit of the Group are not adjusted for 2012, as the effect would be antidilutive. ³ Reflects weighted-average shares outstanding on PAF2 units. Weighted-average shares on PAF2 units for 2012 were excluded from the diluted earnings per share calculation, as the effect would be antidilutive. ⁴ Weighted-average potential common shares relating to instruments that were not dilutive for the respective periods (and therefore not included in the diluted earnings per share calculation above) but could potentially dilute earnings per share in the future were 50.3 million, 37.3 million and 50.2 million for 2012, 2011 and 2010, respectively.

14 Securities borrowed, lent and subject to repurchase agreements

end of	2012	2011
Securities borrowed or purchased under agreements to resell (CHF million)		
Central bank funds sold and securities purchased under resale agreements	121,242	172,184
Deposits paid for securities borrowed	62,213	64,779
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	183,455	236,963
Securities lent or sold under agreements to repurchase (CHF million)		
Central bank funds purchased and securities sold under repurchase agreements	120,164	161,220
Deposits received for securities lent	12,557	15,339
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	132,721	176,559

Repurchase and reverse repurchase agreements represent collateralized financing transactions used to earn net interest income, increase liquidity or facilitate trading activity. These instruments are collateralized principally by government securities, money market instruments and corporate bonds and have terms ranging from overnight to a longer or unspecified period of time.

In the event of counterparty default, the reverse repurchase agreement or securities lending agreement provides the Group with the right to liquidate the collateral held. In the Group's normal course of business, substantially all of the collateral received that may be sold or repledged has been sold or repledged as of December 31, 2012 and 2011.

15 Trading assets and liabilities

end of	2012	2011
Trading assets (CHF million)		
Debt securities	135,871	145,035
Equity securities ¹	74,895	66,904
Derivative instruments ²	33,208	52,548
Other	12,425	15,066
Trading assets	256,399	279,553
Trading liabilities (CHF million)		
Short positions	51,303	67,639
Derivative instruments ²	39,513	60,121
Trading liabilities	90,816	127,760

¹ Including convertible bonds. ² Amounts shown net of cash collateral receivables and payables.

Cash collateral on derivative instruments

end of	2012	2011
Cash collateral – netted (CHF million) ¹		
Cash collateral paid	36,662	37,639
Cash collateral received	33,373	36,474
Cash collateral – not netted (CHF million) ²		
Cash collateral paid	10,904	15,809
Cash collateral received	12,224	11,934

¹ Recorded as cash collateral netting on derivative instruments in Note 30 – Derivatives and hedging activities. ² Recorded as cash collateral on derivative instruments in Note 22 – Other assets and other liabilities.

16 Investment securities

end of	2012	2011
Investment securities (CHF million)		
Debt securities held-to-maturity	0	2
Securities available-for-sale	3,498	5,158
Total investment securities	3,498	5,160

Investment securities by type

end of	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
2012 (CHF million)				
Debt securities issued by the Swiss federal, cantonal or local governmental entities	452	31	0	483
Debt securities issued by foreign governments	1,523	82	0	1,605
Corporate debt securities	823	22	0	845
Collateralized debt obligations	448	22	0	470
Debt securities available-for-sale	3,246	157	0	3,403
Banks, trust and insurance companies	73	14	0	87
Industry and all other	8	0	0	8
Equity securities available-for-sale	81	14	0	95
Securities available-for-sale	3,327	171	0	3,498
2011 (CHF million)				
Debt securities issued by foreign governments	2	0	0	2
Debt securities held-to-maturity	2	0	0	2
Debt securities issued by the Swiss federal, cantonal or local governmental entities	321	27	0	348
Debt securities issued by foreign governments	3,211	121	12	3,320
Corporate debt securities	778	18	5	791
Collateralized debt obligations	587	20	0	607
Debt securities available-for-sale	4,897	186	17	5,066
Banks, trust and insurance companies	67	9	0	76
Industry and all other	15	1	0	16
Equity securities available-for-sale	82	10	0	92
Securities available-for-sale	4,979	196	17	5,158

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
2011 (CHF million)						
Debt securities issued by foreign governments	100	2	40	10	140	12
Corporate debt securities	81	2	17	3	98	5
Debt securities available-for-sale	181	4	57	13	238	17

Management determined that the unrealized losses on debt securities are primarily attributable to general market interest rate, credit spread or exchange rate movements. There were no unrealized losses on investment securities in 2012. No significant impairment charges were recorded as the Group does

not intend to sell the investments, nor is it more likely than not that the Group will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	Debt securities			Equity securities		
	2012	2011	2010	2012	2011	2010
Additional information (CHF million)						
Proceeds from sales	294	2,117	985	642	1	3
Realized gains	14	40	5	294	0	0
Realized losses	(2)	(22)	(11)	0	0	0

Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
2012 (CHF million)			
Due within 1 year	1,109	1,121	2.54
Due from 1 to 5 years	1,452	1,544	2.98
Due from 5 to 10 years	501	538	1.62
Due after 10 years	184	200	2.26
Total debt securities	3,246	3,403	2.58

17 Other investments

end of	2012	2011
Other investments (CHF million)		
Equity method investments	2,167	2,542
Non-marketable equity securities ¹	7,296	7,879
Real estate held for investment	687	783
Life finance instruments ²	1,872	2,022
Total other investments	12,022	13,226

¹ Includes private equity, hedge funds and restricted stock investments as well as certain investments in non-marketable mutual funds for which the Group has neither significant influence nor control over the investee. ² Includes life settlement contracts at investment method and SPIA contracts.

Non-marketable equity securities held by subsidiaries that are considered investment companies are held by separate legal entities that are within the scope of ASC Topic 946 – Financial Services – Investment Companies. In addition, non-marketable equity securities held by subsidiaries that are considered broker-dealer entities are held by separate legal entities that are within the scope of ASC Topic 940 – Financial Services – Broker and Dealers. Non-marketable equity securities include investments in entities that regularly calculate net asset value (NAV) per share or its equivalent.

- ▶ Refer to “Note 33 – Financial instruments” for further information on such investments.

Substantially all non-marketable equity securities are carried at fair value. There were no non-marketable equity securities not carried at fair value that have been in a continuous unrealized loss position.

The Group performs a regular impairment analysis of real estate portfolios. The carrying values of the impaired properties were written down to their respective fair values, establishing new cost bases. For these properties, the fair values were measured based on either discounted cash flow analyses or external market appraisals. Impairments of CHF 13 million and CHF 3 million were recorded in 2012 and 2011, respectively. No impairments were recorded in 2010.

The accumulated depreciation related to real estate held for investment amounted to CHF 330 million, CHF 327 million and CHF 321 million for 2012, 2011 and 2010, respectively.

18 Loans, allowance for loan losses and credit quality

Loans are divided in two portfolio segments, "consumer" and "corporate & institutional". Consumer loans are disaggregated into the classes of mortgages, loans collateralized by securities and consumer finance. Corporate & institutional loans are disaggregated into the classes of real estate, commercial and industrial loans, financial institutions and governments and public institutions.

The determination of the loan classes is primarily driven by the customer segmentation in the two business divisions, Private Banking & Wealth Management and Investment Banking, both of which are engaged in credit activities.

The Group assigns both counterparty and transaction ratings to its credit exposures. The counterparty rating reflects the probability of default (PD) of the counterparty. The transaction rating reflects the expected loss, considering collateral, on a given transaction if the counterparty defaults. Credit risk is assessed and monitored on the single obligor and single obligation level as well as on the credit portfolio level as represented by the classes of loans. Credit limits are used to manage counterparty credit risk.

Loans

end of	2012	2011
Loans (CHF million)		
Mortgages	91,872	88,255
Loans collateralized by securities	27,363	26,461
Consumer finance	6,901	6,695
Consumer	126,136	121,411
Real estate	26,725	25,185
Commercial and industrial loans	62,709	59,998
Financial institutions	24,905	25,373
Governments and public institutions	2,729	2,390
Corporate & institutional	117,068	112,946
Gross loans	243,204	234,357
of which held at amortized cost	223,204	213,663
of which held at fair value	20,000	20,694
Net (unearned income)/deferred expenses	(59)	(34)
Allowance for loan losses	(922)	(910)
Net loans	242,223	233,413
Gross loans by location (CHF million)		
Switzerland	151,226	146,737
Foreign	91,978	87,620
Gross loans	243,204	234,357
Impaired loan portfolio (CHF million)		
Non-performing loans	859	758
Non-interest-earning loans	313	262
Total non-performing and non-interest-earning loans	1,172	1,020
Restructured loans	30	18
Potential problem loans	527	680
Total other impaired loans	557	698
Gross impaired loans	1,729	1,718

Allowance for loan losses

	2012			2011			2010
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Total
Allowance for loan losses (CHF million)							
Balance at beginning of period	289	621	910	279	738	1,017	1,395
Change in scope of consolidation	(18)	0	(18)	0	0	0	0
Net movements recognized in statements of operations	95	64	159	87	54	141	(93)
Gross write-offs	(105)	(96)	(201)	(124)	(175)	(299)	(294)
Recoveries	22	22	44	39	2	41	63
Net write-offs	(83)	(74)	(157)	(85)	(173)	(258)	(231)
Provisions for interest	8	21	29	2	12	14	2
Foreign currency translation impact and other adjustments, net	(3)	2	(1)	6	(10)	(4)	(56)
Balance at end of period	288	634	922	289	621	910	1,017

Allowance for loan losses and gross loans held at amortized cost by loan portfolio

end of	2012			2011			2010		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)									
Balance at end of period	288	634	922	289	621	910	279	738	1,017
of which individually evaluated for impairment	239	457	696	222	428	650	210	539	749
of which collectively evaluated for impairment	49	177	226	67	193	260	69	199	268
Gross loans held at amortized cost (CHF million)									
Balance at end of period	126,124	97,080	223,204	121,401	92,262	213,663	114,879	86,460	201,339
of which individually evaluated for impairment ¹	661	1,068	1,729	665	1,053	1,718	680	1,183	1,863
of which collectively evaluated for impairment	125,463	96,012	221,475	120,736	91,209	211,945	114,199	85,277	199,476

¹ Represents gross impaired loans both with and without a specific allowance.

Purchases, reclassifications and sales

in	2012			2011		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Loans held at amortized cost (CHF million)						
Purchases	348	4,605	4,953	0	4,121	4,121
Reclassifications from loans held-for-sale	0	216	216	0	0	0
Reclassifications to loans held-for-sale ¹	0	1,323	1,323	0	1,363	1,363
Sales ¹	0	1,058	1,058	0	1,117	1,117

¹ All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

Credit quality of loans held at amortized cost

Management monitors the credit quality of loans through its credit risk management processes, which are structured to assess, quantify, measure, monitor and manage risk on a consistent basis. This process requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Management evaluates many factors when assessing the credit quality of loans. These factors include the volatility of default probabilities, rating changes, the magnitude of potential loss, internal risk ratings, and geographic, industry and other economic factors. For the purpose of credit quality disclosures, the Group uses internal risk ratings as credit quality indicators.

The Group employs a set of credit ratings for the purpose of internally rating counterparties. Credit ratings are intended to reflect the risk of default of each obligor or counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

Internal ratings are assigned to all loans reflecting the Group's internal view of the credit quality of the obligor. Internal ratings may differ from a counterparty's external ratings, if one is available. Internal ratings are reviewed at least annually. For the calculation of internal risk estimates and risk-weighted assets, a PD is assigned to each loan. For corporate & institutional loans excluding corporates managed on the Swiss platform, the PD is determined by the internal credit rat-

ing. The PD for each rating is calibrated based on historic default experience, using external data from Standard & Poor's, and backtested to ensure consistency with internal experience. For corporates managed on the Swiss platform and consumer loans, the PD is calculated directly by proprietary statistical rating models, which are based on internally compiled data comprising both quantitative factors (primarily loan-to-value ratio and the borrower's income level for mortgage lending and balance sheet information for corporates) and qualitative factors (e.g., credit histories from credit reporting bureaus). In this case, an equivalent rating is assigned for reporting purposes, based on the PD band associated with each rating.

Reverse repurchase agreements are fully collateralized and in the event of counterparty default the reverse repurchase agreement provides the Group the right to liquidate the collateral held. The Group risk manages these instruments on the basis of the value of the underlying collateral, as opposed to loans, which are risk managed on the ability of the counterparty to repay. Therefore the underlying collateral coverage is the most appropriate credit quality indicator for reverse repurchase agreements. Also, the Group has elected the fair value option for the majority of its reverse repurchase agreements. As such, reverse repurchase agreements have not been included in the following tables.

The following tables present the Group's recorded investment in loans held at amortized cost by internal counterparty credit ratings that are used as credit quality indicators for the purpose of this disclosure, and a related aging analysis.

Gross loans held at amortized cost by internal counterparty rating

end of	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Total
2012 (CHF million)											
Mortgages	387	730	12,176	58,491	19,255	599	13	9	0	212	91,872
Loans collateralized by securities	79	57	948	23,357	2,728	92	6	1	0	95	27,363
Consumer finance	0	6	100	3,324	2,065	901	39	0	129	325	6,889
Consumer	466	793	13,224	85,172	24,048	1,592	58	10	129	632	126,124
Real estate	261	374	2,199	14,537	8,759	195	0	0	0	55	26,380
Commercial and industrial loans	238	325	1,580	22,040	23,070	3,467	209	1	47	763	51,740
Financial institutions	2,288	2,087	4,661	5,260	2,569	382	0	33	14	147	17,441
Governments and public institutions	131	50	360	521	127	101	229	0	0	0	1,519
Corporate & institutional	2,918	2,836	8,800	42,358	34,525	4,145	438	34	61	965	97,080
Gross loans held at amortized cost	3,384	3,629	22,024	127,530	58,573	5,737	496	44	190	1,597	223,204
Value of collateral ¹	2,918	2,616	19,526	116,583	48,342	3,210	189	44	15	791	194,234
2011 (CHF million)											
Mortgages	166	637	8,837	55,222	22,368	763	18	19	0	225	88,255
Loans collateralized by securities	1	18	397	24,089	1,793	88	0	2	0	73	26,461
Consumer finance	1	5	51	3,234	2,187	524	58	9	316	300	6,685
Consumer	168	660	9,285	82,545	26,348	1,375	76	30	316	598	121,401
Real estate	341	204	1,241	12,476	10,277	312	0	3	0	60	24,914
Commercial and industrial loans	409	242	1,755	21,182	20,091	3,128	179	27	121	714	47,848
Financial institutions	3,906	2,098	3,333	5,549	1,890	760	3	43	0	132	17,714
Governments and public institutions	119	88	355	484	160	104	470	0	0	6	1,786
Corporate & institutional	4,775	2,632	6,684	39,691	32,418	4,304	652	73	121	912	92,262
Gross loans held at amortized cost	4,943	3,292	15,969	122,236	58,766	5,679	728	103	437	1,510	213,663
Value of collateral ¹	3,938	1,751	14,176	112,505	48,100	3,171	119	86	9	871	184,726

¹ Includes the value of collateral up to the amount of the outstanding related loans. For mortgages, collateral values are generally values at the time of granting the loan.

Value of collateral

In Private Banking & Wealth Management, all collateral values for loans are regularly reviewed according to our risk management policies and directives, with maximum review periods determined by market liquidity, market transparency and appraisal costs. For example, traded securities are revalued on a daily basis and property values are appraised over a period of more than one year considering the characteristics of the borrower, current developments in the relevant real estate market and the current level of credit exposure to the borrower. If the credit exposure to a borrower has changed significantly, in volatile markets or in times of increasing general market risk, collateral values may be appraised more frequently. Management judgment is applied in assessing

whether markets are volatile or general market risk has increased to a degree that warrants a more frequent update of collateral values. Movements in monitored risk metrics that are statistically different compared to historical experience are considered in addition to analysis of externally-provided forecasts, scenario techniques and macro-economic research. For impaired loans, the fair value of collateral is determined within 90 days of the date the impairment was identified and thereafter regularly revalued by Group credit risk management (CRM) within the impairment review process.

In Investment Banking, few loans are collateral dependent. The collateral values for these loans are appraised on at least an annual basis, or when a loan-relevant event occurs.

Gross loans held at amortized cost – aging analysis

end of	Current				Past due		Total
	Up to 30 days	31–60 days	61–90 days	More than 90 days	Total		
2012 (CHF million)							
Mortgages	91,527	156	17	11	161	345	91,872
Loans collateralized by securities	27,034	220	3	3	103	329	27,363
Consumer finance	6,116	420	90	52	211	773	6,889
Consumer	124,677	796	110	66	475	1,447	126,124
Real estate	26,221	107	2	2	48	159	26,380
Commercial and industrial loans	50,479	720	27	138	376	1,261	51,740
Financial institutions	17,208	53	2	34	144	233	17,441
Governments and public institutions	1,484	35	0	0	0	35	1,519
Corporate & institutional	95,392	915	31	174	568	1,688	97,080
Gross loans held at amortized cost	220,069	1,711	141	240	1,043	3,135	223,204
2011 (CHF million)							
Mortgages	88,014	48	12	6	175	241	88,255
Loans collateralized by securities	26,226	180	11	3	41	235	26,461
Consumer finance	5,880	496	86	50	173	805	6,685
Consumer	120,120	724	109	59	389	1,281	121,401
Real estate	24,830	41	3	1	39	84	24,914
Commercial and industrial loans	46,946	454	90	50	308	902	47,848
Financial institutions	17,504	78	2	48	82	210	17,714
Governments and public institutions	1,779	1	0	0	6	7	1,786
Corporate & institutional	91,059	574	95	99	435	1,203	92,262
Gross loans held at amortized cost	211,179	1,298	204	158	824	2,484	213,663

Impaired loans

Categories of impaired loans

In accordance with Group policies, impaired loans include non-performing loans, non-interest-earning loans, restructured loans and potential problem loans.

- ▶ Refer to “Loans” in Note 1 – Summary of significant accounting policies for further information on categories of impaired loans.

As of December 31, 2012 and 2011, loans held-to-maturity carried at amortized cost did not include any subprime residential

mortgages. Accordingly, impaired loans did not include any subprime residential mortgages.

In 2012 and 2011, the number of troubled debt restructurings and related financial effects and the number of defaults and related carrying values of loans, which had been restructured within the previous 12 months, were not material. As of December 31, 2012 and 2011, the Group did not have any material commitments to lend additional funds to debtors whose loan terms had been modified in troubled debt restructurings.

Gross impaired loans by category

end of	Non-performing and non-interest-earning loans			Other impaired loans			Total
	Non-performing loans	Non-interest-earning loans	Total	Restructured loans	Potential problem loans	Total	
2012 (CHF million)							
Mortgages	154	16	170	0	69	69	239
Loans collateralized by securities	18	74	92	0	3	3	95
Consumer finance	315	10	325	0	2	2	327
Consumer	487	100	587	0	74	74	661
Real estate	46	5	51	0	15	15	66
Commercial and industrial loans	268	170	438	30	373	403	841
Financial institutions	58	38	96	0	65	65	161
Corporate & institutional	372	213	585	30	453	483	1,068
Gross impaired loans	859	313	1,172	30	527	557	1,729
2011 (CHF million)							
Mortgages	176	14	190	1	73	74	264
Loans collateralized by securities	27	13	40	0	46	46	86
Consumer finance	262	28	290	0	25	25	315
Consumer	465	55	520	1	144	145	665
Real estate	29	7	36	0	24	24	60
Commercial and industrial loans	215	129	344	17	454	471	815
Financial institutions	49	65	114	0	58	58	172
Governments and public institutions	0	6	6	0	0	0	6
Corporate & institutional	293	207	500	17	536	553	1,053
Gross impaired loans	758	262	1,020	18	680	698	1,718

Write-off and recovery of loans

Write-off of a loan occurs when it is considered certain that there is no possibility of recovering the outstanding principal. In Investment Banking, a loan is written down to its net book value once the loan provision is greater than 80% of the loan notional amount, unless repayment of the loan is anticipated to occur within the next two quarters. In Private Banking & Wealth Management, write-offs are made, based on an individual counterparty assessment performed by Group CRM, if it is certain that parts of a loan will not be recoverable. For collateralized loans, the collateral is assessed and the unsecured exposure is written-off. Write-offs on uncollateralized loans are based on the borrower's ability to pay back the outstanding loan out of free cash flow. The Group evaluates the recoverability of the loans granted, if a borrower is expected

to default wholly or partly on its payment obligations or to meet these only with third-party support. Adjustments are made to reflect the estimated realizable value of the loan or any collateral. Triggers to assess the creditworthiness of a borrower to absorb the adverse developments include for example i) a default on interest or principal payments by more than 90 days, ii) a waiver of interest or principal by the Group, iii) a downgrade of the loan to non-interest-earning, iv) the collection of the debt through seizure order, bankruptcy proceedings or realization of collateral, or v) the insolvency of the borrower. Based on such assessment, Group CRM evaluates the need for write-offs individually and on an ongoing basis.

Recoveries of loans previously written off are recorded based on the cash or estimated fair value of other amounts received.

Gross impaired loan details

end of	2012			2011		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
Gross impaired loan details (CHF million)						
Mortgages	206	197	32	217	206	41
Loans collateralized by securities	68	66	53	85	83	50
Consumer finance	302	280	154	303	288	131
Consumer	576	543	239	605	577	222
Real estate	63	55	22	46	38	20
Commercial and industrial loans	715	677	342	734	709	318
Financial institutions	157	155	93	156	154	84
Governments and public institutions	0	0	0	6	5	6
Corporate & institutional	935	887	457	942	906	428
Gross impaired loans with a specific allowance	1,511	1,430	696	1,547	1,483	650
Mortgages	33	33	–	46	46	–
Loans collateralized by securities	27	28	–	1	1	–
Consumer finance	25	25	–	13	13	–
Consumer	85	86	–	60	60	–
Real estate	3	3	–	15	15	–
Commercial and industrial loans	126	128	–	80	80	–
Financial institutions	4	4	–	16	16	–
Corporate & institutional	133	135	–	111	111	–
Gross impaired loans without specific allowance	218	221	–	171	171	–
Gross impaired loans	1,729	1,651	696	1,718	1,654	650
of which consumer	661	629	239	665	637	222
of which corporate & institutional	1,068	1,022	457	1,053	1,017	428

Gross impaired loan details (continued)

	2012			2011		
	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis
in						
Gross impaired loan details (CHF million)						
Mortgages	217	1	1	222	1	0
Loans collateralized by securities	68	1	0	82	1	0
Consumer finance	277	3	3	276	2	1
Consumer	562	5	4	580	4	1
Real estate	58	0	0	47	1	1
Commercial and industrial loans	620	3	2	871	7	6
Financial institutions	201	2	2	160	0	0
Governments and public institutions	6	0	0	6	0	0
Corporate & institutional	885	5	4	1,084	8	7
Gross impaired loans with a specific allowance	1,447	10	8	1,664	12	8
Mortgages	40	0	0	94	0	0
Loans collateralized by securities	8	0	0	4	0	0
Consumer finance	41	0	0	19	0	0
Consumer	89	0	0	117	0	0
Real estate	13	0	0	74	5	5
Commercial and industrial loans	215	3	3	149	1	0
Financial institutions	8	0	0	19	0	0
Corporate & institutional	236	3	3	242	6	5
Gross impaired loans without specific allowance	325	3	3	359	6	5
Gross impaired loans	1,772	13	11	2,023	18	13
of which consumer	651	5	4	697	4	1
of which corporate & institutional	1,121	8	7	1,326	14	12

Allowance for specifically identified credit losses on impaired loans

The Group considers a loan impaired when, based on current information and events, it is probable that the Group will be unable to collect the amounts due according to the contractual terms of the loan agreement. The Group performs an in-depth review and analysis of impaired loans, considering factors such as recovery and exit options as well as considering collateral and counterparty risk. In general, all impaired loans are individually assessed. For consumer loans, the trigger to detect an impaired loan is non-payment of interest. Corporate & institutional loans are reviewed at least annually based on the borrower's financial statements and any indications of difficulties they may experience. Loans that are not impaired, but which are of special concern due to changes in covenants, downgrades, negative financial news and other adverse developments, are included on a watch list. All loans on the watch list are reviewed at least quarterly to determine whether they

should be moved to Group recovery management at which point they are reviewed quarterly for impairment. If an individual loan specifically identified for evaluation is considered impaired, the allowance is determined as a reasonable estimate of credit losses existing as of the end of the reporting period. Thereafter, the allowance is revalued by Group credit risk management at least annually or more frequently depending on the risk profile of the borrower or credit relevant events. For certain non-collateral-dependent impaired loans, an impairment is measured using the present value of estimated future cash flows, except that as a practical expedient an impairment may be measured based on a loan's observable market price. If the present value of estimated future cash flows is used, the impaired loan and related allowance are revalued at least quarterly to reflect passage of time. For collateral-dependent impaired loans, an impairment is measured using the fair value of the collateral.

19 Premises and equipment

end of	2012	2011
Premises and equipment (CHF million)		
Buildings and improvements	2,429	4,060
Land	501	872
Leasehold improvements	2,174	2,241
Software	5,324	4,614
Equipment	3,160	3,188
Premises and equipment	13,588	14,975
Accumulated depreciation	(7,970)	(7,782)
Total premises and equipment, net	5,618	7,193

Depreciation and impairment

in	2012	2011	2010
CHF million			
Depreciation	1,229	1,078	1,115
Impairment	17	87	16

In 2011, the estimated useful lives for leasehold and building improvements in Switzerland were increased from five to ten years, based on a change in estimate. The cumulative effect of adopting this change in estimate on January 1, 2011 was a decrease in depreciation expense of CHF 64 million (CHF 56 million after tax).

20 Goodwill

	2012			2011		
	Private Banking & Wealth Management	Investment Banking	Credit Suisse Group	Private Banking & Wealth Management	Investment Banking	Credit Suisse Group
Gross amount of goodwill (CHF million)						
Balance at beginning of period	2,471	6,202	8,673	2,481	6,186	8,667
Goodwill acquired during the year	28	0	28	0	0	0
Foreign currency translation impact	(54)	(138)	(192)	(12)	16	4
Other	(36)	(2)	(38) ¹	2	0	2
Balance at end of period	2,409	6,062	8,471	2,471	6,202	8,673
Accumulated impairment (CHF million)						
Balance at beginning of period	0	82	82	0	82	82
Balance at end of period	0	82	82	0	82	82
Net book value (CHF million)						
Net book value	2,409	5,980	8,389	2,471	6,120	8,591

¹ Includes tax benefit adjustments arising from the amortization of tax goodwill in connection with the purchase of the residual minority stake in Hedging-Griffo in 2012.

In accordance with US GAAP, the Group continually assesses whether or not there has been a triggering event. As of December 31, 2012 and 2011, the Group's market capitalization was below book value.

In estimating the fair value of its reporting units the Group generally applied a market approach where consideration is given to price to projected earning multiples or price to book value multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries.

In determining the estimated fair value, the Group relied upon its three-year strategic business plan which included significant management assumptions and estimates based on its view of current and future economic conditions and regulatory changes.

Based on its goodwill impairment analysis performed as of December 31, 2012, the Group concluded that the estimated fair value for the three reporting units within its Private Banking & Wealth Management segment substantially exceeded their related carrying values and no impairment was necessary as of December 31, 2012.

There was also no impairment necessary for the Group's Investment Banking reporting unit as the estimated fair value exceeded its carrying value by 10%. The goodwill allocated to this reporting unit has become more sensitive to an impairment as the valuation of the reporting unit is highly correlated with economic and financial market conditions, client trading and investing activity and the regulatory environment in which it operates. The Group engaged the services of an independent valuation specialist to assist in the valuation of the reporting

unit as of December 31, 2012 using a combination of the market approach and income approach. Under the market approach, consideration is given to price to projected earnings multiples or price to book value multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries. Under the income approach, a discount rate was applied that reflects the risk and uncertainty related to the reporting unit's projected cash flows.

The results of the impairment evaluation of the Investment Banking reporting unit's goodwill would be significantly impacted by adverse changes in the underlying parameters used in the valuation process. If actual outcomes adversely differ by a sufficient margin from its best estimates of the key economic assumptions and associated cash flows applied in the valuation of the reporting unit, the Group could potentially incur material impairment charges in the future with respect to the CHF 5,980 million of goodwill recorded in Investment Banking.

As a result of acquisitions, the Group has recorded goodwill as an asset in its consolidated balance sheets, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000. During 2012, the Group completed the acquisition of HSBC's private banking business in Japan that generated goodwill upon consolidation. During 2011, there were no acquisitions that generated goodwill upon consolidation.

Goodwill was negatively impacted by foreign exchange fluctuations in goodwill denominated in US dollars in 2012.

21 Other intangible assets

end of	2012			2011		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets (CHF million)						
Tradenames/trademarks	25	(21)	4	26	(21)	5
Client relationships	314	(146)	168	369	(193)	176
Other	8	(2)	6	7	(1)	6
Total amortizing other intangible assets	347	(169)	178	402	(215)	187
Non-amortizing other intangible assets	65	–	65	101	–	101
of which mortgage servicing rights, at fair value	43	–	43	70	–	70
Total other intangible assets	412	(169)	243	503	(215)	288

Additional information

in	2012	2011	2010
Aggregate amortization and impairment (CHF million)			
Aggregate amortization	28	30	34
Impairment	7	0	1

Estimated amortization

Estimated amortization (CHF million)	
2013	25
2014	24
2015	23
2016	19
2017	19

22 Other assets and other liabilities

end of	2012	2011
Other assets (CHF million)		
Cash collateral on derivative instruments	10,904	15,809
Cash collateral on non-derivative transactions	1,995	2,083
Derivative instruments used for hedging	3,930	3,706
Assets held-for-sale	20,343	21,205
of which loans ¹	19,894	20,457
of which real estate	442	732
Assets held for separate accounts	13,414	14,407
Interest and fees receivable	5,861	6,090
Deferred tax assets	7,102	8,939
Prepaid expenses	538	601
Failed purchases	2,699	1,513
Other	6,126	3,943
Other assets	72,912	78,296
Other liabilities (CHF million)		
Cash collateral on derivative instruments	12,224	11,934
Cash collateral on non-derivative transactions	1,246	1,002
Derivative instruments used for hedging	1,182	1,998
Provisions ²	1,362	1,113
of which off-balance sheet risk	60	65
Liabilities held for separate accounts	13,414	14,407
Interest and fees payable	6,752	7,142
Current tax liabilities	863	767
Deferred tax liabilities	130	429
Failed sales	4,336	6,888
Other	16,128	17,537
Other liabilities	57,637	63,217

¹ Included as of December 31, 2012 and 2011 were CHF 3,730 million and CHF 6,299 million, respectively, in restricted loans, which represented collateral on secured borrowings, and CHF 922 million and CHF 1,386 million, respectively, in loans held in trusts, which were consolidated as a result of failed sales under US GAAP. ² Includes provisions for bridge commitments.

23 Deposits

end of	2012			2011		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
Deposits (CHF million)						
Non-interest-bearing demand deposits	8,282	4,521	12,803	11,446	4,218	15,664
Interest-bearing demand deposits	132,393	24,976	157,369	113,403	19,626	133,029
Savings deposits	60,103	44	60,147	54,395	38	54,433
Time deposits	10,786	98,221	109,007 ¹	16,841	133,581	150,422 ¹
Total deposits	211,564	127,762	339,326 ²	196,085	157,463	353,548 ²
of which due to banks	–	–	31,014	–	–	40,147
of which customer deposits	–	–	308,312	–	–	313,401

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

¹ Included CHF 108,887 million and CHF 149,985 million as of December 31, 2012 and 2011, respectively, of the Swiss franc equivalent of individual time deposits greater than USD 100,000 in Switzerland and foreign offices. ² Not included as of December 31, 2012 and 2011 were CHF 67 million and CHF 51 million, respectively, of overdrawn deposits reclassified as loans.

24 Long-term debt

end of	2012	2011
Long-term debt (CHF million)		
Senior	115,861	123,632
Subordinated	17,741	24,165
Non-recourse liabilities from consolidated VIEs	14,532	14,858
Long-term debt	148,134	162,655
of which reported at fair value	65,384	70,366
of which structured notes	36,637	35,726

Structured notes by product

end of	2012
Structured notes (CHF million)	
Equity	23,761
Fixed income	6,559
Emerging markets ¹	3,304
Credit	1,893
Other	1,120
Total structured notes	36,637

¹ Transactions where the return is based on a referenced underlying or counterparty specific to emerging markets.

Total long-term debt is comprised of debt issuances managed by Treasury which do not contain derivative features (vanilla debt), as well as hybrid debt instruments with embedded derivatives, which are issued as part of the Group's struc-

ured product activities. Long-term debt includes both Swiss franc and foreign exchange denominated fixed and variable rate bonds.

The interest rate ranges presented in the table below are based on the contractual terms of the Group's vanilla debt. Interest rate ranges for future coupon payments on structured products for which fair value has been elected are not included in the table below as these coupons are dependent

upon the embedded derivative and prevailing market conditions at the time each coupon is paid. In addition, the effects of derivatives used for hedging are not included in the interest rate ranges on the associated debt.

Long-term debt by maturities

end of	2013	2014	2015	2016	2017	Thereafter	Total
Group parent company (CHF million)							
Senior debt							
Fixed rate	–	–	–	–	–	376	376
Interest rate (in %) ¹	–	–	–	–	–	7.3	–
Subordinated debt							
Fixed rate	–	–	29	–	32	–	61
Interest rates (in %) ¹	–	–	8.5	–	7.0	–	–
Subtotal – Group parent company	–	–	29	–	32	376	437
Subsidiaries (CHF million)							
Senior debt							
Fixed rate	14,815	11,637	14,333	4,018	8,983	16,120	69,906
Variable rate	12,807	8,179	5,940	4,497	4,530	9,626	45,579
Interest rates (range in %) ¹	0.0–13.6	0.0–13.0	0.0–12.5	0.3–10.2	0.4–5.1	0.0–8.2	–
Subordinated debt							
Fixed rate	2,465	144	414	1,830	979	11,578	17,410
Variable rate	–	–	19	–	46	205	270
Interest rates (range in %) ¹	3.7–13.2	9.3	2.8–10.3	8.2	1.0–8.5	0.0–13.2	–
Non-recourse liabilities from consolidated VIEs							
Fixed rate	218	2	815	89	–	92	1,216
Variable rate	153	478	468	748	34	11,435	13,316
Interest rates (range in %) ¹	0.6–0.8	0.7–13.2	0.0–12.6	0.0–12.8	2.0	0.0–10.9	–
Subtotal – Subsidiaries	30,458	20,440	21,989	11,182	14,572	49,056	147,697
Total long-term debt	30,458	20,440	22,018	11,182	14,604	49,432	148,134
of which structured notes	7,655	7,505	5,730	3,793	3,395	8,559	36,637

¹ Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

The Group and the Bank maintain a shelf registration statement with the US Securities and Exchange Commission (SEC), which allows them to issue, from time to time, senior and subordinated debt securities, warrants and related guarantees. The shelf registration statement also allows certain subsidiaries of the Group to issue exchangeable or convertible debt securities which are guaranteed by the Group and are exchangeable or convertible into ordinary shares of the Group.

- ▶ Refer to "Note 39 – Subsidiary guarantee information" for further information on the subsidiary guarantees.

The Group maintains a euro medium-term note program that allows it, certain finance subsidiaries (guaranteed by the Group) and the Bank to issue senior debt securities notes.

Credit Suisse Group Finance (Guernsey) Limited, a finance subsidiary of the Group, maintains a JPY 500 billion Samurai shelf registration statement that allows it to issue, from time to time, senior and subordinated debt securities, guaranteed by the Group.

25 Accumulated other comprehensive income and additional share information

Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Accumulated other comprehensive income
2012 (CHF million)						
Balance at beginning of period	(66)	(11,778)	99	(3,751)	362	(15,134)
Increase/(decrease)	7	(1,040)	227	(291)	319	(778)
Increase/(decrease) due to equity method investments	30	0	0	0	0	30
Reclassification adjustments, included in net income	0	51	(242)	241	(71)	(21)
Balance at end of period	(29)	(12,767)	84	(3,801)	610	(15,903)
2011 (CHF million)						
Balance at beginning of period	(33)	(11,470)	117	(3,136)	(33)	(14,555)
Increase/(decrease)	(5)	(324)	6	(720)	383	(660)
Increase/(decrease) due to equity method investments	(1)	0	0	0	0	(1)
Reclassification adjustments, included in net income	(27)	16	(24)	105	12	82
Balance at end of period	(66)	(11,778)	99	(3,751)	362	(15,134)
2010 (CHF million)						
Balance at beginning of period	(41)	(8,770)	110	(2,891)	(46)	(11,638)
Increase/(decrease)	46	(2,822)	0	(338)	0	(3,114)
Increase/(decrease) due to equity method investments	(15)	0	1	0	0	(14)
Reclassification adjustments, included in net income	(23)	(13)	6	93	13	76
Cumulative effect of accounting changes, net of tax	0	135	0	0	0	135
Balance at end of period	(33)	(11,470)	117	(3,136)	(33)	(14,555)

Refer to "Note 26 – Tax" and "Note 29 – Pension and other post-retirement benefits" for income tax expense/(benefit) on the movements of accumulated other comprehensive income.

Additional share information

	2012	2011	2010
Common shares issued			
Balance at beginning of period	1,224,333,062	1,186,174,442	1,185,370,182
Issuance of common shares	96,496,860	38,158,620	804,260
of which share-based compensation	38,812,660	21,664,747	804,260
Balance at end of period	1,320,829,922	1,224,333,062	1,186,174,442
Treasury shares			
Balance at beginning of period	(4,010,074)	(12,228,377)	(16,159,287)
Sale of treasury shares	394,686,376	367,978,216	526,878,697
Repurchase of treasury shares	(423,704,092)	(366,790,491)	(569,477,317)
Share-based compensation	5,990,959	7,030,578	46,529,530
Balance at end of period	(27,036,831)	(4,010,074)	(12,228,377)
Common shares outstanding			
Common shares outstanding	1,293,793,091 ¹	1,220,322,988 ²	1,173,946,065

¹ At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 771,499,654 unissued shares (conditional, conversion and authorized capital) were available for issuance without further approval of the shareholders. 732,326,910 of these shares are reserved for buffer capital notes and mandatory and contingent convertible securities. ² At par value CHF 0.04 each, fully paid. In addition to the treasury shares, a maximum of 643,807,004 unissued shares (conditional and authorized capital) were available for issuance without further approval of the shareholders.

26 Tax

Details of current and deferred taxes

in	2012	2011	2010
Current and deferred taxes (CHF million)			
Switzerland	140	38	81
Foreign	582	437	243
Current income tax expense	722	475	324
Switzerland	(123)	(176)	(149)
Foreign	(103)	372	1,373
Deferred income tax expense	(226)	196	1,224
Income tax expense	496	671	1,548
Income tax expense/(benefit) reported in shareholders' equity related to:			
Gains/(losses) on cash flow hedges	0	(4)	4
Cumulative translation adjustment	(12)	16	32
Unrealized gains/(losses) on securities	6	12	(2)
Actuarial gains/(losses)	1	(172)	(82)
Net prior service credit/(cost)	63	105	3
Share-based compensation and treasury shares	(50)	256	(671)

Reconciliation of taxes computed at the Swiss statutory rate

in	2012	2011	2010
Income from continuing operations before taxes (CHF million)			
Switzerland	1,680	455	1,734
Foreign	501	3,006	5,753
Income from continuing operations before taxes	2,181	3,461	7,487

Reconciliation of taxes computed at the Swiss statutory rate (CHF million)

Income tax expense computed at the statutory tax rate of 22%	480	761	1,647
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	275	(40)	519
Non-deductible amortization of other intangible assets and goodwill impairment	2	0	1
Other non-deductible expenses	393	447	623
Additional taxable income	11	8	22
Lower taxed income	(415)	(424)	(775)
Income taxable to noncontrolling interests	(117)	(289)	(278)
Changes in tax law and rates	182	172	119
Changes in deferred tax valuation allowance	14	471	54
Tax deductible impairments of Swiss subsidiary investments	(161)	(55)	0
Other	(168)	(380)	(384)
Income tax expense	496	671	1,548

Foreign tax rate differential

2012 included a foreign tax expense of CHF 275 million in respect of profits earned in higher tax jurisdictions, mainly Brazil and the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly Guernsey and Bahamas. The total foreign tax expense of CHF 479 million is not only impacted by the foreign tax expense based on statutory tax rates but also by tax impacts related to additional reconciling items explained below.

2011 included a foreign tax rate benefit of CHF 40 million in respect of profits earned in lower tax jurisdictions, mainly Guernsey and Bahamas, partially offset by foreign tax rate differential related to profits earned in higher tax jurisdictions, mainly Brazil and the US. The foreign tax rate benefit in relation to foreign tax expense of CHF 809 million is more than offset by tax impacts related to reconciling items explained below.

Other non-deductible expenses

2012 and 2011 included non-deductible interest expenses of CHF 259 million and CHF 240 million, respectively, non-taxable offshore expenses of CHF 8 million and CHF 80 million, respectively, non-deductible bank levy costs and other non-deductible compensation expenses of CHF 57 million and CHF 49 million, respectively, and other various smaller non-deductible expenses.

Lower taxed income

2012 and 2011 included a tax benefit of CHF 29 million and CHF 52 million, respectively, related to exempt offshore income, CHF 40 million and CHF 47 million, respectively, in respect to non-taxable dividend income and CHF 11 million and CHF 47 million, respectively, related to non-taxable foreign exchange gains. In addition, 2012 and 2011 included tax benefits of CHF 100 million and CHF 42 million, respectively, related to tax credits and CHF 48 million and CHF 40 million, respectively, related to non-taxable life insurance income. 2012 also included a CHF 114 million Swiss income tax benefit as a result of foreign branch earnings beneficially impacting the earnings mix. The remaining balance included various smaller items, amongst others related to permanent tax benefits from tax deductible goodwill amortization and tax holidays.

2011 and 2010 included a tax benefit of CHF 116 million and CHF 130 million, respectively, in respect of the reversal of the deferred tax liability recorded to cover estimated recapture of loss deductions arising from foreign branches of the Bank.

2010 included a tax benefit of CHF 380 million in respect of a legal entity merger that reflected regulatory concerns about complex holding structures.

Changes in tax law and rates

2012 and 2011 included a tax expense of CHF 182 million and CHF 172 million, respectively, caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowance

2012 included an increase to the valuation allowance of CHF 834 million in respect of five of the Group's operating entities, three in Europe and two in Asia, mainly relating to deferred tax assets on current year tax losses and pre-existing loss carry-forwards. 2011 included an increase to the valuation allowance of CHF 428 million in respect of three of the Group's operating entities, two in the UK and one in Asia, mainly relating to deferred tax assets on tax loss carry-forwards. 2010 included an increase to the valuation allowance of CHF 193 million in respect of one of the Group's operating entities in the UK relating to deferred tax assets on tax loss carry-forwards.

2012, 2011 and 2010 also included a tax benefit of CHF 820 million, CHF 7 million and CHF 199 million, respectively, resulting from the release of valuation allowances on deferred tax assets for one of the Group's operating entities in the US.

Other

2012 included a tax benefit of CHF 48 million relating to the re-assessment of deferred tax assets in Switzerland reflecting changes in forecasted future profitability related to such pre-existing deferred tax assets. 2012 also included a benefit of CHF 70 million relating to return to accrual adjustments following the close of a tax audit cycle and the impact of the closure of an advanced pricing agreement.

2011 included a tax benefit of CHF 261 million relating to the increase of deferred tax assets in two of the Group's operating entities, one in Switzerland (CHF 129 million) and one in the US (CHF 132 million). The increase is related to the re-measurement of existing deferred tax assets on net operating losses due to changes in the mix of the sources of income and related tax rates that these net operating losses are expected to be applied to.

2012, 2011 and 2010 included an amount of CHF 40 million, CHF 123 million and CHF 301 million, respectively, relating to the release of tax contingency accruals following the favorable resolution of tax matters.

As of December 31, 2012, the Group had accumulated undistributed earnings from foreign subsidiaries of CHF 7.3 billion. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely rein-

vested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Details of the tax effect of temporary differences

end of	2012	2011
Tax effect of temporary differences (CHF million)		
Compensation and benefits	2,295	2,262
Loans	441	392
Investment securities	1,805	1,489
Provisions	1,760	1,943
Business combinations	0	101
Derivatives	355	395
Real estate	243	212
Net operating loss carry-forwards	5,181	7,294
Other	207	178
Gross deferred tax assets before valuation allowance	12,287	14,266
Less valuation allowance	(2,554)	(2,690)
Gross deferred tax assets net of valuation allowance	9,733	11,576
Compensation and benefits	(174)	(129)
Loans	(162)	(147)
Investment securities	(1,373)	(1,356)
Provisions	(402)	(379)
Business combinations	(20)	(227)
Derivatives	(295)	(392)
Leasing	(40)	(58)
Real estate	(78)	(82)
Other	(217)	(296)
Gross deferred tax liabilities	(2,761)	(3,066)
Net deferred tax assets	6,972	8,510

The decrease in net deferred tax assets from 2011 to 2012 of CHF 1,538 million was primarily due to the recognition of a valuation allowance against deferred tax assets, mainly in the UK and Asia, of CHF 215 million, and taxable gains on transfers of assets within the consolidated Group for which associated tax charges of CHF 1,511 million have been deferred as other assets in accordance with ASC 810-10-45-8 (Consolidation – other presentation matters, formerly Accounting Research Bulletin 51). The deferral will be amortized over a period of up to 15 years in line with ASC 810-10-45-8 principles and will be matched by future tax deductions. In addition, the decrease reflected a write-down of deferred tax assets of CHF 182 million as a result of changes to corporation tax rates in the UK and Japan and foreign exchange translation losses of CHF 211 million, which are included within the currency translation adjustments recorded in AOCI. These

decreases were partially offset by an increase in net deferred tax asset balances following a re-measurement of deferred tax balances in Switzerland and the US of CHF 529 million. The remaining movement, an increase of net deferred tax assets of CHF 52 million, mainly represents the impact of temporary differences and taxable income in 2012.

The most significant net deferred tax assets arise in the US and UK and these decreased from CHF 7,766 million, net of a valuation allowance of CHF 1,643 million as of the end of 2011 to CHF 6,007 million, net of a valuation allowance of CHF 1,454 million as of the end of 2012.

Due to uncertainty concerning its ability to generate the necessary amount and mix of taxable income in future periods, the Group recorded a valuation allowance against deferred tax assets in the amount of CHF 2.6 billion as of December 31, 2012 compared to CHF 2.7 billion as of December 31, 2011.

Amounts and expiration dates of net operating loss carry-forwards

end of 2012	Total
Net operating loss carry-forwards (CHF million)	
Due to expire within 1 year	29
Due to expire within 2 to 5 years	10,637
Due to expire within 6 to 10 years	1,996
Due to expire within 11 to 20 years	2,759
Amount due to expire	15,421
Amount not due to expire	11,797
Total net operating loss carry-forwards	27,218

Movements in the valuation allowance

in	2012	2011	2010
Movements in the valuation allowance (CHF million)			
Balance at beginning of period	2,690	2,264	2,799
Net changes	(136)	426	(535)
Balance at end of period	2,554	2,690	2,264

As part of its normal practice, the Group has conducted a detailed evaluation of its expected future results. This evaluation is dependent on management estimates and assumptions in developing the expected future results, which are based on a strategic business planning process influenced by current economic conditions and assumptions of future economic conditions that are subject to change. This evaluation took into account both positive and negative evidence related to expected future taxable income, the Group's commitment to the integrated bank model and the importance of the Investment Banking segment within the integrated bank, as well as

the changes announced in 2012 and the reduction in risk since 2008. This evaluation has indicated the expected future results that are likely to be earned in jurisdictions where the Group has significant net deferred tax assets, such as the US, the UK and Switzerland. The Group has then compared those expected future results with the applicable law governing utilization of deferred tax assets. US tax law allows for a 20-year carry-forward period for net operating losses, UK tax law allows for an unlimited carry-forward period for net operating losses and Swiss tax law allows for a seven-year carry-forward period for net operating losses.

Tax benefits associated with share-based compensation

in	2012	2011	2010
Tax benefits associated with share-based compensation (CHF million)			
Tax benefits recorded in the consolidated statements of operations	597	466	539
Windfall tax benefits/(shortfall tax charges) recorded in additional paid-in capital	41	(280)	615
Tax benefits in respect of tax on dividend equivalent payments	12	2	26

- ▶ Refer to "Note 27 – Employee deferred compensation" for further information on share-based compensation.

If, upon settlement of share-based compensation, the tax deduction exceeds the cumulative compensation cost that the Group had recognized in the consolidated financial statements, the utilized tax benefit associated with any excess deduction

is considered a "windfall" and recognized in shareholders' equity as additional paid-in capital and reflected as a financing cash inflow in the consolidated statements of cash flows. If, upon settlement the tax deduction is lower than the cumulative compensation cost that the Group had recognized in the consolidated financial statements, the tax charge associated with the lower deduction is considered a "shortfall". Tax charges

arising on shortfalls are recognized in shareholders' equity to the extent that any shortfalls are lower than the cumulative windfalls, otherwise the tax charge is recognized in the consolidated statements of operations. However, windfall deductions and dividend equivalents aggregating CHF 0.9 billion and CHF 1.1 billion for 2012 and 2011, respectively, did not result in a reduction of income taxes payable because certain entities were in a net operating loss position. When the income tax benefit of these deductions is realized, an estimated CHF 192 million tax benefit will be recorded in additional paid-in capital.

Uncertain tax positions

US GAAP requires a two-step process in evaluating uncertain income tax positions. In the first step, an enterprise determines whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Income tax positions meeting the more-likely-than-not recognition threshold are then measured to determine the amount of benefit eligible for recognition in the consolidated financial statements. Each income tax position is measured at the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement.

Reconciliation of the beginning and ending amount of gross unrecognized tax benefits

	2012	2011	2010
Movements in gross unrecognized tax benefits (CHF million)			
Balance at beginning of period	373	578	964
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	33	54	53
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(58)	(177)	(286)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	39	30	39
Decreases in unrecognized tax benefits relating to settlements with tax authorities	(4)	(65)	(31)
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(43)	(19)	(91)
Other (including foreign currency translation)	80	(28)	(70)
Balance at end of period	420	373	578
of which, if recognized, would affect the effective tax rate	414	366	554

Interest and penalties

in	2012	2011	2010
Interest and penalties (CHF million)			
Interest and penalties recognized in the consolidated statements of operations	(13)	(19)	(43)
Interest and penalties recognized in the consolidated balance sheets	69	86	209

Interest and penalties are reported as tax expense. The Group is currently subject to ongoing tax audits and inquiries with the tax authorities in a number of jurisdictions, including the US, the UK and Switzerland. Although the timing of the completion of these audits is uncertain, it is reasonably possible that some of these audits and inquiries will be resolved within 12 months of the reporting date.

It is reasonably possible that there will be a decrease of between zero and CHF 4 million in unrecognized tax benefits within 12 months of the reporting date.

The Group remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2009; the UK – 2006; the US – 2006; Japan – 2005; and the Netherlands – 2005.

27 Employee deferred compensation

Payment of deferred compensation to employees is determined by the nature of the business, role, location and performance of the employee. Unless there is a contractual obligation, granting deferred compensation is solely at the discretion of senior management. Special deferred compensation granted as part of a contractual obligation is typically used to compensate new senior employees in a single year for forfeited awards from previous employers upon joining the Group. It is the Group's policy not to make multi-year guarantees.

Compensation expense recognized in the consolidated statement of operations for share-based and other awards that were granted as deferred compensation is recognized in accordance with the specific terms and conditions of each respective award and is primarily recognized over the future requisite service and vesting period, which is determined by the plan, retirement eligibility of employees, two-year moratorium periods on early retirement and certain other terms. 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 cash awards that are still outstanding.

The following tables show the compensation expense for deferred compensation awards granted in 2012 and prior years that was recognized in the consolidated statements of operations during 2012, 2011, and 2010, the total shares delivered, the estimated unrecognized compensation expense for deferred compensation awards granted in 2012 and prior years outstanding as of December 31, 2012 and the remaining requisite service period over which the estimated unrecognized compensation expense will be recognized. The estimated unrecognized compensation expense was based on the fair value of each award on the grant date and included the current estimated outcome of relevant performance criteria and estimated future forfeitures but no estimate for future mark-to-market adjustments. The recognition of compensation expense for the deferred compensation awards granted in January 2013 began in 2013 and thus had no impact on the 2012 consolidated financial statements.

Deferred compensation expense

in	2012	2011	2010
Deferred compensation expense (CHF million)			
Share awards	786	767	294
Performance share awards	366	0	0
2011 Partner Asset Facility awards ¹	677	0	0
Adjustable Performance Plan share awards	74	0	0
Adjustable Performance Plan cash awards	286	1,106	963
Restricted Cash Awards	165	253	0
Scaled Incentive Share Units	97	415	561
Incentive Share Units	62	174	723
Cash Retention Awards	0	0	578
Performance Incentive Plans (PIP I and PIP II) ²	0	0	(1)
2008 Partner Asset Facility awards ¹	173	3	45
Other cash awards	362	334	422
Total deferred compensation expense	3,048	3,052	3,585
Total shares delivered (million)			
Total shares delivered	31.6	24.2	47.3

¹ Compensation expense includes the change in the underlying fair value of the indexed assets during the period. ² Includes clawbacks.

Additional information

end of	2012
Estimated unrecognized compensation expense (CHF million)	
Share awards	706
Performance share awards	161
Adjustable Performance Plan share awards	42
Adjustable Performance Plan cash awards	54
Scaled Incentive Share Units	73
Other cash awards	72
Total	1,108
Aggregate remaining weighted-average requisite service period (years)	
Aggregate remaining weighted-average requisite service period	1.5

Does not include the estimated unrecognized compensation expense relating to grants made in 2013 for 2012.

Share awards

Share awards granted in January 2013 are similar to those granted in January 2012 and are awarded to employees with total compensation above CHF/USD 250,000 or the local currency equivalent. Each share award granted entitles the holder of the award to receive one Group share, does not contain a leverage component or a multiplier effect and is subject to service conditions as it vests over three years, such that the share awards vest equally on each of the three anniversaries of the grant date. Share awards granted in January 2011 vest over a four-year period. The value of the share awards is solely dependent on the Group share price at the time of delivery.

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

On January 17, 2013, the Group granted 37.9 million share awards with a total value of CHF 950 million. The number of share awards was determined by dividing the deferred component of variable compensation being granted as shares by the average price of a Group share over the twelve business days ended January 16, 2013. The fair value of each share award was CHF 26.44, equivalent to the Group's closing share price on the grant date. The estimated unrecognized compensation expense of CHF 935 million was determined

based on the fair value of the award on the grant date, including the current estimate of future forfeitures, but excluding the share awards that have been reallocated to Plus Bond awards after the grant date, and will be recognized over the three-year vesting period, subject to early retirement rules. On January 19, 2012 and January 20, 2011, the Group granted 20.0 million and 34.5 million share awards with a total value of CHF 438 million and CHF 1,430 million, and a fair value of each share award granted of CHF 23.90 and CHF 42.51, respectively, equivalent to the Group's closing share price on the grant date.

In order to comply with regulatory requirements, the Group awarded an alternative form of share awards as a component of unrestricted cash to senior employees in a number of EU countries. For 2012, 2011 and 2010, these employees received 50% of the amount they otherwise would have received in cash in the form of blocked shares. The shares remain blocked for a period of time, which ranges from six months to three years, depending on the location, after which they are no longer subject to restrictions. On January 17, 2013, the Group granted 0.2 million blocked shares with a total value of CHF 6 million that vested immediately upon grant, have no future service requirements and were attributed to services performed in 2012. On January 19, 2012 and January 20, 2011, the Group granted 0.5 million and 0.8 million blocked shares with a total value of CHF 11 million and CHF 35 million, respectively.

Share award activities

	2012		2011		2010	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
Share awards						
Balance at beginning of period	48.1	41.91	17.3	43.86	15.5	45.67
Granted	25.1	23.44	40.5	41.08	7.2	45.38
Settled	(14.9)	40.20	(7.6)	43.32	(5.0)	48.43
Forfeited	(2.5)	37.36	(2.1)	43.39	(0.4)	51.65
Balance at end of period	55.8	34.28	48.1	41.91	17.3	43.86
of which vested	3.9	–	1.8	–	1.3	–
of which unvested	51.9	–	46.3	–	16.0	–

Performance share awards

Members of the Executive Board, managing directors and all material risk takers and controllers (employees whose activities are considered to have a potentially material impact on the Group's risk profile) received a portion of their deferred variable compensation in the form of performance share awards, which are subject to explicit performance-related clawback provisions. Each performance share award granted entitles the holder of the award to receive one Group share. Performance share awards also vest over three years, such that the performance share awards vest equally on each of the three anniversaries of the grant date. Unlike the share awards, however, the outstanding performance share awards are subject to a negative adjustment in the event of a divisional loss or a negative ROE of the Group. Outstanding performance shares are subject to a negative adjustment in the event of a divisional loss, unless there is a negative ROE that would call for a negative adjustment greater than the divisional adjustment for the year, in which case the negative adjustment is based on a negative ROE. For employees in Shared Services, the negative adjustment only applies in the event of a negative ROE and is not linked to the performance of the divisions.

The performance share awards granted in 2013 are identical to those granted in 2012 with the exception of the performance criteria which, in 2012, were based on the reported ROE, compared to the performance share awards granted in 2013, which will be based upon a disclosed underlying ROE.

On January 17, 2013, the Group granted 26.4 million performance share awards with a total value of CHF 660 million. The number of performance share awards granted to employees was determined by dividing the deferred component of variable compensation being granted as performance shares by the average price of a Group share over the twelve business days ended January 16, 2013. The fair value of each performance share award was CHF 26.44, equivalent to the Group's closing share price on the grant date. The estimated unrecognized compensation expense of CHF 677 million was determined based on the fair value of the award on the grant date, including the current estimated outcome of the relevant performance criteria and estimated future forfeitures, and will be recognized over the three-year vesting period. On January 19, 2012, the Group granted 23.5 million performance share awards with a total value of CHF 516 million. The fair value of each performance share award was CHF 23.90, equivalent to the Group's closing share price on the grant date.

Performance Share award activities

	2012	
	Number of performance share awards in million	Weighted- average grant-date fair value in CHF
Performance share awards		
Balance at beginning of period	–	–
Granted	23.7	23.90
Forfeited	(0.4)	23.90
Balance at end of period	23.3	23.90
of which vested	0.9	–
of which unvested	22.4	–

Plus Bond awards

Managing directors and directors in the Investment Banking division received a portion of their deferred variable compensation in the form of Plus Bond awards. The Plus Bond award is essentially a fixed income instrument, denominated in US dollars, which provides a coupon payment that is commensurate with market-based pricing. Plus Bond award holders are entitled to receive semi-annual cash payments on their adjusted award amounts at the rate of London Interbank Offered Rate (LIBOR) plus 7.875% per annum until settlement. The Plus Bond will settle in the summer of 2016 based on the amount of the initial award less portfolio losses, if any, in excess of a first loss portion retained by the Group of USD 600 million. The value of the Plus Bond awards is based on the performance of a portfolio of unrated and sub-investment-grade asset-backed securities that are held in inventory by various trading desks of the Investment Banking division. While the Plus Bond award is a cash-based instrument, the Group reserves the right to settle the award in Group shares based on the share price at the time of final distribution. In addition, subject to oversight procedures, the Group retains the right to prepay all or a portion of the Plus Bond award in cash at any time and, in the event of certain regulatory developments or changes on capital treatment, exchange the award into Group shares. The Plus Bond award plan contributes to a reduction of the Group's risk-weighted assets and constitutes a risk transfer from the Group to the Plus Bond award holders.

The Plus Bonds provided to Investment Banking employees had a fair value of CHF 187 million and were fully vested and expensed on the grant date of December 31, 2012.

Managing directors and directors outside of the Investment Banking division were given the opportunity in early 2013 to voluntarily reallocate a portion of the share award component

of their deferred awards into the Plus Bond award. The Plus Bond awards resulting from the voluntary reallocation offer had a notional value of CHF 38 million, will vest on the third anniversary of the grant date in January 17, 2016 and will be expensed over the vesting period.

Restricted Cash Awards

Managing directors and directors in the Investment Banking division received the cash component of their variable compensation in the form of Restricted Cash Awards. These awards are cash payments made on the grant date, but are subject to a pro-rata repayment by the employee in the event of voluntary resignation or termination for cause within three years of the award grant. The Restricted Cash Award is reported as part of the deferred compensation award for the Group even though the award is fully settled at grant date. The expense recognition will occur over the three-year vesting period, subject to service conditions.

On January 17, 2013, the Group granted Restricted Cash Awards with a total value of CHF 299 million. The unrecognized compensation expense of CHF 299 million was determined based on the fair value of the award on the grant date and will be recognized over the three-year vesting period. On January 20, 2011, the Group granted Restricted Cash Awards with a total value of CHF 465 million.

2011 Partner Asset Facility

As part of the 2011 annual compensation process, the Group awarded a portion of their deferred variable compensation for senior employees in the form of 2011 Partner Asset Facility (PAF2) units. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in the Group's derivative activities, including both current and possible future swaps and other derivative transac-

tions. The value of the award (for both the interest accrual and the final redemption) will be reduced if the amount of realized credit losses from a specific reference portfolio exceeds a pre-defined threshold. The Group will bear the first USD 500 million of such losses and the PAF2 holders will bear any losses in excess of USD 500 million, up to the full amount of the deferred compensation awarded. As a result, the PAF2 plan is a transfer of risk from the Group to employees.

Employees at the managing director and director levels, including certain members of the Executive Board, received PAF2 awards. The PAF2 awards vested in the first quarter of 2012. All PAF awards are subject to non-compete and non-solicit provisions that expire equally on each of the first three anniversaries of the grant date.

The PAF2 units have a stated maturity of four years, but may be extended to nine years at the election of either the Group or the holders acting collectively. This election will not be made later than the end of the third year following the grant date. PAF2 units are denominated in Swiss francs and US dollars. Holders will receive a semi-annual cash interest payment equivalent to an annual return of 5% (CHF-denominated awards) or 6.5% (USD-denominated awards) applied to the then current balance of the PAF2 units. At maturity, PAF2 holders will receive a final settlement in an amount equal to the original award value less any losses. The Group can settle the PAF2 units in cash or an equivalent value in shares at its discretion.

In January 2012, the Group awarded PAF2 units with a fair value of CHF 499 million and the associated compensation expenses were fully expensed in the first quarter of 2012, as the awards were fully vested as of March 31, 2012. Compensation expense will continue to be updated at each reporting period date to reflect any change in the underlying fair value of the PAF2 awards until the awards are finally settled.

Adjustable Performance Plan awards

The Adjustable Performance Plan is a deferred compensation plan for the Executive Board, managing directors and directors. The Group introduced and granted Adjustable Performance Plan cash awards as part of deferred compensation for 2009 (2009 Adjustable Performance Plan) and 2010 (2010 Adjustable Performance Plan).

The 2009 Adjustable Performance Plan cash awards are fully vested and were fully expensed as of December 31, 2012 and will be delivered in the first half of 2013.

The 2010 Adjustable Performance Plan cash awards vest over a four-year period, with the final payout value subject to an upward or downward adjustment, depending on the financial performance of the specific business areas and the Group ROE. The adjustments are determined on an annual basis, increasing or decreasing the outstanding balances by a percentage equal to the reported ROE, unless the division that granted the awards incurs a pre-tax loss. In this case, outstanding awards in that division will be subject to a negative adjustment of 15% for every CHF 1 billion of loss, unless a negative ROE applies for that year and is greater than the divisional adjustment. For employees in Shared Services and other support functions, as well as for all Executive Board members, all outstanding 2010 Adjustable Performance Plan cash awards are linked to the Group's adjusted profit or loss and the Group ROE, but are not dependent upon the adjusted profit or loss of the business areas that they support.

On January 20, 2011, the Group granted Adjustable Performance Plan cash awards with a total value of CHF 1,102 million.

In July 2012, the Group executed a voluntary exchange offer, under which employees had the right to voluntarily convert all or a portion of their respective unvested Adjustable Performance Plan cash awards into Adjustable Performance Plan share awards at a conversion price of CHF 16.29. Adjustable Performance Plan holders elected to convert CHF 498 million of their Adjustable Performance Plan cash awards into the new Adjustable Performance Plan share awards during the election period, which represented an approximate conversion rate of 50%. Each Adjustable Performance Plan share award had a grant-date fair value of CHF 16.79 and contains the same contractual term, vesting period, performance criteria and other terms and conditions as the original Adjustable Performance Plan cash award.

Upon conversion, CHF 453 million of the liability related to Adjustable Performance Plan cash awards that were converted into the Adjustable Performance Plan share awards was reclassified to total shareholders' equity.

Adjustable Performance Plan share award activities

	2012
	Number of APP share awards in million
Adjustable Performance Plan share awards	
Balance at beginning of period	–
Granted	31.0
Forfeited	(0.2)
Balance at end of period	30.8
of which vested	0.3
of which unvested	30.5

Scaled Incentive Share Unit

The Scaled Incentive Share Unit (SISU) plan is a share-based, long-term incentive plan for managing directors and directors. SISUs were granted in January 2010 as part of the 2009 deferred compensation. SISUs are similar to Incentive Share Units (ISUs) (refer to Incentive Share Unit below) except with a four-year vesting period, subject to early retirement rules, and the leverage component contains an additional performance condition which could increase or decrease the number of any additional shares. The SISU base unit vests equally on each of the four anniversaries of the grant date, whereas the SISU leverage unit will only vest on the fourth anniversary of the grant date. The new performance condition links the final delivery of additional shares to an average of the reported ROE. If the average ROE over the four-year vesting period is higher than a pre-set target established as of the grant date, the number of additional shares calculated by reference to the

average Group share price increase will be adjusted positively, and if it is below the target, the number of additional shares will be adjusted negatively, but not below zero. The final number of additional shares to be delivered at the end of the four-year vesting period will be determined first on the basis of the Group share price development (share price multiplier) and then on the basis of the average ROE development (ROE multiplier). Group shares are delivered shortly after the SISU base component and SISU leverage component vest.

On January 21, 2010, the Group granted 21.1 million SISUs. The fair value of the 2010 SISU base unit was CHF 50.30 and the fair value of the 2010 SISU leverage units was CHF 13.44. The number of additional shares per SISU was capped at a maximum of three times the grant date value, with a delivery of no more than three shares, prior to the application of the scaling factor, which can be as high as up to 2.5.

Scaled Incentive Share Unit activities

	2012	2011	2010
SISU awards (million)			
Balance at beginning of period	14.7	20.4	–
Granted	–	–	21.1 ¹
Settled	(4.9)	(5.1)	(0.2)
Forfeited	(0.2)	(0.6)	(0.5)
Balance at end of period	9.6	14.7	20.4
of which vested	1.7	1.0	0.2
of which unvested	7.9	13.7	20.2

¹ Includes SISUs granted in January and throughout the year.

Incentive Share Unit

ISUs were the main form of share-based deferred compensation for all employees from 2006 to 2009. For 2009, ISUs were used for the deferred compensation awards granted to employees up to and including vice presidents. An ISU is similar to a share, but offers additional upside depending on the development of the Group share price, compared to predefined targets set on the grant date. For each ISU granted, the employee will receive at least one Group share (ISU base unit) over a three-year vesting period and could receive additional shares (ISU leverage unit) at the end of the three-year vesting period. The number of ISU leverage units to be converted to additional shares is calculated by multiplying the total number of ISU base units granted, less forfeitures, by a share price multiplier. The share price multiplier is determined based on the actual increase in the weighted-average monthly share price during the contractual term of the award versus the share price on the grant date. The ISU base unit vests

equally on each of the three anniversaries of the grant date, whereas the ISU leverage unit will only vest on the third anniversary of the grant date. Group shares are delivered shortly after the ISU base units and the ISU leverage units vest.

On January 21, 2010, the Group granted 6.0 million ISUs. The fair value of the 2010 ISU base units was CHF 50.30 and the fair value of the 2010 ISU leverage units was CHF 13.45. For the ISUs granted in January 2010, the number of additional shares per ISU was capped at a maximum of three times the grant value, with a delivery of no more than five shares.

In 2012, the ISU leverage units granted in 2009 were settled with a value for each outstanding leverage unit equivalent to 0.986 Group shares. In 2011, the ISU leverage units granted in 2008 were settled but did not have a value at settlement as the Group share price performance was below the minimum predefined target of CHF 58.45.

Incentive Share Unit activities

	2012	2011	2010
ISU awards (million)			
Balance at beginning of period	13.3	37.7	41.5
Granted	–	–	6.0
Settled	(8.8)	(23.3)	(8.4)
Forfeited	(0.9)	(1.1)	(1.4)
Balance at end of period	3.6	13.3	37.7
of which vested	0.4	1.4	3.9
of which unvested	3.2	11.9	33.8

¹ Includes ISUs granted in January and throughout the year.

Cash Retention Awards

For 2008, managing directors across all divisions, all directors in Investment Banking and, to the extent the cash component of compensation exceeded CHF 300,000, directors in Private Banking, Asset Management and Shared Services received deferred compensation in the form of Cash Retention Awards. These Cash Retention Awards payments, which were made in the first quarter of 2009, were subject to vesting ratably over a two-year period and other conditions, and any unvested Cash Retention Awards would have had to be repaid if a claw-back event, such as voluntary termination of employment, occurs. These awards were fully vested in January 2011.

2008 Partner Asset Facility

As part of the 2008 annual compensation process, the Group granted employees in Investment Banking with a corporate title of managing director or director the majority of the deferred compensation in the form of 2008 Partner Asset Facility (PAF)

awards, denominated in US dollars. The PAF awards are indexed to, and represent a first-loss interest in, a specified pool of illiquid assets (Asset Pool) that originated in Investment Banking.

The notional value of the Asset Pool was based on the fair market value of the assets within the Asset Pool on December 31, 2008, and those assets will remain static throughout the contractual term of the award or until liquidated. The PAF holders will participate in the potential gains on the Asset Pool if the assets within the pool are liquidated at prices above the initial fair market value. If the assets within the Asset Pool are liquidated at prices below the initial fair market value, the PAF holders will bear the first loss on the Asset Pool. As a result, a significant portion of risk positions associated with the Asset Pool has been transferred to the employees and removed from the Group's risk-weighted assets, resulting in a reduction in capital usage.

The PAF awards, which have a contractual term of eight years, are fully vested. All PAF awards remain subject to non-

compete and non-solicit provisions that expire equally on each of the first three anniversaries of the grant date. Each PAF holder will receive a semi-annual cash interest payment of LIBOR plus 250 basis points applied to the notional value of the PAF award granted throughout the contractual term of the award. Beginning in the fifth year after the grant date, the PAF holders will receive an annual cash payment equal to 20% of the notional value of the PAF awards if the fair market value of the Asset Pool in that year has not declined below the initial fair market value of the Asset Pool. In the final year of the contractual term, the PAF holders will receive a final settlement in cash equal to the notional value, less all previous cash payments made to the PAF holder, plus any related gains or less any related losses on the liquidation of the Asset Pool.

In June 2012 and December 2011, existing PAF holders were given a voluntary election to make a value-for-value exchange of their existing PAF awards for a new PAF award linked to an expanded portfolio of reference assets. The new PAF awards are subject to the same contractual term, vesting period, performance criteria, settlement and other terms and conditions as the original PAF awards and constitute an additional risk transfer to employees on the expanded portfolio of assets that was removed from the Group's risk-weighted assets, resulting in a reduction in capital usage. As of the June 2012 and December 2011 election dates, approximately 41% and 35%, respectively, of employees holding PAF awards elected to exchange their existing PAF awards for the new PAF awards. Compensation expense for the new PAF awards will be updated at each reporting period date to reflect any change in the underlying fair value of the expanded portfolio of reference assets in

addition to the original portfolio of PAF assets until the awards are finally settled. There was no impact on compensation expense on the exchange dates.

Other cash awards

Other cash awards consist of voluntary deferred compensation, proprietary trading and employee investment plans. The compensation expense related to these awards was primarily driven by mark to market and performance adjustments, as the majority of the awards are fully vested.

Share options

Options were a substantial component of the Group's share-based program prior to 2004. The Group discontinued the practice of issuing options and all of the original grants have vested. Share options were granted with an exercise price equal to the market price of Group shares on the grant date and expire after ten years.

There were no options granted during 2012, 2011 and 2010. As of December 31, 2012, there was no aggregate intrinsic value of options outstanding or exercisable, no total intrinsic value of options exercised and the weighted-average remaining contractual term was 0.2 years. As of the exercise date, the total intrinsic value of options exercised during 2011 and 2010 was CHF 1 million and CHF 8 million, respectively. There was no cash received from option exercises in 2012. Cash received from option exercises during 2011 and 2010 was CHF 2 million and CHF 32 million, respectively. In January 2013, 4.8 million options expired.

Share option activities

	2012		2011		2010	
	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF
Share options						
Balance at beginning of period	16.9	51.00	29.8	64.58	34.9	63.49
Exercised	0.0	0.00	(0.1)	31.78	(0.8)	40.12
Expired	(11.6)	59.36	(12.8)	82.61	(4.3)	60.37
Balance at end of period	5.3	32.59	16.9	51.00	29.8	64.58
of which exercisable at end of period	5.3	32.59	16.9	51.00	29.8	64.58

Fair value assumptions for share-based compensation

The Group's current share-based awards do not require fair value modeling, as they are either based on market information or Group performance, which is linked to ROE and divisional pre-tax income.

In estimating the fair value of other share-based compensation awards, where an observable independent quoted market price is not available, the fair value is calculated on the grant date based on valuation techniques and/or option-pricing models that most accurately reflect the substantive characteristics of the instrument being valued. The underlying assumptions used in the models are determined based on management's assessment of the current market and historical information available on the grant date that marketplace participants would likely use in determining an exchange price for the instruments.

The inputs for expected volatility used in estimating fair values were based upon the implied market volatility of traded

options on Group shares, the historical volatility of the Group shares and other relevant factors that indicate how the future is expected to differ from the past. The expected dividend cash flows were based on a future dividend cash flow assumption which was based on market expectations. The expected risk-free interest rate was based on the current LIBOR rate on the grant date that corresponds with the expected term of the award. LIBOR rates were used as a proxy for risk-free interest rates because zero-coupon government issues do not exist in Switzerland. The expected term represents the period of time that the awards were expected to be outstanding and was generally based on the contractual term of each instrument.

The following table illustrates the significant assumptions used to estimate the fair value of SISUs and ISUs granted in 2010, based on the annual deferred compensation process.

Significant fair value assumptions

in	2010	
	SISU	ISU
Significant fair value assumptions		
Expected volatility, in %	33.42	33.52
Expected dividend cash flows, in CHF		
2010	1.45	1.45
2011	1.55	1.55
2012	1.65	1.65
2013	1.75	–
Expected risk-free interest rate, in %	1.26	1.00
Expected term, in years	4	3

Delivered shares

In the past, the Group typically met its obligations to deliver share awards under its compensation programs by purchasing treasury shares in the market and by entering into third-party

hedge instruments. During 2012 and 2011, the Group settled outstanding share-based compensation awards primarily through the issuance of new shares from conditional capital.

28 Related parties

Executive Board and Board of Directors Compensation

- ▶ Refer to "Note 3 – Compensation to members of the Executive Board and the Board of Directors" in VI – Parent company financial statements – Credit Suisse Group for additional information on compensation to members of the Executive Board and the Board of Directors.

Executive Board and Board of Directors loans

in	2012	2011	2010
Loans to members of the Executive Board (CHF million)			
Balance at beginning of period	22¹	18	19
Additions	3	5	5
Reductions	(17)	(1)	(6)
Balance at end of period	8¹	22	18
Loans to members of the Board of Directors (CHF million)			
Balance at beginning of period	34²	35	25
Additions	12	2	14
Reductions	(5)	(3)	(4)
Balance at end of period	41²	34²	35

¹ The number of individuals with outstanding loans at the beginning and end of the year was six and three, respectively. ² The number of individuals with outstanding loans at the beginning and end of the year was seven and five, respectively.

Executive Board and Board of Directors loans

A large majority of loans outstanding to members of the Executive Board and the Board of Directors are mortgages or loans against securities. Such loans are made to Executive Board and Board of Directors members on the same terms available to third-party clients or, in the case of loans to members of the Executive Board, pursuant to widely available employee benefit plans. The highest loan outstanding was CHF 4 million to Eric Varvel as of December 31, 2012.

All mortgage loans to members of the Executive Board are granted either with variable or fixed interest rates over a certain period. Typically, fixed-rate mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. When granting a loan to these individuals, the same credit approval and risk assessment procedures apply as for loans to other employees. Unless otherwise noted, all loans to Executive Board members were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and in consideration of the terms which apply to all Group employees, and did not involve more than the normal risk of collectability or present other unfavorable features.

Members of the Board of Directors with loans do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Members of the Board of Directors who were previously employees of the Group may still have outstanding loans, which were extended to them at the time that employee conditions applied

to them. Unless otherwise noted, all loans to members of the Board of Directors were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. In addition to the loans included in the “Executive Board and Board of Directors loans” table, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current members of the Board of Directors have a significant influence as defined by the SEC, such as holding executive and/or board level roles in these companies. Unless otherwise noted, loans extended by the Group to such companies are also made in the ordinary course of business and at prevailing market conditions.

Banking relationships

The Group is a global financial services provider. Many of the members of the Executive Board and the Board of Directors or companies associated with them maintain banking relationships with the Group. The Group or any of its banking subsidiaries may from time to time enter into financing and other banking agreements with companies in which current members of the Executive Board or the Board of Directors have a significant influence as defined by the SEC, such as holding executive and/or board level roles in these companies. With the exception of the transactions described below, relationships with members of the Executive Board and the Board of Directors and such companies are in the ordinary course of business and are entered into on an arm’s length basis. Also, unless otherwise noted, all loans to members of the Executive Board, members of the Board of Directors or companies asso-

ciated with them were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. As of December 31, 2012, 2011 and 2010, there was no loan exposure to such related parties that was not made in the ordinary course of business and at prevailing market conditions.

Related party transactions

Exchange of Tier 1 Capital Notes into Tier 1 Buffer Capital Notes

In February 2011, the Group entered into definitive agreements with entities affiliated with Qatar Investment Authority (QIA) and The Olayan Group (the Investors), each of which has significant holdings of Group shares and other Group financial products, to issue tier 1 buffer capital notes (Tier 1 BCN). Under the agreements, the Investors agreed to purchase USD 3.45 billion Tier 1 BCN and CHF 2.5 billion Tier 1 BCN in exchange for their holdings of USD 3.5 billion 11% tier 1 capital notes and CHF 2.5 billion 10% tier 1 capital notes issued in 2008 (Tier 1 Capital Notes), or in the event that the Tier 1 Capital Notes have been redeemed in full, for cash. At that time, the purchase or exchange was expected to occur no earlier than October 23, 2013, the first call date of the Tier 1 Capital Notes. In July 2012, we entered into an amendment agreement with an entity affiliated with The Olayan Group for the immediate exchange of USD 1.725 billion of their existing Tier 1 Capital Notes into an equivalent principal amount of Tier 1 BCN, thereby accelerating the exchange initially scheduled for October 2013. The accelerated exchange of some of the outstanding Tier 1 Capital Notes was one of a number of capital strengthening measures that the Group announced in July 2012.

Under their terms, the Tier 1 BCN will be converted into Group ordinary shares if the Group's reported common equity tier 1 (CET1) ratio, as determined under the Basel Committee on Banking Supervision (BCBS) regulations as of the end of any calendar quarter, falls below 7% (or any lower applicable minimum threshold), unless the Swiss Financial Market Supervisory Authority (FINMA), at the Group's request, has agreed on or prior to the publication of the Group's quarterly results that actions, circumstances or events have restored, or will imminently restore, the ratio to above the applicable threshold. The Tier 1 BCN will also be converted if FINMA determines that conversion is necessary, or that we require public sector capital support, to prevent the Group from becoming insolvent, bankrupt or unable to pay a material amount of the Group's debts, or other similar circumstances.

In addition, conversion of the Tier 1 BCN held by The Olayan Group will be triggered if, in the event of a request by FINMA for an interim report prior to the end of any calendar quarter, the Group's reported CET1 ratio, as of the end of any such interim period, falls below 5%. The conversion price will be the higher of a given floor price per share (subject to customary adjustments) or the daily volume weighted average sales price of the Group's ordinary shares over a five-day period preceding the notice of conversion. In connection with the July 2012 exchange, the conversion floor price of the Tier 1 BCN delivered in the exchange as well as the remaining Tier 1 BCN scheduled to be delivered in October 2013 was adjusted to match the conversion price of the MACCS described below. The Tier 1 BCN are deeply subordinated, perpetual and callable by the Group no earlier than 2018 and in certain other circumstances with FINMA approval. Interest is payable on the USD 3.45 billion Tier 1 BCN and CHF 2.5 billion Tier 1 BCN at fixed rates of 9.5% and 9.0%, respectively, and will reset after the first call date. Interest payments will generally be discretionary (unless triggered), subject to suspension in certain circumstances and non-cumulative.

At the time of the original transaction, the Group determined that this was a material transaction and deemed the Investors to be related parties of the Group's Board of Directors members Mr. Al Thani and Mr. Syriani, respectively, for purposes of evaluating the terms and corporate governance of the original transaction. At that time, the Board of Directors (except for Mr. Al Thani and Mr. Syriani, who abstained from participating in the determination process) determined that the terms of the original transaction, given its size, the nature of the contingent buffer capital, for which there was no established market, and the terms of the Tier 1 Capital Notes issued in 2008 and held by the Investors, were fair.

Issuance of mandatory and contingent convertible securities

In July 2012, the Group issued CHF 3.8 billion MACCS that are mandatorily convertible into 233.5 million shares at a conversion price of CHF 16.29 per share on March 29, 2013 (subject to early conversion upon certain contingency and viability events), with settlement and delivery of shares in early April 2013. Strategic and institutional investors purchased CHF 2.0 billion of MACCS and shareholders exercised preferential subscription rights for CHF 1.8 billion of MACCS. The conversion price of CHF 16.29 per share corresponded to 95% of the volume weighted average market price for the two trading days preceding the transaction. Investors in the MACCS included entities affiliated with the Investors, which also have been deemed by the Group to be related parties of the Group's Board of Directors' members, Mr. Al Thani and

Mr. Syriani, respectively. The issuance of the MACCS was one of a number of capital strengthening measures executed by the Group in 2012. In addition to the Investors, a number of other investors of the Group purchased the MACCS, including Norges Bank and the Capital Group Companies, Inc., which, like the Investors, have significant holdings of Group shares. The terms and conditions for the conversion of the MACCS are equally applicable to all purchasers.

Plus Bonds

The Group provided members of the Executive Board who did not participate in the structuring of the instrument the opportunity to invest their own funds in Plus Bond instruments with substantially the same terms as the Plus Bond awards granted to certain employees as deferred variable compensation for 2012. As a result, certain Executive Board members acquired an aggregate of CHF 9 million in Plus Bond instruments in February 2013.

Loan to Arcapita Bank

In February 2012, the Group downgraded to impaired status a loan with an outstanding principal amount of USD 30 million to Arcapita Bank B.S.C. (Arcapita Bank), an international investment firm headquartered in Bahrain. The financing provided to Arcapita Bank was extended in 2007 on arm's length terms and, at the time, did not involve more than the normal risk of collectability or present other unfavorable features.

Arcapita Bank may be deemed to be a related party entity of the Group because its Board of Directors' member Mr. Al Thani is also a member of the board of directors of Arcapita Bank. Mr. Al Thani joined the Arcapita Bank board of directors in October 2008 and the Group's Board of Directors in 2010, in both cases after the loan was extended. Arcapita Bank filed for Chapter 11 bankruptcy in the US in March 2012, and the Group subsequently sold its USD 30 million credit position to an unrelated third party. As of December 31, 2012, the Group had no credit exposure to Arcapita Bank.

Liabilities due to own pension funds

Liabilities due to the Group's own defined benefit pension funds as of December 31, 2012 and 2011 of CHF 3,232 million and CHF 2,790 million, respectively, are reflected in various liability accounts in the Group's consolidated balance sheets. In December 2011, the Group's Swiss pension fund invested CHF 350 million into mandatory convertible securities issued by Credit Suisse Group Finance (Guernsey) Limited, an unconsolidated SPE wholly owned by the Group. The mandatory convertible securities contained a 2% coupon and converted into 16.5 million Group shares at maturity in December 2012. In addition, other unconsolidated SPEs wholly owned by the Group had liabilities to the pension funds of the Group with notional values of CHF 78 million and CHF 26 million as of December 31, 2012 and 2011, respectively.

Loans outstanding made by the Group or any subsidiaries to equity method investees

in	2012	2011	2010
Loans outstanding made by the Group or any subsidiaries to equity method investees (CHF million)			
Balance at beginning of period	13	45	83
Net borrowings/(repayments)	(1)	(32)	(38)
Balance at end of period	12	13	45

29 Pension and other post-retirement benefits

Pension plans

The Group has defined benefit pension plans, defined contribution pension plans and other post-retirement defined benefit plans. The Group's principal plans are located in Switzerland, the US and the UK.

Defined benefit pension plans are pension plans that define specific benefits for an employee upon that employee's retirement. These benefits are determined by taking into account the employee's salary, years of service and age of retirement. A defined benefit pension plan does not provide participants with an individual account and generally pay the benefits as an annuity. Retirees neither bear the actuarial risk (that is, the risk that the PBO will be higher than expected and/or that the retiree may outlive their retirement income), or bear the investment risk (that is, that assets invested and associated returns will be insufficient to meet the expected benefits due to low or negative returns on contributions).

Defined contribution plans provide each participant with an individual account. The benefits to be provided to a participant are solely based on the contributions made to that employee's account and are affected by income, expenses and gains and losses allocated to the account. As such, there are no stipulations of a defined annuity benefit at retirement and the participants bear the full actuarial as well as investment risk. In Switzerland, due to a minimum guaranteed rate of return defined by law, the employer continues to bear a financial risk and as a result such plans are treated as defined benefit plans under US GAAP.

Swiss pension plans

The Group's Swiss pension plans cover its employees in Switzerland and are set up as trusts domiciled in Zurich. On January 1, 2010, in addition to the annuity section (defined benefit), a new savings section (defined contribution) was introduced in the Swiss main plan and a partial changeover from the annuity section to the savings section has been processed. Furthermore, on December 20, 2011, the Group announced the complete changeover to the savings section of the plan and the discontinuance of the annuity section, effective as of January 1, 2013. For accounting purposes, both the annuity section and the savings section of the Swiss pension plan are treated as defined benefit plans under US GAAP. The

plan provides benefits in the event of retirement, death and disability and meets or exceeds the minimum benefits required under Swiss law. As of December 31, 2012 and 2011, the Group's pension plan in Switzerland comprised 80% and 81%, respectively, of all the Group's employees participating in defined benefit plans and 83% and 84%, respectively, of the fair value of plan assets and 83% of the pension benefit obligation of the Group's defined benefit plans.

In the annuity section of the plan, employee contributions were calculated as a percentage of the employees' salary level varying between 9.0% and 12.5% depending on the employees' age and funding level. The Group's contributions were at least 200% of the employees' contributions for the Group's main pension plan.

In the savings section of the plan, employee contributions depend on their age and are determined as a percentage of the pensionable salary. The employees can select between three different levels of contributions which vary between 5% and 14% depending on their age. The Group's contribution varies between 7.5% and 25% of the pensionable salary depending on the employees' age.

International pension plans

Various pension plans, including both defined benefit and defined contribution pension plans, cover the Group's employees in non-Swiss locations. These plans provide benefits in the event of retirement, death, disability or employment termination. Retirement benefits under the plans depend on age, contributions and salary. The Group's funding policy with respect to these plans is consistent with local government and tax requirements. The assumptions used are based on local economic conditions.

Other post-retirement defined benefit plans

In the US, the Group's plans provide post-retirement benefits other than pension benefits that primarily focus on health and welfare benefits for certain retired employees. In exchange for the current services provided by the employee, the Group promises to provide health and welfare benefits after the employee retires. The Group's obligation for that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

Pension costs

The net periodic pension cost for defined benefit pension and other post-retirement defined benefit plans is the cost of the respective plan for a period during which an employee renders services. The actual amount to be recognized is determined

using an actuarial formula which considers, among other factors, current service cost, interest cost, expected return on plan assets and the amortization of both prior service cost/(credit) and actuarial losses/(gains) recognized in AOCI.

Components of total pension costs

in	Switzerland			Defined benefit pension plans			Other post-retirement defined benefit plans		
	Switzerland			International			International		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Total pension costs (CHF million)									
Service costs on benefit obligation	347	319	269	30	33	30	1	0	1
Interest costs on benefit obligation	378	416	453	127	123	134	8	7	9
Expected return on plan assets	(617)	(668)	(637)	(164)	(160)	(163)	0	0	0
Amortization of recognized prior service cost/(credit)	(52)	17	17	(1)	0	1	(2)	(2)	(2)
Amortization of recognized actuarial losses/(gains)	144	84	86	74	51	36	13	9	6
Net periodic pension costs	200	168	188	66	47	38	20	14	14
Settlement losses/(gains)	90	0	1	0	0	(2)	0	0	0
Curtailment losses/(gains)	(35)	1	0	0	0	0	0	0	0
Special termination benefits	19	10	2	0	0	0	0	0	0
Total pension costs	274	179	191	66	47	36	20	14	14

Total pension costs reflected in compensation and benefits – other for 2012, 2011 and 2010 were CHF 360 million, CHF 240 million and CHF 241 million, respectively.

Since the second quarter of 2011, as part of its strategic plan, the Group launched a number of cost efficiency measures including headcount reduction. This resulted in a curtailment gain of CHF 35 million and a curtailment loss of CHF 1 million in 2012 and 2011, respectively, reflecting the immediate recognition of a credit relating to the years of service no longer expected to be rendered, and in additional costs of CHF 90 million in 2012 in relation to the settlement of the pension obligation for employees in Switzerland who have been effectively terminated. Special termination benefit costs of CHF 19 million and CHF 10 million have been recognized in 2012 and 2011, respectively, relating to early retirements in Switzerland in the context of the cost efficiency measures. The previous headcount reduction announced in December 2008, resulted in special termination benefits of CHF 2 million

in 2010 related to the Swiss pension plans and settlement costs of CHF 1 million in 2010 in connection with our Swiss pension plan. The discontinuance of a Japanese plan in 2009 resulted in a gain of CHF 2 million in 2010 from the related settlement of the obligation.

Benefit obligation

The benefit obligation is expressed as either accumulated benefit obligation (ABO) or PBO. While the ABO refers to the actuarial present value based on employee services rendered prior to that date and takes into account current and past compensation levels, the PBO also applies an assumption as to future compensation levels.

The following table shows the changes in the PBO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the defined benefit pension and other post-retirement defined benefit plans as well as the ABO for the defined benefit pension plans.

Obligations and funded status of the plans

in / end of	Switzerland		Defined benefit pension plans		Other post-retirement defined benefit plans	
			International		International	
	2012	2011	2012	2011	2012	2011
PBO (CHF million) ¹						
Beginning of the measurement period	13,944	13,813	2,675	2,373	174	160
Plan participant contributions	231	240	0	0	0	0
Service cost	347	319	30	33	1	0
Interest cost	378	416	127	123	8	7
Plan amendments	(402)	(483)	0	(2)	0	0
Settlements	(335)	0	0	(1)	0	0
Curtailments	(64)	(51)	(12)	1	0	0
Special termination benefits	19	10	1	4	0	0
Actuarial losses/(gains)	855	302	70	199	10	15
Plans removed	0	0	(6)	0	0	0
Benefit payments	(677)	(622)	(103)	(56)	(8)	(8)
Exchange rate losses/(gains)	0	0	(9)	1	(5)	0
End of the measurement period	14,296	13,944	2,773	2,675	180	174
Fair value of plan assets (CHF million)						
Beginning of the measurement period	13,604	13,428	2,586	2,121	0	0
Actual return on plan assets	1,035	(121)	234	485	0	0
Employer contributions	482	679	158	33	8	8
Plan participant contributions	231	240	0	0	0	0
Settlements	(335)	0	0	(1)	0	0
Benefit payments	(677)	(622)	(103)	(56)	(8)	(8)
Exchange rate gains/(losses)	0	0	18	4	0	0
End of the measurement period	14,340	13,604	2,893	2,586	0	0
Funded status recognized (CHF million)						
Funded status of the plan – overfunded/(underfunded)	44	(340)	120	(89)	(180)	(174)
Total funded status recognized in the consolidated balance sheet at December 31	44	(340)	120	(89)	(180)	(174)
Total amount recognized (CHF million)						
Noncurrent assets	45	0	695	498	0	0
Current liabilities	0	0	(7)	(8)	(8)	(8)
Noncurrent liabilities	(1)	(340)	(568)	(579)	(172)	(166)
Total amount recognized in the consolidated balance sheet at December 31	44	(340)	120	(89)	(180)	(174)
ABO (CHF million) ²						
End of the measurement period	13,821	13,467	2,714	2,584	0	0

¹ Including estimated future salary increases. ² Exclusive of estimated future salary increases.

US GAAP requires an employer to recognize the funded status of the defined benefit pension and other post-retirement defined benefit plans on the balance sheet. The funded status of these plans is determined as the difference between the fair value of plan assets and the PBO and may vary from year to year following any changes in the fair value of plan assets and variations of the PBO following changes in the underlying assumptions and census data. In 2012 and 2011, the curtail-

ments, settlements and special termination benefits in Switzerland, which impacted the PBO, related to the headcount reduction in the context of the cost efficiency measures. In addition, two plan amendments occurred in the Swiss pension plan over the last two years: the changeover from the annuity section to the savings section as announced on December 20, 2011, which resulted in a reduction in the PBO of CHF 515 million, and the upcoming reduction in the conversion rate,

used to determine the pension annuity, as announced on December 17, 2012, which resulted in a reduction in the PBO of CHF 402 million. In 2011, it was also decided to merge the two pension plans in Switzerland, the main plan and the supplementary plan, which resulted in a prior service cost of CHF 32 million.

The total net amount recognized in other assets – other and other liabilities – other in the consolidated balance sheets as of December 31, 2012 and 2011 was an underfunding of CHF 16 million and CHF 603 million, respectively.

In the fourth quarter of 2011, the Group made a special contribution of CHF 203 million to the Swiss pension plan. In

2013, the Group expects to contribute CHF 463 million to the Swiss and international defined benefit pension plans and CHF 8 million to other post-retirement defined benefit plans.

PBO or ABO in excess of plan assets

The following table discloses the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2012 and 2011, respectively.

Defined benefit pension plans in which PBO or ABO were in excess of plan assets

	PBO exceeds fair value of plan assets ¹				ABO exceeds fair value of plan assets ¹			
	Switzerland		International		Switzerland		International	
December 31	2012	2011	2012	2011	2012	2011	2012	2011
CHF million								
PBO	6	13,937	1,400	1,340	6	0	1,382	1,326
ABO	5	13,460	1,364	1,304	5	0	1,354	1,296
Fair value of plan assets	5	13,597	825	753	5	0	810	741

¹ Includes only those defined benefit pension plans where the PBO/ABO exceeded the fair value of plan assets.

Amount recognized in AOCI and other comprehensive income

The following table discloses the actuarial gains/(losses) and prior service credit/(cost) which were recorded in AOCI and subsequently recognized as components of net periodic pension cost.

Amounts recognized in AOCI, net of tax

end of	Defined benefit pension plans		Other post-retirement defined benefit plans		Total	
	2012	2011	2012	2011	2012	2011
Amounts recognized in AOCI (CHF million)						
Actuarial gains/(losses)	(3,748)	(3,696)	(53)	(55)	(3,801)	(3,751)
Prior service credit/(cost)	607	358	3	4	610	362
Total	(3,141)	(3,338)	(50)	(51)	(3,191)	(3,389)

The following tables disclose the changes in other comprehensive income due to actuarial gains/(losses) and prior service credit/(cost) recognized in AOCI during 2012 and 2011 and

the amortization of the aforementioned items as components of net periodic pension cost for these periods as well as the amounts expected to be amortized in 2013.

Amounts recognized in other comprehensive income

in	Defined benefit pension plans			Other post-retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
2012 (CHF million)							
Actuarial gains/(losses)	(437)	92	(345)	(10)	4	(6)	(351)
Prior service credit/(cost)	402	(83)	319	0	0	0	319
Amortization of actuarial losses/(gains)	218	(57)	161	13	(5)	8	169
Amortization of prior service cost/(credit)	(53)	12	(41)	(2)	1	(1)	(42)
Immediate recognition due to curtailment/settlement	131	(28)	103	0	0	0	103
Total amounts recognized in other comprehensive income	261	(64)	197	1	0	1	198
2011 (CHF million)							
Actuarial gains/(losses)	(965)	216	(749)	(15)	6	(9)	(758)
Prior service credit/(cost)	485	(102)	383	0	0	0	383
Amortization of actuarial losses/(gains)	135	(35)	100	9	(4)	5	105
Amortization of prior service cost/(credit)	17	(4)	13	(2)	1	(1)	12
Immediate recognition due to curtailment/settlement	49	(11)	38	0	0	0	38
Total amounts recognized in other comprehensive income	(279)	64	(215)	(8)	3	(5)	(220)

Amounts in AOCI, net of tax, expected to be amortized in 2013

in 2013	Defined benefit pension plans	Other post-retirement defined benefit plans
CHF million		
Amortization of actuarial losses/(gains)		251
Amortization of prior service cost/(credit)		(76)
Total		175

Assumptions

The measurement of both the net periodic pension cost as well as the benefit obligation is determined using explicit assumptions, each of which individually represents the best

estimate of a particular future event. Where applicable, they should be in line with the expected market averages and benchmarks, the trend in the market and with historical rates.

Weighted-average assumptions used to determine net periodic pension cost and benefit obligation

December 31	Defined benefit pension plans						Other post-retirement defined benefit plans		
	Switzerland			International			International		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
Net benefit pension cost (%)									
Discount rate	2.8	3.1	3.5	4.8	5.5	6.0	4.7	5.5	6.1
Salary increases	1.4	2.0	2.6	4.0	4.2	4.3	–	–	–
Expected long-term rate of return on plan assets	4.3	4.8	4.8	6.4	7.3	7.2	–	–	–
Benefit obligation (%)									
Discount rate	2.2	2.8	3.1	4.5	4.8	5.5	4.3	4.7	5.5
Salary increases	1.2	1.4	2.0	4.0	4.0	4.2	–	–	–

Net periodic pension cost and benefit obligation assumptions

The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic pension cost for the 12-month period following this date. The discount rate is one of the factors used to determine the present value as of the measurement date of the future cash outflows currently expected to be required to satisfy the benefit obligations when due. The assumption pertaining to salary increases is used to calculate the PBO, which is measured using an assumption as to future compensation levels.

The expected long-term rate of return on plan assets, which is used to calculate the expected return on plan assets as a component of the net periodic pension cost, reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the PBO. In estimating that rate, appropriate consideration is given to the returns being earned by the plan assets and the rates of return expected to be available for reinvestment.

The expected long-term rate of return on plan assets is based on total return forecasts and volatility and correlation estimates. Where possible, similar, if not related, approaches are followed to forecast returns for the various asset classes. For most asset classes, clearly specified multi-linear regression models to forecast returns are used or reliance is put on traditional models such as dividend discount and fair value models.

The expected long-term rate of return on debt securities reflects both accruing interest and price returns. The probable long-term relationship between the total return and certain exogenous variables pre-defined by economic model is explicitly used, which directly links the debt securities total return forecasts to the macro-forecasts.

The expected long-term rate of return on equity securities is based on a two-stage dividend discount model, which considers analyst consensus earnings to compute a market-implied equity risk premium. Dividends are estimated using market consensus earnings and the historical payout ratio. A subsequent scenario analysis was used to stress test the level of the return.

The expected long-term rate of return on real estate is based on error correction models. The underlying economic models reflect both the rental and the capital market side of the direct real estate market. This allows for a replicable and robust forecasting methodology for expected returns on real estate equity, fund and direct market indices.

The expected long-term rate of return on private equity and hedge funds is estimated by using private equity and hedge fund benchmarks and indices. In both private equity and hedge funds, a set of factors drives or explains returns. To capture these, multiple linear regression models with lagged returns are utilized. This methodology also lends itself to the fact that these alternative investments tended to be positively correlated with current and lagged equity securities returns.

Health care cost assumptions

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining those costs, an annual weighted-average rate of 9.00% for 2012 and 2011 and 9.75% for 2010 was assumed in the cost of covered health care benefits. As of December 31, 2012, the rate is assumed to decrease gradually to 5% by 2020 and remain at that level thereafter. As of December 31, 2012, 2011 and 2010, a 1% increase in the health care cost trend rate assumption would have resulted in an increase in post-retirement expenses of CHF 1.4 million, CHF 1.3 million and CHF 1.5 million, and an increase in accumulated post-retire-

ment defined benefit obligation of CHF 27 million, CHF 23 million and CHF 26 million, respectively. A 1% decrease in the health care cost trend assumption would result in a decrease in post-retirement expenses of CHF 1.1 million, CHF 1.1 million and CHF 1.2 million, and a decrease in post-retirement defined benefit obligation of CHF 22 million, CHF 19 million and CHF 21 million as of December 31, 2012, 2011 and 2010.

Plan assets and investment strategy

Plan assets, which are assets that have been segregated and restricted to provide for plan benefits, are measured at their fair value as of the measurement date.

The Group's defined benefit pension plans employ a total return investment approach, whereby a diversified mix of debt and equity securities and alternative investments, specifically hedge funds and private equity, are used to maximize the long-term return of plan assets while incurring a prudent level of risk. The intent of this strategy is to outperform plan liabilities over the long-term in order to minimize plan expenses. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. Furthermore, equity securities are diversified across Swiss and non-Swiss stocks as well as among growth, value and small and large capitalization stocks. Real estate and alternative investments, such as private equity and hedge funds, are used to enhance long-term returns while improving portfolio diversification. ◊ Derivatives may be used to hedge or increase market exposure, but are not used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on an ongoing basis through periodic asset/liability studies and quarterly investment portfolio reviews. To limit investment risk, the Group pension plans follow defined strategic asset allocation guidelines. Depending on the market conditions, these guidelines are even more limited on a short-term basis.

As of December 31, 2012 and 2011, the total fair value of Group debt securities included in plan assets of the Group's defined benefit pension plans was CHF 256 million and CHF 598 million, respectively, and the total fair value of Group equity securities and options was CHF 109 million and CHF 33 million, respectively.

Fair value hierarchy of plan assets

- ▶ Refer to "Fair value hierarchy" in Note 33 – Financial instruments for discussion of the fair value hierarchy.

Qualitative disclosures of valuation techniques used to measure fair value

Cash and cash equivalents

Cash and cash equivalents includes money market instruments such as bankers' acceptances, certificates of deposit, ◊ CP, book claims, treasury bills, other rights and commingled funds. Valuations of money market instruments and commingled funds are generally based on observable inputs.

Debt securities

Debt securities include government and corporate bonds which are generally quoted in active markets. Debt securities for which market prices are not available, are valued based on yields reflecting the perceived risk of the issuer and the maturity of the security, recent disposals in the market or other modeling techniques, which may involve judgment.

Equity securities

Equity securities held include common equity shares, convertible bonds and shares in investment companies and units in mutual funds. The common equity shares are generally traded on public stock exchanges for which quoted prices are regularly available. Convertible bonds are generally valued using observable pricing sources. Shares in investment companies and units in mutual funds, which are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using NAV.

Derivatives

Derivatives include both ◊ OTC and exchange-traded derivatives. The fair value of OTC derivatives is determined on the basis of inputs that include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity since the required inputs are generally observable in the marketplace. Other more complex derivatives may use unobservable inputs. Such inputs include long-dated volatility assumptions on OTC option transactions and recovery rate assumptions for credit derivative transactions. The fair value of exchange-traded derivatives is typically derived from the observable exchange prices and/or observable inputs.

Real estate

Real estate includes direct real estate as well as investments in real estate investment companies, trusts or mutual funds. Direct real estate is initially measured at its transaction price, which is the best estimate of fair value. Thereafter, direct real estate is individually measured at fair value based on a number of factors that include any recent rounds of financing involving

third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. Real estate investment companies, trusts and mutual funds, which are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, are measured at fair value using NAV.

Alternative investments

Private equity includes direct investments, investments in partnerships that make private equity and related investments in various portfolio companies and funds and fund of funds partnerships. Private equity consists of both publicly traded securities and private securities. Publicly traded investments that are restricted or that are not quoted in active markets are val-

ued based on publicly available quotes with appropriate adjustments for liquidity or trading restrictions made. Private equity is valued taking into account a number of factors, such as the most recent round of financing involving unrelated new investors, earnings multiple analyses using comparable companies or discounted cash flow analyses. Private equity for which a fair value is not readily determinable is measured at fair value using NAV provided by the general partner.

Hedge funds that are not directly quoted on a public stock exchange and/or for which a fair value is not readily determinable, is measured at fair value using NAV provided by the fund administrator.

Fair value of plan assets

The following tables present the plan assets measured at fair value on a recurring basis as of December 31, 2012 and 2011, for the Group's defined benefit pension plans.

Plan assets measured at fair value on a recurring basis

end of	2012				2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Plan assets at fair value (CHF million)								
Cash and cash equivalents	2,630	0	0	2,630	2,212	0	0	2,212
Debt securities	1,137	2,894	0	4,031	1,525	3,890	0	5,415
of which governments	959	28	0	987	1,410	39	0	1,449
of which corporates	178	2,866	0	3,044	115	3,851	0	3,966
Equity securities	1,821	1,651	0	3,472	1,040	1,421	0	2,461
Real estate	0	552	1,080	1,632	0	500	1,034	1,534
of which direct	0	0	1,078	1,078	0	0	1,034	1,034
of which indirect	0	552	2	554	0	500	0	500
Alternative investments	0	1,908	662	2,570	0	1,376	606	1,982
of which private equity	0	0	662	662	0	0	606	606
of which hedge funds	0	1,668	0	1,668	0	1,583	0	1,583
of which other	0	240 ¹	0	240	0	(207) ¹	0	(207)
Other investments	0	5	0	5	0	0	0	0
Switzerland	5,588	7,010	1,742	14,340	4,777	7,187	1,640	13,604
Cash and cash equivalents	0	394	0	394	51	18	0	69
Debt securities	234	985	71	1,290	130	792	90	1,012
of which governments	234	8	0	242	128	2	0	130
of which corporates	0	977	71	1,048	2	790	90	882
Equity securities	188	562	0	750	82	807	0	889
Real estate – indirect	0	0	89	89	0	0	84	84
Alternative investments	0	241	34	275	3	351	90	444
of which private equity	0	0	4	4	0	0	9	9
of which hedge funds	0	0	30	30	0	0	81	81
of which other	0	241 ¹	0	241	3	351 ¹	0	354
Other investments	0	95	0	95	0	88	0	88
International	422	2,277	194	2,893	266	2,056	264	2,586
Total plan assets at fair value	6,010	9,287	1,936	17,233	5,043	9,243	1,904	16,190

¹ Primarily related to derivative instruments.

Plan assets measured at fair value on a recurring basis for level 3

	Balance at beginning of period	Transfers in	Transfers out	Actual return on plan assets			Foreign currency translation impact	Balance at end of period
				On assets still held at reporting date	On assets sold during the period	Purchases, sales, settlements		
2012 (CHF million)								
Debt securities – corporates	90	0	(28)	9	3	(3)	0	71
Real estate	1,118	0	0	50	0	3	(2)	1,169
of which direct	1,034	0	0	44	0	0	0	1,078
of which indirect	84	0	0	6	0	3	(2)	91
Alternative investments	696	0	0	(17)	3	31	(17)	696
of which private equity	615	0	0	(18)	2	82	(15)	666
of which hedge funds	81	0	0	1	1	(51)	(2)	30
Total plan assets at fair value	1,904	0	(28)	42	6	31	(19)	1,936
of which Switzerland	1,640	0	0	27	0	89	(14)	1,742
of which International	264	0	(28)	15	6	(58)	(5)	194
2011 (CHF million)								
Debt securities – corporates	122	30	(2)	(4)	5	(61)	0	90
Real estate	1,066	0	0	31	0	21	0	1,118
of which direct	1,014	0	0	20	0	0	0	1,034
of which indirect	52	0	0	11	0	21	0	84
Alternative investments	667	3	(4)	25	(2)	6	1	696
of which private equity	581	0	0	28	(5)	10	1	615
of which hedge funds	81	3	0	(3)	3	(3)	0	81
of which other	5	0	(4)	0	0	(1)	0	0
Total plan assets at fair value	1,855	33	(6)	52	3	(34)	1	1,904
of which Switzerland	1,587	0	0	47	(5)	10	1	1,640
of which International	268	33	(6)	5	8	(44)	0	264

The following table shows the plan asset allocation as of the measurement date calculated based on the fair value at that date including the performance of each asset class.

Weighted-average plan asset allocation as of the measurement date

December 31	Switzerland		International	
	2012	2011	2012	2011
Weighted-average plan asset allocation (%)				
Cash and cash equivalents	18.3	16.2	13.6	2.7
Debt securities	28.1	39.8	44.6	39.1
Equity securities	24.2	18.1	25.9	34.4
Real estate	11.4	11.3	3.1	3.2
Alternative investments	18.0	14.6	9.5	17.2
Insurance	0.0	0.0	3.3	3.4
Total	100.0	100.0	100.0	100.0

The following table shows the target plan asset allocation for 2013 in accordance with the Group's investment strategy. The target plan asset allocation is used to determine the expected return on plan assets to be considered in the net periodic pension costs for 2013.

Weighted-average target plan asset allocation to be applied prospectively

	Switzerland	International
2013 (%)		
Cash and cash equivalents	10	0
Debt securities	40	62
Equity securities	25	22
Real estate	10	3
Alternative investments	15	10
Insurance	0	3
Total	100	100

Estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans

	Defined benefit pension plans	Other post-retirement defined benefit plans
Estimated future benefit payments (CHF million)		
2013	942	8
2014	933	9
2015	927	9
2016	909	10
2017	888	11
For five years thereafter	4,709	57

Defined contribution pension plans

The Group contributes to various defined contribution pension plans primarily in the US and the UK as well as other countries throughout the world. During 2012, 2011 and 2010, the

Group contributed to these plans and recognized as expense CHF 221 million, CHF 246 million and CHF 263 million, respectively.

30 Derivatives and hedging activities

Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The Group's most frequently used freestanding derivative products, entered into for trading and risk management purposes, include interest rate, credit default and cross-currency swaps, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The Group also enters into contracts that are not considered derivatives in their entirety but include embedded derivative features. Such transactions primarily include issued and purchased structured debt instruments where the return may be calculated by reference to an equity security, index or third-party credit risk, or that have non-standard interest or foreign exchange terms.

On the date a derivative contract is entered into, the Group designates it as belonging to one of the following categories:

- trading activities;
- a risk management transaction that does not qualify as a hedge under accounting standards (referred to as an economic hedge);
- a hedge of the fair value of a recognized asset or liability;
- a hedge of the variability of cash flows to be received or paid relating to a recognized asset or liability or a forecasted transaction; or

- a hedge of a net investment in a foreign operation.

Trading activities

The Group is active in most of the principal trading markets and transacts in many popular trading and hedging products. As noted above, this includes the use of swaps, futures, options and structured products, such as custom transactions using combinations of derivatives, in connection with its sales and trading activities. Trading activities include market making, positioning and arbitrage activities. The majority of the Group's derivatives were used for trading activities.

Economic hedges

Economic hedges arise when the Group enters into derivative contracts for its own risk management purposes, but the contracts entered into do not qualify for hedge accounting under US GAAP. These economic hedges include the following types:

- interest rate derivatives to manage net interest rate risk on certain core banking business assets and liabilities;
- foreign exchange derivatives to manage foreign exchange risk on certain core banking business revenue and expense items, as well as on core banking business assets and liabilities;
- credit derivatives to manage credit risk on certain loan portfolios; and

- futures to manage risk on equity positions including convertible bonds.

Derivatives used in economic hedges are included as trading assets or trading liabilities in the consolidated balance sheets.

Hedge accounting

Fair value hedges

The Group designates fair value hedges as part of an overall interest rate risk management strategy that incorporates the use of derivative instruments to minimize fluctuations in earnings that are caused by interest rate volatility. In addition to hedging changes in fair value due to interest rate risk associated with fixed rate loans, repurchase agreements and long-term debt instruments, the Group uses:

- cross-currency swaps to convert foreign-currency-denominated fixed rate assets or liabilities to floating rate functional currency assets or liabilities; and
- foreign exchange forward contracts to hedge the foreign exchange risk associated with available-for-sale securities.

Cash flow hedges

The Group designates cash flow hedges as part of its strategy to mitigate its risk to variability of cash flows on loans, deposits and other debt obligations by using interest rate swaps to convert variable rate assets or liabilities to fixed rates. The Group also uses cross-currency swaps to convert foreign-currency-denominated fixed and floating rate assets or liabilities to fixed rate assets or liabilities based on the currency profile to which the Group elects to be exposed. This includes, but is not limited to, Swiss francs and US dollars. Further, the Group uses derivatives to hedge its cash flows associated with forecasted transactions. As of the end of 2012, the maximum length of time over which the Group hedged its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transac-

tions related to the payment of variable interest on existing financial instruments, was eight months.

Net investment hedges

The Group designates net investment hedges as part of its strategy to hedge selected net investments in foreign operations against adverse movements in foreign exchange rates, typically using forward foreign exchange contracts.

Hedge effectiveness assessment

The Group assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing basis, and requires the Group to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing basis and requires the Group to determine whether or not the hedging relationship has actually been effective. If the Group concludes, through a retrospective evaluation, that hedge accounting is appropriate for the current period, then it measures the amount of hedge ineffectiveness to be recognized in earnings.

Fair value of derivative instruments

The tables below present gross derivative replacement values by type of contract and balance sheet location and whether the derivative is used for trading purposes or in a qualifying hedging relationship. Notional amounts have also been provided as an indication of the volume of derivative activity within the Group.

Information on bifurcated embedded derivatives has not been included in this table. Under US GAAP, the Group elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value.

- ▶ Refer to “Note 33 – Financial instruments” for further information.

Fair value of derivative instruments

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 2012						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	8,055.9	2.6	2.5	0.0	0.0	0.0
Swaps	29,155.2	635.6	630.1	62.8	3.9	1.5
Options bought and sold (OTC)	3,739.9	62.4	62.6	0.0	0.0	0.0
Futures	1,145.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	952.0	0.3	0.2	0.0	0.0	0.0
Interest rate products	43,048.4	700.9	695.4	62.8	3.9	1.5
Forwards	2,133.4	21.6	21.3	19.6	0.2	0.1
Swaps	1,336.3	32.2	46.6	0.0	0.0	0.0
Options bought and sold (OTC)	985.3	9.7	10.7	0.0	0.0	0.0
Futures	14.9	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.6	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	4,473.5	63.5	78.6	19.6	0.2	0.1
Forwards	29.1	0.9	1.2	0.0	0.0	0.0
Options bought and sold (OTC)	32.3	0.6	0.6	0.0	0.0	0.0
Futures	0.9	0.0	0.0	0.0	0.0	0.0
Precious metals products	62.3	1.5	1.8	0.0	0.0	0.0
Forwards	5.5	0.6	0.0	0.0	0.0	0.0
Swaps	211.0	4.6	5.8	0.0	0.0	0.0
Options bought and sold (OTC)	214.9	11.4	11.1	0.0	0.0	0.0
Futures	74.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	338.2	13.7	14.1	0.0	0.0	0.0
Equity/index-related products	844.0	30.3	31.0	0.0	0.0	0.0
Credit derivatives ²	1,694.4	30.6	29.8	0.0	0.0	0.0
Forwards	2.2	0.2	0.2	0.0	0.0	0.0
Swaps	55.3	3.6	3.1	0.0	0.0	0.0
Options bought and sold (OTC)	21.9	1.0	1.0	0.0	0.0	0.0
Futures	186.7	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	50.4	1.6	1.7	0.0	0.0	0.0
Other products ³	316.5	6.4	6.0	0.0	0.0	0.0
Total derivative instruments	50,439.1	833.2	842.6	82.4	4.1	1.6

The notional amount for derivative instruments (trading and hedging) was CHF 50,521.5 billion as of December 31, 2012.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP. ² Primarily credit default swaps. ³ Primarily commodity, energy and emission products.

Fair value of derivative instruments (continued)

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 2011						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	7,210.5	4.5	4.2	0.0	0.0	0.0
Swaps	28,754.5	658.0	650.0	71.2	3.8	2.3
Options bought and sold (OTC)	2,902.5	65.9	66.3	0.0	0.0	0.0
Futures	2,537.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	962.3	0.4	0.3	0.0	0.0	0.0
Interest rate products	42,366.9	728.8	720.8	71.2	3.8	2.3
Forwards	2,133.0	29.7	30.7	17.4	0.1	0.0
Swaps	1,230.0	34.1	51.3	0.0	0.0	0.0
Options bought and sold (OTC)	831.7	12.3	12.7	0.0	0.0	0.0
Futures	25.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.7	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	4,224.0	76.1	94.7	17.4	0.1	0.0
Forwards	16.3	1.4	1.4	0.0	0.0	0.0
Options bought and sold (OTC)	34.7	0.9	1.0	0.0	0.0	0.0
Futures	0.1	0.0	0.0	0.0	0.0	0.0
Precious metals products	51.1	2.3	2.4	0.0	0.0	0.0
Forwards	4.1	0.9	0.0	0.0	0.0	0.0
Swaps	211.4	5.8	5.7	0.0	0.0	0.0
Options bought and sold (OTC)	241.5	14.5	14.9	0.0	0.0	0.0
Futures	57.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	366.0	18.2	21.2	0.0	0.0	0.0
Equity/index-related products	880.8	39.4	41.8	0.0	0.0	0.0
Credit derivatives²	2,042.7	63.3	60.0	0.0	0.0	0.0
Forwards	8.7	0.9	0.8	0.0	0.0	0.0
Swaps	63.6	8.3	7.8	0.0	0.0	0.0
Options bought and sold (OTC)	29.9	2.2	1.7	0.0	0.0	0.0
Futures	177.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	63.3	3.9	3.8	0.0	0.0	0.0
Other products³	342.6	15.3	14.1	0.0	0.0	0.0
Total derivative instruments	49,908.1	925.2	933.8	88.6	3.9	2.3

The notional amount for derivative instruments (trading and hedging) was CHF 49,996.7 billion as of December 31, 2011.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP. ² Primarily credit default swaps. ³ Primarily commodity, energy and emission products.

Fair value of derivative instruments (continued)

	2012		2011	
	Positive replacement value (PRV)	Negative replacement value (NRV)	Positive replacement value (PRV)	Negative replacement value (NRV)
end of				
Derivative instruments (CHF billion)				
Replacement values (trading and hedging) before netting agreements	837.3	844.2	929.1	936.1
Counterparty netting ¹	(766.8)	(766.8)	(836.4)	(836.4)
Cash collateral netting ¹	(33.4)	(36.7)	(36.5)	(37.6)
Replacement values (trading and hedging) after netting agreements	37.1	40.7	56.2	62.1
of which recorded in trading assets (PRV) and trading liabilities (NRV)	33.2	39.5	52.5	60.1
of which recorded in other assets (PRV) and other liabilities (NRV)	3.9	1.2	3.7	2.0

¹ Netting was based on legally enforceable netting agreements.

Fair value hedges

in	2012	2011	2010
Gains/(losses) recognized in income on derivatives (CHF million)			
Interest rate products		834	548
Foreign exchange products		(13)	20
Total	821	568	585
Gains/(losses) recognized in income on hedged items (CHF million)			
Interest rate products		(878)	(585)
Foreign exchange products		13	(20)
Total	(865)	(605)	(567)
Details of fair value hedges (CHF million)			
Net gains/(losses) on the ineffective portion		(44)	(37)
			18

Represents gains/(losses) recognized in trading revenues.

Cash flow hedges

in	2012	2011	2010
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	8	0	0
Foreign exchange products	30	(6)	39
Total	38	(6)	39
Gains/(losses) reclassified from AOCI into income (CHF million)			
Foreign exchange products ¹	0	31	27
Total	0	31	27

Represents gains/(losses) on effective portion.

¹ Included in commissions and fees.

The net loss associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 5 million.

Net investment hedges

in	2012	2011	2010
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	0	0	8
Foreign exchange products	(81)	280	1,563
Total	(81)	280	1,571
Gains/(losses) reclassified from AOCI into income (CHF million)			
Foreign exchange products ¹	75	4	(4)
Total	75	4	(4)

Represents gains/(losses) on effective portion.

¹ Included in other revenues.

The Group includes all derivative instruments not included in hedge accounting relationships in its trading activities.

► Refer to "Note 8 – Trading revenues" for gains and losses on trading activities by product type.

Disclosures relating to contingent credit risk

Certain of the Group's derivative instruments contain provisions that require it to maintain a specified credit rating from each of the major credit rating agencies. If the ratings fall below the amount specified in the contract, the counterparties to the agreements could request payment of additional collateral on those derivative instruments that are in a net liability position. Certain of the derivative contracts also provide for termination of the contract, generally upon a downgrade of either the Group or the counterparty, at the existing mark-to-market replacement value of the derivative contract.

The following table provides the Group's current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and SPEs that include credit sup-

port agreements, the related collateral posted and the additional collateral required in a one-notch and a two-notch downgrade event, respectively. The table also includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the NRV and a percentage of the notional value of the derivative.

Contingent credit risk

end of	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total
2012 (CHF billion)				
Current net exposure	15.3	1.4	0.6	17.3
Collateral posted	13.4	1.4	–	14.8
Additional collateral required in a one-notch downgrade event	0.2	0.5	0.0	0.7
Additional collateral required in a two-notch downgrade event	0.4	1.5	0.5	2.4
2011 (CHF billion)				
Current net exposure	17.0	2.0	0.7	19.7
Collateral posted	14.8	1.8	–	16.6
Additional collateral required in a one-notch downgrade event	0.2	1.6	0.0	1.8
Additional collateral required in a two-notch downgrade event	0.4	3.0	0.5	3.9

Credit derivatives

Credit derivatives are contractual agreements in which the buyer generally pays a fee in exchange for a contingent payment by the seller if there is a credit event on the underlying referenced entity or asset. They are generally privately negotiated OTC contracts, with numerous settlement and payment terms, and most are structured so that they specify the occurrence of an identifiable credit event, which can include bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet obligations when due.

The Group enters into credit derivative contracts in the normal course of business, buying and selling protection to facilitate client transactions and as a market maker. This includes providing structured credit products for its clients to enable them to hedge their credit risk. The referenced instruments of these structured credit products are both investment grade and non-investment grade and could include corporate bonds, sovereign debt, asset-backed securities (ABS) and loans.

These instruments can be formed as single items (single-named instruments) or combined on a portfolio basis (multi-named instruments). The Group purchases protection to economically hedge various forms of credit exposure, for example, the economic hedging of loan portfolios or other cash positions. Finally, the Group also takes proprietary positions which can take the form of either purchased or sold protection.

The credit derivatives most commonly transacted by the Group are ◻CDS and credit swaptions. CDSs are contractual agreements in which the buyer of the swap pays an upfront and/or a periodic fee in return for a contingent payment by the seller of the swap following a credit event of the referenced entity or asset. Credit swaptions are options with a specified maturity to buy or sell protection under a CDS on a specific referenced credit event.

In addition, to reduce its credit risk, the Group enters into legally enforceable ◻netting agreements with its derivative counterparties. Collateral on these derivative contracts is usu-

ally posted on a net counterparty basis and cannot be allocated to a particular derivative contract.

Credit protection sold

Credit protection sold is the maximum potential payout, which is based on the notional value of derivatives and represents the amount of future payments that the Group would be required to make as a result of credit risk-related events. The Group believes that the maximum potential payout is not representative of the actual loss exposure based on historical experience. This amount has not been reduced by the Group's rights to the underlying assets and the related cash flows. In accordance with most credit derivative contracts, should a credit event (or settlement trigger) occur, the Group is usually liable for the difference between the credit protection sold and the recourse it holds in the value of the underlying assets. The maximum potential amount of future payments has not been reduced for any cash collateral paid to a given counterparty as such payments would be calculated after netting all derivative exposures, including any credit derivatives with that counterparty in accordance with a related master netting agreement. Due to such netting processes, determining the amount of collateral that corresponds to credit derivative exposures only is not possible.

To reflect the quality of the payment risk on credit protection sold, the Group assigns an internally generated rating to those instruments referenced in the contracts. Internal ratings are assigned by experienced credit analysts based on expert judgment that incorporates analysis and evaluation of both quantitative and qualitative factors. The specific factors analyzed, and their relative importance, are dependent on the type of counterparty. The analysis emphasizes a forward-looking approach, concentrating on economic trends and financial fundamentals, and making use of peer analysis, industry comparisons and other quantitative tools. External ratings and market information are also used in the analysis process where available.

Credit protection purchased

Credit protection purchased represents those instruments where the underlying reference instrument is identical to the reference instrument of the credit protection sold. The maximum potential payout amount of credit protection purchased for each individual identical underlying reference instrument

may be greater or lower than the notional amount of protection sold.

The Group also considers estimated recoveries that they would receive if the specified credit event occurred, including both the anticipated value of the underlying referenced asset that would, in most instances, be transferred to the Group and the impact of any purchased protection with an identical reference instrument and product type.

Other protection purchased

In the normal course of business, the Group purchases protection to offset the risk of credit protection sold that may have similar, but not identical, reference instruments, and may use similar, but not identical, products, which reduces the total credit derivative exposure. Other protection purchased is based on the notional value of the instruments.

The Group purchases its protection from banks and broker dealers, other financial institutions and other counterparties.

Fair value of credit protection sold

The fair values of the credit protection sold give an indication of the amount of payment risk, as the negative fair values increase when the potential payment under the derivative contracts becomes more probable.

Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the "Fair value of derivative instruments" table. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative as a derivative instrument (a) in which one or more of its underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit risk-related events specified in the contract.

Certain cash collateralized debt obligations (CDOs) and other instruments were excluded as they do not fall within the scope of US GAAP rules. Total return swaps (TRS) of CHF 6.0 billion and CHF 4.8 billion as of 2012 and 2011, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

Credit protection sold/purchased

	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/ purchased	Other protection purchased	Fair value of credit protection sold
end of 2012					
Single-name instruments (CHF billion)					
Investment grade ²	(423.2)	407.6	(15.6)	67.8	2.3
Non-investment grade	(167.5)	160.0	(7.5)	18.1	0.8
Total single-name instruments	(590.7)	567.6	(23.1)	85.9	3.1
of which sovereigns	(119.4)	117.0	(2.4)	10.4	(0.7)
of which non-sovereigns	(471.3)	450.6	(20.7)	75.5	3.8
Multi-name instruments (CHF billion)					
Investment grade ²	(193.6)	173.4	(20.2)	8.8	(0.5)
Non-investment grade	(30.7)	25.4 ³	(5.3)	3.0	(2.8)
Total multi-name instruments	(224.3)	198.8	(25.5)	11.8	(3.3)
of which sovereigns	(13.5)	13.2	(0.3)	0.3	(0.1)
of which non-sovereigns	(210.8)	185.6	(25.2)	11.5	(3.2)
Total instruments (CHF billion)					
Investment grade ²	(616.8)	581.0	(35.8)	76.6	1.8
Non-investment grade	(198.2)	185.4	(12.8)	21.1	(2.0)
Total instruments	(815.0)	766.4	(48.6)	97.7	(0.2)
of which sovereigns	(132.9)	130.2	(2.7)	10.7	(0.8)
of which non-sovereigns	(682.1)	636.2	(45.9)	87.0	0.6
end of 2011					
Single-name instruments (CHF billion)					
Investment grade ²	(452.2)	432.4	(19.8)	55.6	(9.0)
Non-investment grade	(189.1)	179.4	(9.7)	16.7	(15.3)
Total single-name instruments	(641.3)	611.8	(29.5)	72.3	(24.3)
of which sovereigns	(134.8)	132.6	(2.2)	10.8	(8.1)
of which non-sovereigns	(506.5)	479.2	(27.3)	61.5	(16.2)
Multi-name instruments (CHF billion)					
Investment grade ²	(278.2)	253.1	(25.1)	14.5	(15.5)
Non-investment grade	(71.9)	64.1 ³	(7.8)	9.0	(1.7)
Total multi-name instruments	(350.1)	317.2	(32.9)	23.5	(17.2)
of which sovereigns	(18.4)	17.5	(0.9)	0.9	(1.5)
of which non-sovereigns	(331.7)	299.7	(32.0)	22.6	(15.7)
Total instruments (CHF billion)					
Investment grade ²	(730.4)	685.5	(44.9)	70.1	(24.5)
Non-investment grade	(261.0)	243.5	(17.5)	25.7	(17.0)
Total instruments	(991.4)	929.0	(62.4)	95.8	(41.5)
of which sovereigns	(153.2)	150.1	(3.1)	11.7	(9.6)
of which non-sovereigns	(838.2)	778.9	(59.3)	84.1	(31.9)

¹ Represents credit protection purchased with identical underlyings and recoveries. ² Based on internal ratings of BBB and above. ³ Includes the Clock Finance transaction.

The following table reconciles the notional amount of credit derivatives included in the table “Fair value of derivative instruments” to the table “Credit protection sold/purchased”.

Credit derivatives

end of	2012	2011
Credit derivatives (CHF billion)		
Credit protection sold	815.0	991.4
Credit protection purchased	766.4	929.0
Other protection purchased	97.7	95.8
Other instruments ¹	15.3	26.5
Total credit derivatives	1,694.4	2,042.7

¹ Consists of certain cash collateralized debt obligations, total return swaps and other derivative instruments.

The segregation of the future payments by maturity range and underlying risk gives an indication of the current status of the potential for performance under the derivative contracts.

Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
2012 (CHF billion)				
Single-name instruments	130.3	351.6	108.8	590.7
Multi-name instruments	37.4	145.4	41.5	224.3
Total instruments	167.7	497.0	150.3	815.0
2011 (CHF billion)				
Single-name instruments	134.1	394.5	112.7	641.3
Multi-name instruments	58.7	202.4	89.0	350.1
Total instruments	192.8	596.9	201.7	991.4

31 Guarantees and commitments

Guarantees

In the ordinary course of business, guarantees are provided that contingently obligate Credit Suisse to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing or other contractual arrangement. The total

gross amount disclosed within the Guarantees table reflects the maximum potential payment under the guarantees. The carrying value represents the Group's current best estimate of payments that will be required under existing guarantee arrangements.

Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Carrying value	Collateral received
2012 (CHF million)								
Credit guarantees and similar instruments	10,104	1,550	334	845	12,833	12,446	167	2,166
Performance guarantees and similar instruments	5,160	1,643	970	1,758	9,531	8,793	139	3,336
Securities lending indemnifications	12,211	0	0	0	12,211	12,211	0	12,211
Derivatives ²	21,197	9,951	1,833	2,434	35,415	35,415	985	- ³
Other guarantees	4,297	689	286	147	5,419	5,397	3	2,812
Total guarantees	52,969	13,833	3,423	5,184	75,409	74,262	1,294	20,525
2011 (CHF million)								
Credit guarantees and similar instruments	3,273	2,062	1,106	907	7,348	6,613	50	2,455
Performance guarantees and similar instruments	5,598	1,674	1,317	1,715	10,304	9,394	73	3,381
Securities lending indemnifications	15,005	0	0	0	15,005	15,005	0	15,005
Derivatives ²	27,593	12,953	5,137	5,710	51,393	51,393	3,650	- ³
Other guarantees	3,972	387	422	194	4,975	4,939	4	2,268
Total guarantees	55,441	17,076	7,982	8,526	89,025	87,344	3,777	23,109

¹ Total net amount is computed as the gross amount less any participations. ² Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Group had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments. ³ Collateral for derivatives accounted for as guarantees is not considered significant.

Credit guarantees and similar instruments

Credit guarantees and similar instruments are contracts that require the Group to make payments should a third party fail to do so under a specified existing credit obligation. The position includes standby letters of credit, commercial and residential mortgage guarantees and other guarantees associated with VIEs.

Standby letters of credit are made in connection with the corporate lending business and other corporate activities, where the Group provides guarantees to counterparties in the form of standby letters of credit, which represent obligations to make payments to third parties if the counterparties fail to fulfill their obligations under a borrowing arrangement or other contractual obligation.

Commercial and residential mortgage guarantees are made in connection with the Group's commercial mortgage activities in the US, where the Group sells certain commercial and residential mortgages to the Federal National Mortgage Associa-

tion (FNMA) and agrees to bear a percentage of the losses triggered by the borrowers failing to perform on the mortgage. The Group also issues guarantees that require it to reimburse FNMA for losses on certain whole loans underlying mortgage-backed securities issued by FNMA, which are triggered by borrowers failing to perform on the underlying mortgages.

The Group also provides guarantees to VIEs and other counterparties under which it may be required to buy assets from such entities upon the occurrence of certain triggering events such as rating downgrades and/or substantial decreases in fair value of those assets.

Performance guarantees and similar instruments

Performance guarantees and similar instruments are arrangements that require contingent payments to be made when certain performance-related targets or covenants are not met. Such covenants may include a customer's obligation to deliver certain products and services or to perform under a construc-

tion contract. Performance guarantees are frequently executed as part of project finance transactions. The position includes private equity fund guarantees and guarantees related to residential mortgage securitization activities.

For private equity fund guarantees, the Group has provided investors in private equity funds sponsored by a Group entity guarantees on potential obligations of certain general partners to return amounts previously paid as carried interest to those general partners if the performance of the remaining investments declines. To manage its exposure, the Group generally withholds a portion of carried interest distributions to cover any repayment obligations. In addition, pursuant to certain contractual arrangements, the Group is obligated to make cash payments to certain investors in certain private equity funds if specified performance thresholds are not met.

Further, as part of the Group's residential mortgage securitization activities in the US, the Group may guarantee the collection by the servicer and remittance to the securitization trust of prepayment penalties. The Group will have to perform under these guarantees in the event the servicer fails to remit the prepayment penalties.

Securities lending indemnifications

Securities lending indemnifications include arrangements in which the Group agreed to indemnify securities lending customers against losses incurred in the event that security borrowers do not return securities subject to the lending agreement and the collateral held is insufficient to cover the market value of the securities borrowed. As indicated in the Guarantees table, the Group was fully collateralized in respect of securities lending indemnifications.

Derivatives

Derivatives are issued in the ordinary course of business, generally in the form of written put options. Disclosures about derivative contracts are not required under US GAAP if such contracts may be cash settled and the Group has no basis to conclude it is probable that the counterparties held, at inception, the underlying instruments related to the derivative contracts. The Group has concluded that these conditions were met for certain active commercial and investment banks and certain other counterparties, and accordingly, the Group has not included such contracts as guarantees.

The Group manages its exposure to these derivatives by engaging in various hedging strategies to reduce its exposure. For some contracts, such as written interest rate caps or foreign exchange options, the maximum payout is not determinable as interest rates or exchange rates could theoretically rise without limit. For these contracts, notional amounts were disclosed in the table above in order to provide an indication

of the underlying exposure. In addition, the Group carries all derivatives at fair value in the consolidated balance sheets and has considered the performance triggers and probabilities of payment when determining those fair values. It is more likely than not that written put options that are in-the-money to the counterparty will be exercised, for which the Group's exposure was limited to the carrying value reflected in the table.

Other guarantees

Other guarantees include bankers' acceptances, residual value guarantees, deposit insurance, contingent considerations in business combinations, the minimum value of an investment in mutual funds or private equity funds and all other guarantees that were not allocated to one of the categories above.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Group's banking subsidiaries in Switzerland, the Group's share in the deposit insurance guarantee program for the period July 1, 2012 to June 30, 2013 is CHF 0.7 billion. These deposit insurance guarantees were reflected in other guarantees.

PAF2 transaction

The Group's results are impacted by the risk of counterparty defaults and the potential for changes in counterparty credit spreads related to derivative trading activities of the Group. In the first quarter of 2012, the Group 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 the approximately USD 12 billion notional amount of expected positive exposure from counterparties of the Group, 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 the Group and actively managed through normal credit procedures. The mezzanine layer was hedged by transferring the risk of default and counterparty credit spread movements to eligible employees in the form of PAF2 awards, as part of their deferred compensation granted in the annual compensation process.

The model used to value the PAF2 awards is the standard Gaussian copula valuation model used for synthetic CDO

trades with adjustments necessary to incorporate the specific nature of the PAF2 transaction. The key model inputs are notional value, correlation assumption, credit spreads, liquidity and recovery rates of the portfolio, the Group's own credit spread and the maturity of the trade. In the model, the credit spreads of the counterparties determine the respective probability of default. Such probability is used to compute the expected value of the cash flows contingent on survival and on default of the counterparties in the reference portfolio. The credit spreads are sourced using observable data from CDS on the specific reference entity. Where a specific reference entity curve does not exist for a reference name in the portfolio, a proxy curve is used. The expected value of the counterparty exposure on default determines the equivalent notional value for the given name. This is computed from the effective positive exposure which is the weighted average over time of the expected exposure used by the Group for counterparty risk management. As of December 31, 2012, the carrying value of the PAF2 awards was CHF 627 million. The amount of the PAF2 awards compensation expense for the year ended December 31, 2012 was CHF 647 million and is included in the amount reflected in the "Deferred compensation expense" table in Note 27 – Employee deferred compensation, which includes deferred compensation expense for a smaller plan unrelated to the hedging aspects of this transaction.

The Group 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. The value of the senior layer is calculated using the same model as for the PAF2 awards. As of December 31, 2012, the CDS had a positive replacement value of CHF 8 million and was reflected in credit derivatives in the "Fair value of derivative instruments" table in Note 30 – Derivatives and hedging activities. The Group also has a credit support facility with this entity that allows the Group to provide credit support in connection with other assets that are commonly financed through the issuance of commercial paper (CP) and, in connection with the CDS, to provide immediately available funding to this entity in certain circumstances. Among others, such circumstances include: (i) a disruption of the CP market such that the entity cannot issue or roll a CP to fund the CDS payment or repay a maturing CP; (ii) the interest payable on the CP exceeds certain thresholds and the Group instructed the entity to draw on the facility instead of issuing a CP; (iii) a CP was issued by the entity to fund a CDS payment and subsequently the short-term rating of the facility provider is downgraded; or (iv) to repay any outstanding CP at the maturity date of the facility. Any funded amount may be settled by the assignment of the rights and obligations of the CDS to the Group. The credit support facility is accounted for on an accrual basis and is

reflected in credit guarantees and similar instruments in the "Guarantees" table. As of December 31, 2012, the carrying value of the credit support facility included in this table was CHF 7 million. The transaction overall is a four-year transaction, but can be extended to nine years. The Group has the right to terminate the third-party transaction for certain reasons, including certain regulatory developments.

In December 2012, the BCBS published updated regulatory guidance that makes the PAF2 transaction as currently structured ineligible for counterparty credit spread hedging under the Basel III framework. As a result of this new guidance, the Group now has the right to exercise the regulatory call to restructure or terminate the CDS and the credit support facility layer at par and terminate the mezzanine layer at fair value. The Group is evaluating restructuring the transaction in order for the PAF2 transaction as a whole to remain an eligible counterparty credit spread hedge under Basel III, or alternatively, the Group may decide to terminate the transaction in its entirety.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking's sale of US residential mortgage loans, the Group has provided certain representations and warranties relating to the loans sold. The Group has provided these representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac (GSEs); institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that the Group has purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; loan-to-value ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were breached, the Group may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether the Group will incur a loss in connection with repurchases and make whole payments depends on: the extent to which claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether the Group can successfully claim against parties that sold loans to the Group and made representations and warranties to the Group; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

With respect to its outstanding repurchase claims balance for GSEs, private investors and non-agency securitizations, the Group is unable to estimate reasonably possible losses in excess of the amounts accrued because the Group has limited reliable information about the status of such loans following their sale. With respect to outstanding repurchase claims from private investors and non-agency securitizations, the Group is unable to estimate reasonably possible losses in excess of the

amounts accrued due to the Group's limited history of resolving such repurchase claims.

The following tables present the total amount of residential mortgage loans sold during the period from January 1, 2004 to December 31, 2012 by counterparty type and the development of outstanding repurchase claims and provisions for outstanding repurchase claims during the period from January 1, 2012 to December 31, 2012, including realized losses from the repurchase of residential mortgage loans sold.

Residential mortgage loans sold

Residential mortgage loans sold from January 1, 2004 to December 31, 2012 (USD billion)

Government-sponsored enterprises	8.2
Private investors ¹	22.6
Non-agency securitizations	130.1 ²
Total	160.9

¹ Primarily banks. ² The outstanding balance of residential mortgage loans sold was USD 27.6 billion as of December 31, 2012. The difference of the total balance of mortgage loans sold and the outstanding balance as of December 31, 2012 was attributable to borrower payments of USD 85.4 billion and losses of USD 17.1 billion due to loan defaults.

Residential mortgage loans sold – outstanding repurchase claims

	2012			2011 ¹			Total
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Government-sponsored enterprises	Private investors	Non-agency securitizations	
Outstanding repurchase claims (USD million)							
Balance at beginning of period	68	432	243	743	60	487	1,631
New claims	58	57	2,032	2,147	29	10	1,199
Claims settled through repurchases	(7)	0	(7)	(14) ²	0	(1)	(5) ²
Other settlements	(15)	(7)	(32)	(54) ³	(8)	0	(11) ³
Total claims settled	(22)	(7)	(39)	(68)	(8)	(1)	(16)
Claims rescinded	(37)	(18)	0	(55)	(13)	(64)	(105)
Transfers to/from arbitration and litigation, net ⁴	0	0	(841)	(841)	0	0	(1,966)
Balance at end of period	67	464	1,395	1,926	68	432	743

¹ All related to period July 1, 2011 to December 31, 2011. ² Settled at a repurchase price of USD 15 million and USD 5 million in 2012 and 2011, respectively. ³ Settled at USD 41 million and USD 9 million in 2012 and 2011, respectively. ⁴ Refer to "Note 37 – Litigation" for repurchase claims that are in arbitration or litigation.

Provisions for outstanding repurchase claims

	2012	2011
Provisions for outstanding repurchase claims (USD million)¹		
Balance at beginning of period	59	29
Increase/(decrease) in provisions, net	52	47
Realized losses ²	(56) ³	(17) ⁴
Balance at end of period	55⁵	59⁵

¹ Excludes provisions for repurchase claims related to residential mortgage loans sold that are in arbitration or litigation. Refer to "Note 37 – Litigation" for further information. ² Includes indemnifications paid to resolve loan repurchase claims. ³ Primarily related to government-sponsored enterprises and non-agency securitizations. ⁴ Primarily related to government-sponsored enterprises. ⁵ Substantially all related to government-sponsored enterprises.

Representations and warranties relating to residential mortgage loans sold to non-agency securitization vehicles are more limited in scope than those relating to residential mortgage loans sold to GSEs, and it can be more difficult to establish causation and standing in making a repurchase claim for breach of representations and warranties on residential mortgage loans sold in non-agency securitizations. The Group is involved in litigation relating to representations and warranties on residential mortgage loans sold.

▶ Refer to “Note 37 – Litigation” for further information.

Repurchase claims on residential mortgage loans sold that are subject to arbitration or litigation proceedings, or become so during the reporting period, are not included in the Guarantees and commitments disclosure of repurchase claims and related loss contingencies and provisions but are addressed in litigation and related loss contingencies and provisions.

Repurchase claims relating to residential mortgage loans sold may increase in the future based on the large number of defaults in residential mortgages, including those sold or securitized by the Group.

Disposal-related contingencies and other indemnifications

The Group has certain guarantees for which its maximum contingent liability cannot be quantified. These guarantees are not reflected in the “Guarantees” table and are discussed below.

Disposal-related contingencies

In connection with the sale of assets or businesses, the Group sometimes provides the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the

potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax and intellectual property matters, from the acquirer to the seller. The Group closely monitors all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in the Group’s consolidated financial statements.

Other indemnifications

The Group provides indemnifications to certain counterparties in connection with its normal operating activities, for which it is not possible to estimate the maximum amount that it could be obligated to pay. As a normal part of issuing its own securities, the Group typically agrees to reimburse holders for additional tax withholding charges or assessments resulting from changes in applicable tax laws or the interpretation of those laws. Securities that include these agreements to pay additional amounts generally also include a related redemption or call provision if the obligation to pay the additional amounts results from a change in law or its interpretation and the obligation cannot be avoided by the issuer taking reasonable steps to avoid the payment of additional amounts. Since such potential obligations are dependent on future changes in tax laws, the related liabilities the Group may incur as a result of such changes cannot be reasonably estimated. In light of the related call provisions typically included, the Group does not expect any potential liabilities in respect of tax gross-ups to be material.

The Group is a member of numerous securities exchanges and clearing houses and may, as a result of its membership arrangements, be required to perform if another member defaults. The Group has determined that it is not possible to estimate the maximum amount of these obligations and believes that any potential requirement to make payments under these arrangements is remote.

Lease commitments

Lease commitments (CHF million)

2013	677
2014	593
2015	515
2016	464
2017	411
Thereafter	3,503
Future operating lease commitments	6,163
Less minimum non-cancellable sublease rentals	355
Total net future minimum lease commitments	5,808

Rental expense for operating leases

in	2012	2011	2010
Rental expense for operating leases (CHF million)			
Minimum rental expense	631	554	625
Sublease rental income	(98)	(97)	(123)
Total net expenses for operating leases	533	457	502

Operating lease commitments

The Group has contractual commitments under operating lease arrangements for certain premises and equipment. Under operating leases, the leased property is not reported on the balance sheet of the lessee. Lease payments required by the contract are generally expensed on a straight-line basis over the term of the lease. The related commitments for future rental expenses under operating leases are included in the table "Lease commitments".

From time to time, the Group may enter into sale-leaseback transactions, in which an asset is sold and immediately leased back. If specific criteria are met, such asset is derecognized from the balance sheet and an operating lease is recognized. If the present value of the lease payments is equal to or higher than 10% of the fair value of the property sold, any resulting gains up to an amount equal to the present value of the lease payments are deferred and recognized in the statement of operations over the term of the lease as a reduction of rental expense. Gains on sale-leaseback transactions for which the lease payments are lower than 10% of the fair value of the property sold or gains in excess of the fair value of the lease payments are recognized in the statements of operations upon completion of the sale.

Sale-leaseback transactions in 2012

In the first quarter of 2012, the Group sold the office complex of its European headquarters at One Cabot Street in London to OCS Investment S.à.r.l. and leased back this property under an operating lease arrangement for 22 years, with two options to extend the lease by five years each. OCS Investment S.à.r.l. is a company wholly-owned by the Qatar Investment Authority, which is a minority shareholder of the Group.

In the fourth quarter of 2012, the Group sold the Uetlihof office complex in Zurich, the Group's principal office building worldwide, to Norges Bank Investment Management and leased back this property under an operating lease arrangement for 25 years, with the option to extend the lease by up to 15 years. Norges Bank Investment Management was acting as the buyer on behalf of the Norwegian Government Pension Fund Global, which is a minority shareholder of the Group.

During 2012, the Group entered into several smaller sale-leaseback transactions in respect of own property, which were all recognized as operating lease arrangements with lease terms of between five and ten years. Total contractual rental expenses under these leases will amount to CHF 41 million.

Other commitments

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Collateral received
2012 (CHF million)							
Irrevocable commitments under documentary credits	6,217	35	6	0	6,258	6,061	3,219
Loan commitments	169,462	23,574	37,690	6,384	237,110 ²	231,639	153,460
Forward reverse repurchase agreements	45,556	0	0	0	45,556	45,556	45,556
Other commitments	949	864	172	576	2,561	2,561	131
Total other commitments	222,184	24,473	37,868	6,960	291,485	285,817	202,366
2011 (CHF million)							
Irrevocable commitments under documentary credits	5,644	3	40	0	5,687	5,207	2,372
Loan commitments	157,701	19,988	35,755	7,116	220,560 ²	215,343	144,278
Forward reverse repurchase agreements	28,885	0	0	0	28,885	28,885	28,885
Other commitments	1,457	405	872	874	3,608	3,608	33
Total other commitments	193,687	20,396	36,667	7,990	258,740	253,043	175,568

¹ Total net amount is computed as the gross amount less any participations. ² Included CHF 139,709 million and CHF 138,051 million of unused credit limits as of December 31, 2012 and 2011, respectively, which were revocable at the Group's sole discretion upon notice to the client.

Irrevocable commitments under documentary credits

Irrevocable commitments under documentary credits include exposures from trade finance related to commercial letters of credit under which the Group guarantees payments to exporters against presentation of shipping and other documents.

Loan commitments

Loan commitments include unused credit facilities that can be revoked at our sole discretion upon notice to the client. A small portion of total loan commitments is related to the leveraged finance business. Commitments to originate mortgage loans that will be held for sale are considered derivatives for accounting purposes and are not included in this disclosure. Such commitments are reflected as derivatives in the consolidated balance sheets.

Forward reverse repurchase agreements

Forward reverse repurchase agreements represent transactions in which the initial cash exchange of the reverse repurchase transactions takes place on specified future dates.

Other commitments

Other commitments include private equity commitments, firm commitments in underwriting securities, commitments arising from deferred payment letters of credit and from acceptances in circulation and liabilities for call and put options on shares and other equity instruments.

In November 2007, Banco de Investimentos Credit Suisse (Brasil) S.A., a wholly owned subsidiary of Credit Suisse AG, acquired a majority interest (50% plus one share) in Hedging-Griffo and entered into option arrangements in respect of the remaining equity interests in Hedging-Griffo. In the second quarter of 2012, the Group acquired the remaining equity interests in Hedging-Griffo as contemplated under the existing option arrangements at a final purchase price of BRL 1,248 million (CHF 584 million), gaining full control and ownership of Hedging-Griffo.

► Refer to "Note 3 – Business developments and subsequent events" for further information.

32 Transfers of financial assets and variable interest entities

In the normal course of business, the Group enters into transactions with, and makes use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and is generally structured to isolate the SPE's assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist the Group and its clients in securitizing financial assets and creating investment products. The Group also uses SPEs for other client-driven activity, such as to facilitate financings, and Group tax or regulatory purposes.

Transfers of financial assets

Securizations

The majority of the Group's securitization activities involve mortgages and mortgage-related securities and are predominantly transacted using SPEs. In a typical securitization, the SPE purchases assets financed by proceeds received from the SPE's issuance of debt and equity instruments, certificates, commercial paper (CP) and other notes of indebtedness. These assets and liabilities are recorded on the balance sheet of the SPE and not reflected on the Group's consolidated balance sheet, unless either the Group sold the assets to the entity and the accounting requirements for sale were not met or the Group consolidates the SPE.

The Group purchases commercial and residential mortgages for the purpose of securitization and sells these mortgage loans to SPEs. These SPEs issue commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS) and ABS that are collateralized by the assets transferred to the SPE and that pay a return based on the returns on those assets. Investors in these mortgage-backed securities or ABS typically have recourse to the assets in the SPEs, unless a third-party guarantee has been received to further enhance the creditworthiness of the assets. The investors and the SPEs have no recourse to the Group's assets. The Group is typically an underwriter of, and makes a market in, these securities.

The Group also transacts in re-securitizations of previously issued RMBS securities. Typically, certificates issued out of an existing securitization vehicle are sold into a newly created and separate securitization vehicle. Often, these re-securitizations

are initiated in order to repackage an existing security to give the investor a higher rated tranche.

The Group also uses SPEs for other asset-backed financings relating to client-driven activity and for Group tax or regulatory purposes. Types of structures included in this category include CDOs, leveraged finance, repack and other types of transactions, including life insurance structures, emerging market structures set up for financing, loan participation or loan origination purposes, and other alternative structures created for the purpose of investing in venture capital-like investments. CDOs are collateralized by the assets transferred to the CDO vehicle and pay a return based on the returns on those assets. Leveraged finance structures are used to assist in the syndication of certain loans held by the Group, while repack structures are designed to give a client collateralized exposure to specific cash flows or credit risk backed by collateral purchased from the Group. In these asset-backed financing structures investors typically only have recourse to the collateral of the SPE and do not have recourse to the Group's assets.

When the Group transfers assets into an SPE, it must assess whether that transfer is accounted for as a sale of the assets. Transfers of assets may not meet sale requirements if the assets have not been legally isolated from the Group and/or if the Group's continuing involvement is deemed to give it effective control over the assets. If the transfer is not deemed a sale, it is instead accounted for as a secured borrowing, with the transferred assets as collateral.

Gains and losses on securitization transactions depend, in part, on the carrying values of mortgages and CDOs involved in the transfer and are allocated between the assets sold and any beneficial interests retained according to the relative fair values at the date of sale.

The Group does not retain material servicing responsibilities from securitization activities.

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2012, 2011 and 2010 securitizations of financial assets that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Group and the SPEs used in any securitizations in which the Group still has continuing involvement, regardless of when the securitization occurred.

Securizations

in	2012	2011	2010
Gains and cash flows (CHF million)			
CMBS			
Net gain ¹	56	6	13
Proceeds from transfer of assets	6,156	974	523
Servicing fees	0	1	1
Cash received on interests that continue to be held	57	205	150
RMBS			
Net gain ¹	3	65	214
Proceeds from transfer of assets	15,143	30,695	52,308
Purchases of previously transferred financial assets or their underlying collateral	(25)	(4)	0
Servicing fees	3	3	6
Cash received on interests that continue to be held	554	382	488
Other asset-backed financings			
Net gain ¹	83	24	85
Proceeds from transfer of assets	591	1,268	4,376
Purchases of previously transferred financial assets or their underlying collateral ²	(621)	(256)	(2,519)
Servicing fees	0	1	0
Cash received on interests that continue to be held	1,350	701	1,539

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral are the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans. ² Represents market making activity and voluntary repurchases at fair value where no repurchase obligations were present.

Continuing involvement in transferred financial assets

The Group may have continuing involvement in the financial assets that are transferred to an SPE, which may take several forms, including, but not limited to, servicing, recourse and guarantee arrangements, agreements to purchase or redeem transferred assets, derivative instruments, pledges of collateral and beneficial interests in the transferred assets. Beneficial interests, which are valued at fair value, include rights to receive all or portions of specified cash inflows received by an SPE, including, but not limited to, senior and subordinated shares of interest, principal, or other cash inflows to be “passed through” or “paid through”, premiums due to guarantors, CP obligations, and residual interests, whether in the form of debt or equity.

The Group’s exposure resulting from continuing involvement in transferred financial assets is generally limited to beneficial interests typically held by the Group in the form of instruments issued by SPEs that are senior, subordinated or residual tranches. These instruments are held by the Group typically in connection with underwriting or market-making

activities and are included in trading assets in the consolidated balance sheets. Any changes in the fair value of these beneficial interests are recognized in the consolidated statements of operations.

Investors usually have recourse to the assets in the SPE and often benefit from other credit enhancements, such as collateral accounts, or from liquidity facilities, such as lines of credit or liquidity put option of asset purchase agreements. The SPE may also enter into a derivative contract in order to convert the yield or currency of the underlying assets to match the needs of the SPE investors, or to limit or change the credit risk of the SPE. The Group may be the provider of certain credit enhancements as well as the counterparty to any related derivative contract.

The following table provides the outstanding principal balance of assets to which the Group continued to be exposed after the transfer of the financial assets to any SPE and the total assets of the SPE as of the end of 2012 and 2011, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	2012	2011
CHF million		
CMBS		
Principal amount outstanding	30,050	35,487
Total assets of SPE	45,407	52,536
RMBS		
Principal amount outstanding	58,112	91,242
Total assets of SPE	60,469	95,297
Other asset-backed financing activities		
Principal amount outstanding	32,805	35,233
Total assets of SPE	32,805	35,307

Principal amounts outstanding relate to assets transferred from the Group and do not include principal amounts for assets transferred from third parties.

Fair value of beneficial interests

The fair value measurement of the beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the

assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Group may utilize to hedge the inherent risks.

Key economic assumptions at the time of transfer

► Refer to “Fair value measurement” in Note 33 – Financial instruments for further information on fair value hierarchy.

Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer in	2012		2011	
	CMBS	RMBS	CMBS	RMBS
CHF million, except where indicated				
Fair value of beneficial interests	761	2,219	57	5,095
of which level 2	654	2,090	42	4,695
of which level 3	107	129	15	399
Weighted-average life, in years	8.4	5.0	7.2	5.4
Prepayment speed assumption (rate per annum), in % ¹	– ²	0.1–34.9	– ²	9.0–34.9
Cash flow discount rate (rate per annum), in % ³	0.8–10.7	0.1–25.7	2.9–10.6	0.5–71.2
Expected credit losses (rate per annum), in %	0.5–9.0	0.0–25.1	1.2–9.3	0.3–71.0

Transfers of assets in which the Group does not have beneficial interests are not included in this table.

¹ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR. ² To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances. ³ The rate was based on the weighted-average yield on the beneficial interests.

Key economic assumptions as of the reporting date

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of the end of 2012 and 2011.

Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

end of	2012			2011		
	CMBS ¹	RMBS	Other asset-backed financing activities ²	CMBS ¹	RMBS	Other asset-backed financing activities ²
CHF million, except where indicated						
Fair value of beneficial interests	274	1,929	692	342	2,960	1,754
of which non-investment grade	90	342	686	133	688	1,513
Weighted-average life, in years	4.0	5.2	3.6	4.1	5.3	2.5
Prepayment speed assumption (rate per annum), in % ³	–	0.1–27.6	–	–	0.1–30.0	–
Impact on fair value from 10% adverse change	–	(38.5)	–	–	(44.2)	–
Impact on fair value from 20% adverse change	–	(74.3)	–	–	(86.6)	–
Cash flow discount rate (rate per annum), in % ⁴	1.1–50.2	0.2–42.8	0.7–51.7	2.3–50.1	0.3–49.1	0.7–58.7
Impact on fair value from 10% adverse change	(14.8)	(62.8)	(1.0)	(30.5)	(94.4)	(8.2)
Impact on fair value from 20% adverse change	(19.9)	(93.5)	(1.8)	(36.2)	(151.9)	(15.9)
Expected credit losses (rate per annum), in %	0.9–49.5	0.9–42.8	0.3–51.4	1.9–49.0	0.9–48.9	5.4–31.8
Impact on fair value from 10% adverse change	(14.4)	(55.9)	(0.8)	(29.8)	(83.6)	(6.8)
Impact on fair value from 20% adverse change	(19.2)	(80.3)	(1.6)	(34.8)	(131.5)	(13.2)

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances. ² CDOs within this category are generally structured to be protected from prepayment risk. ³ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR. ⁴ The rate is based on the weighted-average yield on the beneficial interests.

These sensitivities are hypothetical and do not reflect economic hedging activities. Changes in fair value based on a 10% or 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the beneficial interests is calculated without changing any other assumption. In practice, changes in one assumption may result in changes in other assumptions (for example, increases in market interest rates may result in lower prepay-

ments and increased credit losses), which might magnify or counteract the sensitivities.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of the end of 2012 and 2011.

► Refer to “Note 34 – Asset pledged and collateral” for further information.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

end of	2012	2011
CHF million		
CMBS		
Other assets	467	664
Liability to SPE, included in Other liabilities	(467)	(664)
RMBS		
Other assets	0	12
Liability to SPE, included in Other liabilities	0	(12)
Other asset-backed financing activities		
Trading assets	1,171	1,851
Other assets	913	1,474
Liability to SPE, included in Other liabilities	(2,084)	(3,326)

Variable interest entities

As a normal part of its business, the Group engages in various transactions that include entities that are considered VIEs and are grouped into three primary categories: CDOs, CP conduits and financial intermediation. VIEs are SPEs that typically either lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. VIEs may be sponsored by the Group, unrelated third parties or clients. Such entities are required to be assessed for consolidation, compelling the primary beneficiary to consolidate the VIE. The consolidation assessment requires an entity to determine whether it has the power to direct the activities that most significantly affect the economics of the VIE as well as whether the reporting entity has potentially significant benefits or losses in the VIE. The primary beneficiary assessment must be re-evaluated on an ongoing basis.

Application of the requirements for consolidation of VIEs may require the exercise of significant management judgment. In the event consolidation of a VIE is required, the exposure to the Group is limited to that portion of the VIE's assets attributable to any variable interest held by the Group prior to any risk management activities to hedge the Group's net exposure. Any interests held in the VIE by third parties, even though consolidated by the Group, will not typically impact its results of operations.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, the Group may hold interests in the VIEs. Securitization-related transactions with VIEs involve selling or purchasing assets as well as possibly entering into related derivatives with those VIEs, providing liquidity, credit or other

support. Other transactions with VIEs include derivative transactions in the Group's capacity as the prime broker. The Group also enters into lending arrangements with VIEs for the purpose of financing projects or the acquisition of assets. Typically, the VIE's assets are restricted in nature in that they are held primarily to satisfy the obligations of the entity. Further, the Group is involved with VIEs which were formed for the purpose of offering alternative investment solutions to clients. Such VIEs relate primarily to private equity investments, fund-linked vehicles or funds of funds, where the Group acts as structurer, manager, distributor, broker, market maker or liquidity provider.

As a consequence of these activities, the Group holds variable interests in VIEs. Such variable interests consist of financial instruments issued by VIEs and which are held by the Group, certain derivatives with VIEs or loans to VIEs. Guarantees issued by the Group to or on behalf of VIEs may also qualify as variable interests. For such guarantees, including derivatives that act as guarantees, the notional amount of the respective guarantees are presented to represent the exposure. In general, investors in consolidated VIEs do not have recourse to the Group in the event of a default, except where a guarantee was provided to the investors or where the Group is the counterparty to a derivative transaction involving VIEs.

Total assets of consolidated and non-consolidated VIEs for which the Group has involvement represent the total assets of the VIEs even though the Group's involvement may be significantly less due to interests held by third-party investors. The asset balances for non-consolidated VIEs where the Group has significant involvement represent the most current information available to the Group regarding the remaining principal balance of assets owned. In most cases, the asset balances represent an amortized cost basis without regards to impair-

ments in fair value, unless fair value information is readily available.

The Group's maximum exposure to loss is different from the carrying value of the assets of the VIE. This maximum exposure to loss consists of the carrying value of the Group variable interests held as trading assets, derivatives and loans and the notional amount of guarantees to VIEs, rather than the amount of total assets of the VIEs. The maximum exposure to loss does not reflect the Group's risk management activities, including effects from financial instruments that the Group may utilize to economically hedge the risks inherent in these VIEs. The economic risks associated with VIE exposures held by the Group, together with all relevant risk mitigation initiatives, are included in the Group's risk management framework.

The Group has not provided financial or other support to consolidated or non-consolidated VIEs that it was not contractually required to provide.

Collateralized debt obligations

The Group engages in CDO transactions to meet client and investor needs, earn fees and sell financial assets. The Group may act as underwriter, placement agent or asset manager and may warehouse assets prior to the closing of a transaction. As part of its structured finance business, the Group purchases loans and other debt obligations from and on behalf of clients for the purpose of securitization. The loans and other debt obligations are sold to VIEs, which in turn issue CDOs to fund the purchase of assets such as investment grade and high yield corporate debt instruments.

Typically, the collateral manager in a managed CDO is deemed to be the entity that has the power to direct the activities that most affect the economics of the entity. In a static CDO this "power" role is more difficult to analyze and may be the sponsor of the entity or the CDS counterparty.

CDOs provide credit risk exposure to a portfolio of ABS (cash CDOs) or a reference portfolio of securities (synthetic CDOs). Cash CDO transactions hold actual securities whereas synthetic CDO transactions use CDS to exchange the underlying credit risk instead of using cash assets. The Group may also act as a derivative counterparty to the VIEs, which are typically not variable interests, and may invest in portions of the notes or equity issued by the VIEs. The CDO entities may have actively managed portfolios or static portfolios.

The securities issued by these VIEs are payable solely from the cash flows of the related collateral, and third-party creditors of these VIEs do not have recourse to the Group in the event of default.

The Group's exposure in CDO transactions is typically limited to interests retained in connection with its underwriting or

market-making activities. Unless the Group has been deemed to have "power" over the entity and these interests are potentially significant, the Group is not the primary beneficiary of the vehicle and does not consolidate the entity. The Group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the VIEs.

Commercial paper conduit

The Group continues to act as the administrator and provider of liquidity and credit enhancement facilities for one asset-backed CP conduit, Alpine, a client-focused multi-seller conduit vehicle. Alpine publishes portfolio and asset data and submits its portfolio to a rating agency for public ratings based on the cash flows of the portfolio taken as a whole. This CP conduit purchases assets, primarily loans and receivables, from clients and finances such purchases through the issuance of CP backed by these assets. For an asset to qualify for acquisition by the CP conduit, it must be rated at least investment grade after giving effect to the related asset-specific credit enhancement primarily provided by the client seller of the asset. The clients provide credit support to investors of the CP conduit in the form of over-collateralization and other asset-specific enhancements. Further, an unaffiliated investor retains a limited first-loss position in Alpine's entire portfolio. Alpine is a separate legal entity that is wholly owned by the Group. However, its assets are available to satisfy only the claims of its creditors. In addition, the Group, as administrator and liquidity and credit enhancement facilities provider, has significant exposure to and power over the activities of Alpine. Alpine is considered a VIE for accounting purposes and the Group is deemed the primary beneficiary and consolidates this entity.

The overall average maturity of the conduit's outstanding CP was approximately 27 days and 18 days as of December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011, Alpine had the highest short-term ratings from Moody's and Dominion Bond Rating Service and was rated A-1 by Standard & Poor's and F-1 by Fitch. The majority of Alpine's purchased assets were highly rated loans or receivables in the consumer sector, including auto and equipment loans or leases, student loans, advance financing receivables and credit card receivables. As of December 31, 2012 and 2011, those assets had an average rating of AA, based on the lowest of each asset's external or internal rating, and an average maturity of 2.9 years and 2.5 years as of December 31, 2012 and 2011, respectively.

The Group's commitment to this CP conduit consists of obligations under liquidity agreements and a program-wide credit enhancement agreement. The liquidity agreements are

asset-specific arrangements, which require the Group to purchase assets from the CP conduit in certain circumstances, including a lack of liquidity in the CP market such that the CP conduit cannot refinance its obligations or, in some cases, a default of an underlying asset. The Group may, at its discretion, purchase assets that fall below investment grade in order to support the CP conduit. In both circumstances, the asset-specific credit enhancements provided by the client seller of the assets and the first-loss investor's respective exposures to those assets remain unchanged. In entering into such agreements, the Group reviews the credit risk associated with these transactions on the same basis that would apply to other extensions of credit. The program-wide credit enhancement agreement with the CP conduit would absorb potential defaults of the assets, but is senior to the credit protection provided by the client seller of assets and the first-loss investor.

The Group believes that the likelihood of incurring a loss equal to the maximum exposure is remote because the assets held by the CP conduit, after giving effect to related asset-specific credit enhancement primarily provided by the clients, are classified as investment grade. The Group's economic risks associated with the purchased assets of the CP conduit are included in the Group's risk management framework including counterparty, economic capital and scenario analysis.

Financial intermediation

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients.

The Group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the Group's risk mitigation efforts, including, but not limited to, economic hedging strategies and collateral arrangements. The Group's economic risks associated with consolidated and non-consolidated VIE exposures arising from financial intermediation, together with all relevant risk mitigation initiatives, are included in the Group's risk management framework.

Financial intermediation consists of securitizations, funds, loans, and other vehicles.

Securitizations

Securitizations are primarily ◻CMBS, ◻RMBS and ABS vehicles. The Group acts as an underwriter, market maker, liquidity provider, derivative counterparty and/or provider of credit enhancements to VIEs related to certain securitization transactions.

The maximum exposure to loss is the carrying value of the loan securities and derivative positions that are variable interests, if any, plus the exposure arising from any credit

enhancements the Group provided. The Group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risks of the VIEs.

The activities that have the most significant impact on the securitization vehicle are the decisions relating to defaulted loans, which are controlled by the servicer. The party that controls the servicing has the ability to make decisions that significantly affect the result of the activities of the securitization vehicle. If a securitization vehicle has multiple parties that control servicing over specific assets, the Group determines it has power when it has control over the servicing of greater than 50% of the assets in the securitization vehicle. When a servicer or its related party also has an economic interest that has the potential to absorb a significant portion of the gains and/or losses, it will be deemed the primary beneficiary and consolidate the vehicle. If the Group determines that it controls the relevant servicing, it then determines if it has the obligation to absorb losses from or the right to receive benefits of the securitization vehicle that could potentially be significant to the vehicle, primarily by evaluating the amount and nature of securities issued by the vehicle that it holds. Factors considered in this analysis include the level of subordination of the securities held as well as the size of the position, based on the percentage of the class of securities and the total deal classes of securities issued. The more subordinated the level of securities held, the more likely it is that the Group will be the primary beneficiary. This consolidation analysis is performed each reporting period based on changes in inventory and the levels of assets remaining in the securitization. The Group typically consolidates securitization vehicles when it is the servicer and has holdings stemming from its role as underwriter. Short-term market making holdings in vehicles are not typically considered to be potentially significant for the purposes of this assessment.

In the case of re-securitizations of previously issued RMBS securities, the re-securitization vehicles are passive in nature and do not have any significant ongoing activities that require management, and decisions relating to the design of the securitization transaction at its inception is the key power relating to the vehicle. Activities at inception include selecting the assets and determination of the capital structure. The power over a re-securitization vehicle is typically shared between the Group and the investor(s) involved in the design and creation of the vehicle. The Group concludes that it is the primary beneficiary of a re-securitization vehicle when it owns substantially all of the bonds issued from the vehicle.

Funds

Funds include investment structures such as mutual funds, funds of funds, private equity funds and fund-linked products

where the investors' interest is typically in the form of debt rather than equity, thereby making them VIEs. The Group may have various relationships with such VIEs in the form of structurer, investment advisor, investment manager, administrator, custodian, underwriter, placement agent, market maker and/or as prime broker. These activities include the use of VIEs in structuring fund-linked products, hedge funds of funds or private equity investments to provide clients with investment opportunities in alternative investments. In such transactions, a VIE holds underlying investments and issues securities that provide the investors with a return based on the performance of those investments.

The maximum exposure to loss consists of the fair value of instruments issued by such structures that are held by the Group as a result of underwriting or market-making activities, financing provided to the vehicles and the Group's exposure resulting from principal protection and redemptions features. The investors typically retain the risk of loss on such transactions, but for certain fund types, the Group may provide principal protection on the securities to limit the investors' exposure to downside market risk. The Group's maximum exposure to loss does not include any effects from financial instruments used to economically hedge the risk of the VIEs.

Another model is used to assess funds for consolidation under US GAAP. Rather than the consolidation model which incorporates power and the potential to absorb significant risk and rewards, a previous consolidation model is used which results in the Group being the primary beneficiary and consolidating the funds if it holds more than 50% of their outstanding issuances.

Loans

Loans are single-financing vehicles where the Group provides financing for specified assets or business ventures and the respective owner of the assets or manager of the businesses

provides the equity in the vehicle. These tailored lending arrangements are established to purchase, lease or otherwise finance and manage clients' assets.

The maximum exposure to loss is the carrying value of the Group's loan exposure, which is subject to the same credit risk management procedures as loans issued directly to clients. The clients' creditworthiness is carefully reviewed, loan-to-value ratios are strictly set and, in addition, clients provide equity, additional collateral or guarantees, all of which significantly reduce the Group's exposure. The Group considers the likelihood of incurring a loss equal to the maximum exposure to be remote because of the Group's risk mitigation efforts which includes over-collateralization and effective monitoring to ensure that a sufficient loan-to-value ratio is maintained.

The third-party sponsor of the VIE will typically have control over the assets during the life structure and have the potential to absorb significant gains and losses; the Group is typically not the primary beneficiary of these structures and will not have to consolidate them. However, a change in the structure, such as a default of the sponsor, may result in the Group gaining control over the assets. If the Group's lending is significant, it may then be required to consolidate the entity.

Other

Other includes additional vehicles where the Group provides financing and trust preferred issuance vehicles. Trust preferred issuance vehicles are utilized to assist the Group in raising capital-efficient financing. The VIE issues preference shares which are guaranteed by the Group and uses the proceeds to purchase the debt of the Group. The Group's guarantee of its own debt is not considered a variable interest and, as it has no holdings in these vehicles, the Group has no maximum exposure to loss. Non-consolidated VIEs include only the total assets of trust preferred issuance vehicles, as the Group has no variable interests with these entities.

Consolidated VIEs

The Group has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Group consolidates all VIEs related to financial intermediation for which it was the primary beneficiary.

The consolidated VIEs tables provide the carrying amounts and classifications of the assets and liabilities of consolidated VIEs as of the end of 2012 and 2011.

Consolidated VIEs in which the Group was the primary beneficiary

end of 2012	Financial intermediation						Total
	CDO	CP Conduit	Securi- tizations	Funds	Loans	Other	
Assets of consolidated VIEs (CHF million)							
Cash and due from banks	1,534	27	0	125	44	20	1,750
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	117	0	0	0	0	117
Trading assets	1,064	196	14	1,861	565	997	4,697
Investment securities	0	23	0	0	0	0	23
Other investments	0	0	0	0	1,712	577	2,289
Net loans	0	4,360	859	0	405	429	6,053
Premises and equipment	0	0	0	0	509	72	581
Loans held-for-sale	7,324	0	3,110	0	71	0	10,505
Other assets	45	1,637	1	4	501	1,843	4,031
Total assets of consolidated VIEs	9,967	6,360	3,984	1,990	3,807	3,938	30,046
Liabilities of consolidated VIEs (CHF million)							
Customer deposits	0	0	0	0	0	247	247
Trading liabilities	20	0	0	0	4	101	125
Short-term borrowings	0	5,776	0	3	0	3,803	9,582
Long-term debt	9,944	14	3,608	500	38	428	14,532
Other liabilities	45	6	97	7	168	905	1,228
Total liabilities of consolidated VIEs	10,009	5,796	3,705	510	210	5,484	25,714

Consolidated VIEs in which the Group was the primary beneficiary (continued)

end of 2011	Financial intermediation						Total
	CDO	CP Conduit	Securi- tizations	Funds	Loans	Other	
Assets of consolidated VIEs (CHF million)							
Cash and due from banks	1,202	24	0	43	102	25	1,396
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	19	0	0	0	0	19
Trading assets	1,207	728	18	2,681	554	1,211	6,399
Investment securities	0	41	0	0	0	0	41
Other investments	0	0	0	0	1,863	483	2,346
Net loans	0	4,720	0	0	62	1,158	5,940
Premises and equipment	0	0	0	0	564	82	646
Loans held-for-sale	7,231	0	3,941	0	2	0	11,174
Other assets	43	751	0	30	741	263	1,828
Total assets of consolidated VIEs	9,683	6,283	3,959	2,754	3,888	3,222	29,789
Liabilities of consolidated VIEs (CHF million)							
Customer deposits	0	0	0	0	0	221	221
Trading liabilities	30	0	0	0	3	1,253	1,286
Short-term borrowings	0	6,141	0	0	0	0	6,141
Long-term debt	9,383	24	4,483	276	227	465	14,858
Other liabilities	69	2	0	24	158	493	746
Total liabilities of consolidated VIEs	9,482	6,167	4,483	300	388	2,432	23,252

Non-consolidated VIEs

The non-consolidated VIEs tables provide the carrying amounts and classification of the assets and liabilities of variable interests recorded in the Group's consolidated balance sheets, maximum exposure to loss and total assets of the non-consolidated VIEs.

Maximum exposure to loss represents the variable interests of non-consolidated VIEs that are recorded by the Group (for example, direct holdings in vehicles, loans and other receivables), as well as notional amounts of guarantees and off-balance sheet commitments which are variable interests that have been extended to non-consolidated VIEs. Such amounts, particularly notional amounts of derivatives and guarantees, do not represent the anticipated losses in connection with these transactions as they do not take into consideration the effect of collateral, recoveries or the probability of loss. In addition, they exclude the effect of offsetting financial instru-

ments that are held to mitigate these risks and have not been reduced by unrealized losses previously recorded by the Group in connection with guarantees or derivatives.

Non-consolidated VIE assets are related to the non-consolidated VIEs with which the Group has variable interests. These amounts represent the assets of the entities themselves and are typically unrelated to the exposures the Group has with the entity and thus are not amounts that are considered for risk management purposes.

Certain VIEs have not been included in the following table, including VIEs structured by third parties in which the Group's interest is in the form of securities held in the Group's inventory, certain single-asset financing vehicles not sponsored by the Group to which the Group provides financing but has very little risk of loss due to over-collateralization and guarantees, failed sales where the Group does not have any other holdings and other entities out of scope.

Non-consolidated VIEs

end of 2012	Financial intermediation					Total
	CDO	Securi- tizations	Funds	Loans	Other	
Variable interest assets (CHF million)						
Trading assets	100	3,210	1,143	868	600	5,921
Net loans	8	111	2,148	3,572	1,668	7,507
Other assets	0	17	49	0	4	70
Total variable interest assets	108	3,338	3,340	4,440	2,272	13,498
Maximum exposure to loss (CHF million)						
Maximum exposure to loss	108	14,123	3,575	4,906	3,039	25,751
Non-consolidated VIE assets (CHF million)						
Non-consolidated VIE assets	5,163	103,990	52,268	22,304	15,491	199,216

end of 2011	Financial intermediation					Total
	CDO	Securi- tizations	Funds	Loans	Other	
Variable interest assets (CHF million)						
Trading assets	126	5,497	1,449	834	2,395	10,301
Net loans	0	123	1,627	4,742	3,257	9,749
Other assets	0	0	32	0	391	423
Total variable interest assets	126	5,620	3,108	5,576	6,043	20,473
Maximum exposure to loss (CHF million)						
Maximum exposure to loss	153	7,056	3,505	6,051	6,413	23,178
Non-consolidated VIE assets (CHF million)						
Non-consolidated VIE assets	7,093	113,845	58,815	23,633	20,748	224,134

33 Financial instruments

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

- Concentration of credit risk;
- Fair value measurement (including fair value hierarchy, transfers between levels; level 3 reconciliation; qualitative and quantitative disclosures of valuation techniques and nonrecurring fair value changes)
- Fair value option; and
- Disclosures about ◊fair value of financial instruments not carried at fair value.

Concentrations of credit risk

Credit risk concentrations arise when a number of counterparties are engaged in similar business activities, are located in the same geographic region or when there are similar economic features that would cause their ability to meet contractual obligations to be similarly impacted by changes in economic conditions.

The Group regularly monitors the credit risk portfolio by counterparties, industry, country and products to ensure that such potential concentrations are identified, using a comprehensive range of quantitative tools and metrics. Credit limits relating to counterparties and products are managed through counterparty limits which set the maximum credit exposures the Group is willing to assume to specific counterparties over specified periods. Country limits are established to avoid any undue country risk concentration.

From an industry point of view, the combined credit exposure of the Group is diversified. A large portion of the credit exposure is with individual clients, particularly through residential mortgages in Switzerland, or relates to transactions with financial institutions. In both cases, the customer base is extensive and the number and variety of transactions are broad. For transactions with financial institutions, the business is also geographically diverse, with operations focused in the Americas, Europe and, to a lesser extent, Asia Pacific.

Fair value measurement

A significant portion of the Group's financial instruments are carried at ◊fair value. Deterioration of financial markets could significantly impact the fair value of these financial instruments and the results of operations.

The fair value of the majority of the Group's financial instruments is based on quoted prices in active markets or observable inputs. These instruments include government and agency securities, certain ◊CP, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain ◊OTC derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment, depending on liquidity, 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 judgments about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and ◊CDO securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance 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 a counterparty, and are applied to both OTC derivatives and debt instruments. The impact of changes in a counterparty's credit spreads (known as ◊credit valuation adjustments) is considered when measuring the fair value of assets and the impact of changes in the 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 Group's and the counterparty's credit standing is considered when measuring their fair value, based on current ◊CDS prices. The adjustments also take into account contractual factors designed to reduce the Group's credit exposure to a counterparty, such as collateral held and

master netting agreements. For hybrid debt instruments with embedded derivative features, the impact of changes in the Group's credit standing is considered when measuring their fair value, based on current funded debt spreads.

Based on the Group's regular review of observable parameters used in its pricing models, in 2012 the Group extended the adoption of overnight indexed swap discounting, instead of other reference rates such as LIBOR, to those businesses in fixed income where the adoption had not occurred and to certain equity derivatives, which resulted in a loss of CHF 57 million.

ASU 2011-04 permits a reporting entity to measure the fair value of a group of financial assets and financial liabilities on the basis of the price that would be received to sell a net long position or paid to transfer a net short position for a particular risk exposure in an orderly transaction between market participants at the measurement date. This change to the fair value measurement guidance is consistent with industry practice. As such, the Group continues to apply bid and offer adjustments to net portfolios of cash securities and/or derivative instruments to adjust the value of the net position from a mid-market price to the appropriate bid or offer level that would be realized under normal market conditions for the net long or net short position for a specific market risk. In addition, the Group reflects the net exposure to credit risk for its derivative instruments where the Group has legally enforceable agreements with its counterparties that mitigate credit risk exposure in the event of default. Valuation adjustments are recorded in a reasonable and consistent manner that results in an allocation to the relevant disclosures in the notes to the financial statements as if the valuation adjustment had been allocated to the individual unit of account.

Fair value hierarchy

The levels of the fair value hierarchy are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.
- Level 2: Inputs 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 liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) inputs other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs that are unobservable for the asset or liability. These inputs reflect the Group's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Group's own data. The Group's own data used to develop unobservable inputs is adjusted if information indicates that market participants would use different assumptions.

The Group records net open positions at bid prices if long, or at ask prices if short, unless the Group is a market maker in such positions, in which case mid-pricing is utilized. Fair value measurements are not adjusted for transaction costs.

Assets and liabilities measured at fair value on a recurring basis

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	569	0	0	569
Interest-bearing deposits with banks	0	627	0	0	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	113,664	0	0	113,664
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Securities received as collateral	29,677	368	0	0	30,045
Debt	55,592	74,391	5,888	0	135,871
of which foreign governments	53,918	11,032	79	0	65,029
of which corporates	1	25,932	3,192	0	29,125
of which RMBS	0	30,392	724	0	31,116
of which CMBS	0	4,335	1,023	0	5,358
of which CDO	0	2,620	447	0	3,067
Equity	66,664	7,746	485	0	74,895
Derivatives	3,428	823,016	6,650	(799,886)	33,208
of which interest rate products	703	698,297	1,859	–	–
of which foreign exchange products	1	62,717	754	–	–
of which equity/Index-related products	2,538	25,820	1,920	–	–
of which credit derivatives	0	29,274	1,294	–	–
Other	7,203	2,736	2,486	0	12,425
Trading assets	132,887	907,889	15,509	(799,886)	256,399
Debt	2,066	1,168	169	0	3,403
of which foreign governments	1,583	1	21	0	1,605
of which corporates	0	720	125	0	845
of which CDO	0	447	23	0	470
Equity	4	90	1	0	95
Investment securities	2,070	1,258	170	0	3,498
Private equity	0	0	3,958	0	3,958
of which equity funds	0	0	2,633	0	2,633
Hedge funds	0	470	165	0	635
of which debt funds	0	349	84	0	433
Other equity investments	271	69	2,243	0	2,583
of which private	0	61	2,245	0	2,306
Life finance instruments	0	0	1,818	0	1,818
Other investments	271	539	8,184	0	8,994
Loans	0	13,381	6,619	0	20,000
of which commercial and industrial loans	0	6,191	4,778	0	10,969
of which financial institutions	0	5,934	1,530	0	7,464
Other intangible assets (mortgage servicing rights)	0	0	43	0	43
Other assets	5,439	26,912	5,164	(240)	37,275
of which loans held-for-sale	0	14,899	4,463	0	19,362
Total assets at fair value	170,344	1,065,207	35,689	(800,126)	471,114
Less other investments – equity at fair value attributable to noncontrolling interests	(240)	(99)	(3,292)	0	(3,631)
Less assets consolidated under ASU 2009-17 ²	0	(8,769)	(2,745)	0	(11,514)
Assets at fair value excluding noncontrolling interests and assets not consolidated under the Basel framework	170,104	1,056,339	29,652	(800,126)	455,969

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements. ² Assets of consolidated VIEs that are not risk-weighted assets under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	3,413	0	0	3,413
Customer deposits	0	4,618	25	0	4,643
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	108,784	0	0	108,784
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Obligation to return securities received as collateral	29,677	368	0	0	30,045
Debt	25,782	7,014	196	0	32,992
of which foreign governments	25,623	1,476	0	0	27,099
of which corporates	0	5,030	196	0	5,226
Equity	17,912	389	6	0	18,307
Derivatives	3,173	834,228	5,154	(803,038)	39,517
of which interest rate products	628	693,430	1,357	–	–
of which foreign exchange products	1	76,963	1,648	–	–
of which equity/index-related products	2,305	27,684	1,003	–	–
of which credit derivatives	0	28,952	819	–	–
Trading liabilities	46,867	841,631	5,356	(803,038)	90,816
Short-term borrowings	0	4,389	124	0	4,513
Long-term debt	218	55,068	10,098	0	65,384
of which treasury debt over two years	0	10,565	0	0	10,565
of which structured notes over two years	0	22,543	6,189	0	28,732
of which non-recourse liabilities	218	11,006	2,551	0	13,775
Other liabilities	0	24,399	2,848	(376)	26,871
of which failed sales	0	2,523	1,160	0	3,683
Total liabilities at fair value	76,762	1,042,670	18,451	(803,414)	334,469

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2011	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Interest-bearing deposits with banks	0	405	0	0	405
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	157,469	1,204	0	158,673
Debt	94	3,895	112	0	4,101
of which corporates	0	3,835	112	0	3,947
Equity	25,958	51	81	0	26,090
Securities received as collateral	26,052	3,946	193	0	30,191
Debt	82,241	52,766	10,028	0	145,035
of which foreign governments	61,507	8,123	358	0	69,988
of which corporates	340	27,622	5,076	0	33,038
of which RMBS	19,331	5,848	1,786	0	26,965
of which CMBS	0	4,556	1,517	0	6,073
of which CDO	0	6,570	727	0	7,297
Equity	57,398	9,039	467	0	66,904
Derivatives	6,455	909,156	9,587	(872,650)	52,548
of which interest rate products	2,017	724,203	2,547	–	–
of which foreign exchange products	1	75,091	1,040	–	–
of which equity/Index-related products	3,929	32,734	2,732	–	–
of which credit derivatives	0	61,120	2,171	–	–
Other	9,235	3,635	2,196	0	15,066
Trading assets	155,329	974,596	22,278	(872,650)	279,553
Debt	3,649	1,315	102	0	5,066
of which foreign governments	3,302	0	18	0	3,320
of which corporates	0	748	43	0	791
of which CDO	0	566	41	0	607
Equity	9	83	0	0	92
Investment securities	3,658	1,398	102	0	5,158
Private equity	0	0	4,306	0	4,306
of which equity funds	0	0	3,136	0	3,136
Hedge funds	0	232	266	0	498
of which debt funds	0	154	172	0	326
Other equity investments	424	50	2,504	0	2,978
of which private	0	40	2,504	0	2,544
Life finance instruments	0	0	1,969	0	1,969
Other investments	424	282	9,045	0	9,751
Loans	0	13,852	6,842	0	20,694
of which commercial and industrial loans	0	7,591	4,559	0	12,150
of which financial institutions	0	5,480	2,179	0	7,659
Other intangible assets (mortgage servicing rights)	0	0	70	0	70
Other assets	5,451	23,050	7,469	(205)	35,765
of which loans held-for-sale	0	12,104	6,901	0	19,005
Total assets at fair value	190,914	1,174,998	47,203	(872,855)	540,260
Less other investments – equity at fair value attributable to noncontrolling interests	(295)	(99)	(3,944)	0	(4,338)
Less assets consolidated under ASU 2009-17 ²	0	(9,304)	(4,003)	0	(13,307)
Assets at fair value excluding noncontrolling interests and assets not consolidated under the Basel framework	190,619	1,165,595	39,256	(872,855)	522,615

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements. ² Assets of consolidated VIEs that are not risk-weighted assets under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2011	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	2,721	0	0	2,721
Customer deposits	0	4,599	0	0	4,599
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	136,483	0	0	136,483
Debt	94	3,895	112	0	4,101
of which corporates	0	3,835	112	0	3,947
Equity	25,958	51	81	0	26,090
Obligation to return securities received as collateral	26,052	3,946	193	0	30,191
Debt	38,681	9,301	21	0	48,003
of which foreign governments	38,622	829	0	0	39,451
of which corporates	6	7,591	13	0	7,610
Equity	19,124	461	7	0	19,592
Derivatives	6,283	920,251	7,315	(873,684)	60,165
of which interest rate products	1,941	717,248	1,588	–	–
of which foreign exchange products	1	91,846	2,836	–	–
of which equity/index-related products	3,809	37,018	1,022	–	–
of which credit derivatives	0	58,497	1,520	–	–
Trading liabilities	64,088	930,013	7,343	(873,684)	127,760
Short-term borrowings	0	3,311	236	0	3,547
Long-term debt	122	57,529	12,715	0	70,366
of which treasury debt over two years	0	14,228	0	0	14,228
of which structured notes over two years	0	19,692	7,576	0	27,268
of which non-recourse liabilities	122	10,564	3,585	0	14,271
Other liabilities	0	27,536	3,891	(335)	31,092
of which failed sales	0	3,821	1,909	0	5,730
Total liabilities at fair value	90,262	1,166,138	24,378	(874,019)	406,759

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements.

Transfers between level 1 and level 2

Effective January 2012, the FASB amended the disclosure requirements for the Group's reporting of transfers between level 1 and level 2. As this requirement is not retrospective, comparable data is not presented for prior periods. Previously, only significant transfers were required to be disclosed and such transfers between level 1 and level 2 were not significant in 2011.

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

In 2012, 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 **RMBS** in 4Q12 as pricing inputs became less observable.

Transfers between level 1 and level 2

2012	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2
Assets (CHF million)		
Debt	318	23,632
Equity	209	650
Derivatives	5,510	20
Trading assets	6,037	24,302
Liabilities (CHF million)		
Debt	87	34
Equity	100	226
Derivatives	6,441	72
Trading liabilities	6,628	332

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

2012	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,204	0	0	0
Securities received as collateral	193	0	(188)	0
Debt	10,028	2,312	(5,035)	7,479
of which corporates	5,076	1,113	(3,609)	5,210
of which RMBS	1,786	831	(958)	937
of which CMBS	1,517	188	(262)	664
of which CDO	727	158	(121)	483
Equity	467	419	(100)	377
Derivatives	9,587	1,465	(2,175)	0
of which interest rate products	2,547	168	(686)	0
of which equity/index-related products	2,732	681	(844)	0
of which credit derivatives	2,171	592	(544)	0
Other	2,196	179	(366)	2,842
Trading assets	22,278	4,375	(7,676)	10,698
Investment securities	102	0	0	94
Equity	7,076	4	(61)	880
Life finance instruments	1,969	0	0	102
Other investments	9,045	4	(61)	982
Loans	6,842	605	(642)	509
of which commercial and industrial loans	4,559	537	(391)	275
of which financial institutions	2,179	64	(248)	218
Other intangible assets	70	0	0	11
Other assets	7,469	2,509	(2,949)	3,007
of which loans held-for-sale ²	6,901	2,471	(2,948)	2,801
Total assets at fair value	47,203	7,493	(11,516)	15,301
Liabilities (CHF million)				
Customer deposits	0	0	0	0
Obligation to return securities received as collateral	193	0	(188)	0
Trading liabilities	7,343	1,294	(1,783)	94
of which interest rate derivatives	1,588	230	(754)	0
of which foreign exchange derivatives	2,836	3	(178)	0
of which equity/index-related derivatives	1,022	132	(262)	0
of which credit derivatives	1,520	700	(571)	0
Short-term borrowings	236	23	(96)	0
Long-term debt	12,715	2,616	(4,044)	0
of which structured notes over two years	7,576	789	(1,668)	0
of which non-recourse liabilities	3,585	1,701	(2,225)	0
Other liabilities	3,891	246	(315)	321
of which failed sales	1,909	136	(47)	302
Total liabilities at fair value	24,378	4,179	(6,426)	415
Net assets/liabilities at fair value	22,825	3,314	(5,090)	14,886

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period. ² Includes unrealized gains recorded in trading revenues of CHF 307 million primarily related to sub-prime exposures in the RMBS and CMBS businesses and market movements across the wider loans held-for-sale portfolio.

	Trading revenues				Other revenues			Balance at end of period
	Sales	Issuances	Settlements	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other	
0	0	(1,174)	0	(28)	0	0	(2)	0
0	0	0	0	0	0	0	(5)	0
(8,826)	0	0	72	129	(4)	0	(267)	5,888
(4,745)	0	0	49	278	(4)	0	(176)	3,192
(1,924)	0	0	18	60	0	0	(26)	724
(809)	0	0	(4)	(228)	0	0	(43)	1,023
(851)	0	0	(4)	67	0	0	(12)	447
(611)	0	0	0	(63)	0	0	(4)	485
0	1,007	(3,262)	60	163	0	0	(195)	6,650
0	303	(976)	47	515	0	0	(59)	1,859
0	346	(844)	(31)	(56)	0	0	(64)	1,920
0	161	(914)	43	(179)	0	0	(36)	1,294
(2,290)	0	0	2	(3)	0	0	(74)	2,486
(11,727)	1,007	(3,262)	134	226	(4)	0	(540)	15,509
(17)	0	0	0	0	0	0	(9)	170
(1,918)	0	0	0	2	0	567	(184)	6,366
(274)	0	0	0	72	0	0	(51)	1,818
(2,192)	0	0	0	74	0	567	(235)	8,184
(1,286)	4,490	(3,473)	15	(250)	0	0	(191)	6,619
(469)	3,084	(2,773)	15	76	0	0	(135)	4,778
(745)	1,078	(672)	(1)	(293)	0	0	(50)	1,530
(16)	0	0	0	0	0	(20)	(2)	43
(3,356)	298	(2,319)	128	580	0	0	(203)	5,164
(3,182)	298	(2,319)	127	486	0	0	(172)	4,463
(18,594)	5,795	(10,228)	277	602	(4)	547	(1,187)	35,689
0	25	0	0	0	0	0	0	25
0	0	0	0	0	0	0	(5)	0
(346)	853	(2,599)	151	505	0	0	(156)	5,356
0	115	(194)	75	340	0	0	(43)	1,357
0	1	(1,037)	24	48	0	0	(49)	1,648
0	537	(315)	(16)	(61)	0	0	(34)	1,003
0	88	(939)	79	(36)	0	0	(22)	819
0	288	(332)	(3)	14	0	0	(6)	124
0	4,015	(6,043)	182	989	(4)	0	(328)	10,098
0	1,925	(2,867)	32	604	(4)	0	(198)	6,189
0	1,473	(2,312)	144	275	0	0	(90)	2,551
(1,322)	2	(219)	(15)	74	0	279	(94)	2,848
(1,260)	0	0	0	153	0	0	(33)	1,160
(1,668)	5,183	(9,193)	315	1,582	(4)	279	(589)	18,451
(16,926)	612	(1,035)	(38)	(980)	0	268	(598)	17,238

Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)

2011	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Interest-bearing deposits with banks	0	0	(24)	27
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,197	0	(11)	0
Securities received as collateral	0	201	0	0
Debt	11,013	3,405	(3,043)	10,382
of which corporates	3,803	931	(706)	5,484
of which RMBS	3,264	1,704	(1,277)	2,820
of which CMBS	1,861	324	(237)	831
of which CDO	1,135	370	(625)	712
Equity	622	309	(515)	726
Derivatives	8,719	2,998	(2,311)	0
of which interest rate products	2,072	815	(142)	0
of which equity/index-related products	2,300	665	(796)	0
of which credit derivatives	2,725	1,216	(1,267)	0
Other	2,018	194	(433)	2,806
Trading assets	22,372	6,906	(6,302)	13,914
Investment securities	79	2	0	48
Equity	9,591	26	(74)	1,013
Life finance instruments	1,844	0	0	79
Other investments	11,435	26	(74)	1,092
Loans	6,258	1,560	(1,367)	1,335
of which commercial and industrial loans	3,558	1,411	(854)	447
of which financial institutions	2,195	149	(240)	836
Other intangible assets	66	0	0	23
Other assets	9,253	6,198	(6,988)	4,730
of which loans held-for-sale	8,932	5,988	(6,974)	4,426
Total assets at fair value	50,660	14,893	(14,766)	21,169
Liabilities (CHF million)				
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	507	0	(293)	0
Obligation to return securities received as collateral	0	201	0	0
Trading liabilities	9,200	1,276	(2,062)	214
of which interest rate derivatives	1,341	91	(45)	0
of which foreign exchange derivatives	2,941	48	(135)	0
of which equity/index-related derivatives	2,940	113	(716)	0
of which credit derivatives	1,256	949	(1,072)	0
Short-term borrowings	123	64	(23)	0
Long-term debt	16,797	7,346	(8,522)	0
of which structured notes over two years	9,488	1,911	(2,109)	0
of which non-recourse liabilities	6,825	5,187	(6,213)	0
Other liabilities	3,734	663	(383)	290
of which failed sales	1,849	607	(345)	237
Total liabilities at fair value	30,361	9,550	(11,283)	504
Net assets/liabilities at fair value	20,299	5,343	(3,483)	20,665

¹ For all transfers to level 3 or out of level 3, the Group determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

			Trading revenues		Other revenues			Balance at end of period
Sales	Issuances	Settlements	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other	Foreign currency translation impact	
0	0	0	(1)	(2)	0	0	0	0
0	55	(45)	0	4	0	0	4	1,204
0	0	(7)	0	0	0	0	(1)	193
(11,218)	0	0	1	(467)	0	0	(45)	10,028
(4,574)	0	0	34	49	0	0	55	5,076
(4,230)	0	0	(37)	(361)	0	0	(97)	1,786
(1,072)	0	0	(2)	(181)	0	0	(7)	1,517
(907)	0	0	16	33	0	0	(7)	727
(668)	0	0	35	(47)	0	0	5	467
0	777	(3,085)	22	2,436	0	0	31	9,587
0	133	(599)	13	266	0	0	(11)	2,547
0	272	(184)	(21)	455	0	0	41	2,732
0	85	(2,051)	31	1,453	0	0	(21)	2,171
(2,300)	0	(43)	(7)	(67)	0	0	28	2,196
(14,186)	777	(3,128)	51	1,855	0	0	19	22,278
(18)	0	(4)	0	0	0	0	(5)	102
(4,720)	0	0	0	30	0	1,271	(61)	7,076
(83)	0	0	0	116	0	0	13	1,969
(4,803)	0	0	0	146	0	1,271	(48)	9,045
(978)	2,483	(2,338)	18	(122)	0	0	(7)	6,842
(521)	1,984	(1,494)	2	(2)	0	0	28	4,559
(353)	371	(608)	(1)	(143)	0	0	(27)	2,179
0	0	0	0	0	0	(19)	0	70
(5,534)	1,570	(1,442)	(105)	(161)	0	1	(53)	7,469
(5,180)	1,569	(1,443)	(105)	(255)	0	0	(57)	6,901
(25,519)	4,885	(6,964)	(37)	1,720	0	1,253	(91)	47,203
0	0	(199)	(4)	0	0	0	(11)	0
0	0	(7)	0	0	0	0	(1)	193
(290)	502	(1,928)	203	259	0	0	(31)	7,343
0	2	(193)	(4)	383	0	0	13	1,588
0	17	(704)	7	655	0	0	7	2,836
0	153	(348)	181	(1,236)	0	0	(65)	1,022
0	136	(414)	19	622	0	0	24	1,520
0	320	(229)	1	(24)	0	0	4	236
0	6,253	(8,383)	(166)	(490)	0	0	(120)	12,715
0	2,921	(3,566)	(55)	(932)	0	0	(82)	7,576
0	2,609	(4,393)	(117)	(215)	0	0	(98)	3,585
(437)	17	(245)	(45)	181	0	128	(12)	3,891
(403)	0	0	(11)	(20)	0	0	(5)	1,909
(727)	7,092	(10,991)	(11)	(74)	0	128	(171)	24,378
(24,792)	(2,207)	4,027	(26)	1,794	0	1,125	80	22,825

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	2012			2011		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	(1,018)	268	(750) ¹	1,768	1,125	2,893 ¹
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(1,209)	(82)	(1,291)	546	(32)	514

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within level 3. As a result, the unrealized gains and losses for assets and liabilities within level 3 presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Group employs various economic hedging techniques in order to manage risks, including risks in level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in levels 1 and/or 2. The realized and unrealized gains and losses for assets and liabilities in level 3 presented in the table above do not reflect the related realized or unrealized gains and losses arising on economic hedging instruments classified in levels 1 and/or 2.

Transfers in and out of level 3

Transfers into level 3 assets during 2012 were CHF 7,493 million, primarily from trading assets and loans held-for-sale. The transfers were primarily in the equity derivatives, private equity, corporate credit, corporate bank and securitized products (consolidated SPE positions) businesses due to limited observability of pricing data and reduced pricing information from external providers. Transfers out of level 3 assets during 2012 were CHF 11,516 million, primarily in trading assets and loans held-for-sale. The transfers out of level 3 assets were primarily in the equity derivatives, private equity, securitized products (consolidated SPE positions), corporate credit, rates and CMBS businesses due to improved observability of pricing data and increased availability of pricing information from external providers.

Transfers into level 3 assets during 2011 were CHF 14,893 million, primarily from trading assets and loans held-for-sale. The transfers were related to trading and SPE consolidated positions within the RMBS (including non-agency) and alternative investments businesses, primarily due to limited observability of pricing data and reduced pricing informa-

tion from external providers. Transfers out of level 3 assets during 2011 were CHF 14,766 million, primarily in loans held-for-sale and trading assets. The transfers out of level 3 assets in loans held-for-sale were mainly related to trading and SPE consolidated positions within the RMBS and alternative investments businesses due to improved observability of pricing data. The transfers out of level 3 assets in trading assets were related to RMBS due to greater pricing information from external providers.

Qualitative disclosures of valuation techniques

Overview

The Group has implemented and maintains a valuation control framework, which is supported by policies and procedures that define the principles for controlling the valuation of the Group's financial instruments. Product Control and Risk Management create, review and approve significant valuation policies and procedures. The framework includes three main internal processes: (i) valuation governance; (ii) independent price verification and significant unobservable inputs review; and (iii) a cross-functional pricing model review. Through this framework, the Group determines the reasonableness of the fair value of its financial instruments.

On a monthly basis, meetings are held for each business line with senior representatives of the Front Office and Product Control to discuss independent price verification results, valuation adjustments, and other significant valuation issues. On a quarterly basis, a review of significant changes in the fair value of financial instruments is undertaken by Product Control and conclusions are reached regarding the reasonableness of those changes. Additionally, on a quarterly basis, meetings are held for each business line with senior representatives of the Front Office, Product Control, Risk Management, and Financial Accounting to discuss independent price verification results, valuation issues, business and market updates, as well as a review of significant changes in fair value from the prior

quarter, significant unobservable inputs and prices used in valuation techniques, and valuation adjustments.

The results of these meetings are aggregated for presentation to the Valuation and Risk Management Committee (VARMC) and the Audit Committee. The VARMC, which is comprised of Executive Board members and the heads of the business and control functions, meets to review and ratify valuation review conclusions, and to resolve significant valuation issues for the Group. Oversight of the valuation control framework is through specific and regular reporting on valuation directly to the Group's Executive Board through the VARMC.

One of the key components of the governance process is the segregation of duties between the Front Office and Product Control. The Front Office is responsible for measuring inventory at fair value on a daily basis, while Product Control is responsible for independently reviewing and validating those valuations on a periodic basis. The Front Office values the inventory using, wherever possible, observable market data which may include executed transactions, dealer quotes, or broker quotes for the same or similar instruments. Product Control validates this inventory using independently sourced data that also includes executed transactions, dealer quotes, and broker quotes.

Product Control utilizes independent pricing service data as part of their review process. Independent pricing service data is analyzed to ensure that it is representative of fair value including confirming that the data corresponds to executed transactions or executable broker quotes, review and assessment of contributors to ensure they are active market participants, review of statistical data and utilization of pricing challenges. The analysis also includes understanding the sources of the pricing service data and any models or assumptions used in determining the results. The purpose of the review is to judge the quality and reliability of the data for fair value measurement purposes and its appropriate level of usage within the Product Control independent valuation review.

For certain financial instruments the fair value is estimated in full or in part using valuation techniques based on assumptions that are not supported by market observable prices, rates, or other inputs. In addition, there may be uncertainty about a valuation, which results from the choice of valuation technique or model used, the assumptions embedded in those models, the extent to which inputs are not market observable, or as a consequence of other elements affecting the valuation technique or model. Model calibration is performed when significant new market information becomes available or at a minimum on a quarterly basis as part of the business review of significant unobservable inputs for level 3 instruments. For models that have been deemed to be significant to the overall

fair value of the financial instrument, model validation is performed as part of the periodic review of the related model.

The Group performs a sensitivity analysis of its significant level 3 financial instruments. This sensitivity analysis estimates a fair value range by changing the related significant unobservable inputs value. This sensitivity analysis is an internal mechanism to monitor the impact of reasonable alternative inputs or prices for level 3 financial instruments. Where a model-based technique is used to determine the fair value of the level 3 financial instrument, an alternative input value is utilized to derive an estimated fair value range. Where a price-based technique is used to determine the fair value of the level 3 financial instruments, Front Office professional judgment is used to estimate a fair value range.

The following information on the valuation techniques and significant unobservable inputs of the various financial instruments, and the sensitivity of fair value measurements to changes in significant unobservable inputs, should be read in conjunction with the tables "Quantitative information about level 3 assets at fair value" and "Quantitative information about level 3 liabilities at fair value".

Debt securities

Foreign governments and corporates

Government debt securities typically have quoted prices in active markets and are categorized as level 1 instruments. For debt securities for which market prices are not available, valuations are based on yields reflecting credit rating, historical performance, delinquencies, loss severity, the maturity of the security, recent transactions in the market or other modeling techniques, which may involve judgment. Those securities where the price or model inputs are observable in the market are categorized as level 2 instruments, while those securities where prices are not observable and significant model inputs are unobservable are categorized as level 3 of the fair value hierarchy.

Corporate bonds are priced to reflect current market levels either through recent market transactions or broker or dealer quotes. Where a market price for the particular security is not directly available, valuations are obtained based on yields reflected by other instruments in the specific or similar entity's capital structure and adjusting for differences in seniority and maturity, benchmarking to a comparable security where market data is available (taking into consideration differences in credit, liquidity and maturity), or through the application of cash flow modeling techniques utilizing observable inputs, such as current interest rate curves and observable CDS spreads. Significant unobservable inputs may include price, buyback probability, correlation and credit spreads. For securities using market comparable price, the differentiation

between level 2 and level 3 is based upon the relative significance of any yield adjustments as well as the accuracy of the comparison characteristics (i.e., the observable comparable security may be in the same country but a different industry and may have a different seniority level – the lower the comparability the more likely the security will be level 3).

CMBS, RMBS and CDO securities

Fair values of RMBS, CMBS and CDO may be available through quoted prices, which are often based on the prices at which similarly structured and collateralized securities trade between dealers and to and from customers. Fair values of RMBS, CMBS and CDO for which there are significant unobservable inputs are valued using capitalization rate and estimated market internal rate of return. 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 the Front Office's own assumptions about how market participants would price the asset. Collateralized bond and loan obligations are split into various structured tranches and each tranche is valued based upon its individual rating and the underlying collateral supporting the structure. Valuation models are used to value both cash and synthetic CDOs.

Equity securities

The majority of the Group's positions in equity securities are traded on public stock exchanges for which quoted prices are readily and regularly available and are therefore categorized as level 1 instrument. Level 2 and level 3 equities include fund-linked products, convertible bonds or equity securities with restrictions that are not traded in active markets. Significant unobservable inputs may include earnings before interest, taxes, depreciation and amortization (EBITDA) multiples and capitalization rate.

Derivatives

Derivatives held for trading purposes or used in hedge accounting relationships include both OTC and exchange-traded derivatives. The fair values of exchange-traded derivatives measured using observable exchange prices are included in level 1 of the fair value hierarchy. Some observable exchange prices may not be considered executable at the reporting date and may have been adjusted for liquidity concerns. For those instruments where liquidity adjustments have been made to the exchange price, such as long-dated option contracts, the instrument has been included in level 2 of the fair value hierarchy.

The fair values of OTC derivatives are determined on the basis of either industry standard models or internally developed proprietary models. Both model types use various observable and unobservable inputs in order to determine fair value. The inputs include those characteristics of the derivative that have a bearing on the economics of the instrument. The determination of the fair value of many derivatives involves only a limited degree of subjectivity because the required inputs are observable in the marketplace, while more complex derivatives may use unobservable inputs that rely on specific proprietary modeling assumptions. Where observable inputs (prices from exchanges, dealers, brokers or market consensus data providers) are not available, attempts are made to infer values from observable prices through model calibration (spot and forward rates, mean reversion, benchmark interest rate curves and volatility inputs for commonly traded option products). For inputs that cannot be derived from other sources, estimates from historical data may be made. OTC derivatives where the majority of the value is derived from market observable inputs are categorized as level 2 instruments, while those where the majority of the value is derived from unobservable inputs are categorized as level 3 of the fair value hierarchy.

Interest rate derivatives

OTC vanilla interest rate products, such as interest rate swaps, swaptions, and caps and floors are valued by discounting the anticipated future cash flows. The future cash flows and discounting are derived from market standard yield curves and industry standard volatility inputs. Where applicable, exchange-traded prices are also used to value exchange-traded futures and options and can be used in yield curve construction. For more complex products, inputs include, but are not limited to correlation, volatility, prepayment rate, credit spreads, basis spreads and mean reversion.

Foreign exchange derivatives

Foreign exchange derivatives include vanilla products such as spot, forward and option contracts where the anticipated discounted future cash flows are determined from foreign exchange forward curves and industry standard optionality modeling techniques. Where applicable, exchange-traded prices are also used for futures and option prices. For more complex products inputs include, but are not limited to prepayment rate and correlation.

Equity and index-related derivatives

Equity derivatives include vanilla options and swaps in addition to different types of exotic options. Inputs for equity derivatives can include correlation, volatility, skew, buyback probability and gap risk.

Generally, the interrelationship between the volatility, correlation and credit spreads inputs are positively correlated.

Credit derivatives

Credit derivatives include index and single name CDS in addition to more complex structured credit products. Vanilla products are valued using industry standard models and inputs that are generally market observable including credit spreads and recovery rates.

Complex structured credit derivatives are valued using proprietary models requiring unobservable inputs such as recovery rate, credit spreads, correlation and price. These inputs are generally implied from available market observable data. Fair values determined by price may include discounted cash flow models using the inputs prepayment rates, default rates, loss severity and discount rates.

Other trading assets

Other trading assets primarily include RMBS loans and life settlement and premium finance instruments. Life settlement and premium finance instruments are valued using proprietary models with several inputs. The significant unobservable inputs of the fair value for life settlement and premium finance instruments is the estimate of life expectancy, while for RMBS loans it is market comparable price.

For life settlement and premium finance instruments, individual life expectancy rates are typically obtained by multiplying a base mortality curve for the general insured population provided by a professional actuarial organization together with an individual-specific multiplier. Individual specific multipliers are determined based on data from third-party life expectancy data providers, which examine the insured individual's medical conditions, family history and other factors to arrive at a life expectancy estimate.

For RMBS loans, the use of market comparable price varies depending upon each specific loan. For some loans, similar to unobservable RMBS securities, 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 other RMBS loans, the loans are categorized by specific characteristics, such as loan-to-value ratio, average account balance, loan type (single or multi-family), lien, seasoning, coupon, FICO score, locality, delinquency status, cash flow velocity, roll rates, loan purpose, occupancy, servicers advance agreement type, modification status, Federal Housing Administration insurance, property value and documentation quality. Loans with unobservable prices are put into consistent buckets which are then compared to market observable comparable prices in order to assess the reasonableness of the those unobservable prices.

Other investments

Private equity, hedge funds and other equity investments

Other equity investments principally includes equity investments in the form of a) direct investments in third-party hedge funds, private equity funds and funds of funds, b) equity-method investments where the Group has the ability to significantly influence the operating and financial policies of the investee, and c) direct investments in non-marketable equity securities.

Direct investments in third-party hedge funds, private equity funds and funds of funds are measured at fair value based on their published NAVs. Most of these investments are classified as level 3 of the fair value hierarchy, as there are restrictions imposed upon the redemption of the funds at their NAVs in the near term. In some cases, NAVs may be adjusted where there is sufficient evidence that the NAV published by the investment manager is not current with observed market movements, it is probable that these investments will be sold for an amount other than NAV or there exist other circumstances that would require an adjustment to the published NAV. Although rarely adjusted, significant judgment is involved in making any adjustments to the published NAVs. As of December 31, 2012, the fair value of investments valued at an amount other than NAV where it is probable they will be sold was CHF 576 million. The remaining actions to complete the sales include steps that are usual and customary for sales of such investments in the secondary market. Substantial increases (decreases) in the NAV for private equity and hedge funds would result in a higher (lower) fair value.

Direct investments in non-marketable equity securities consist of both real estate investments and non-real estate investments. Equity-method investments and direct investments in non-marketable equity securities are initially measured at their transaction price, as this is the best estimate of fair value. Thereafter, these investments are individually measured at fair value based upon a number of factors that include any recent rounds of financing involving third-party investors, comparable company transactions, multiple analyses of cash flows or book values, or discounted cash flow analyses. Unobservable inputs may include credit spreads, contingent probability and EBITDA multiples. The availability of information used in these modeling techniques is often limited and involves significant judgment in evaluating these different factors over time. As a result, these investments are included in level 3 of the fair value hierarchy.

Life finance instruments

Life finance instruments include SPIA and other premium finance instruments. Life finance instruments are valued in a similar manner as described for life settlement and premium finance instruments under the other trading assets section above.

Loans

The Group's loan portfolio which is measured at fair value primarily consists of commercial and industrial loans and loans to financial institutions. Within these categories, loans measured at fair value include commercial loans, real estate loans, corporate loans, leverage finance loans and emerging market loans. Fair value is based on recent transactions and quoted prices, where available. Where recent transactions and quoted prices are not available, fair value may be determined by relative value benchmarking (which includes pricing based upon another position in the same capital structure, other comparable loan issues, generic industry credit spreads, implied credit spreads derived from CDS for the specific borrower, and enterprise valuations) or calculated based on the exit price of the collateral, based on current market conditions.

Both the funded and unfunded portion of revolving credit lines on the corporate lending portfolio are valued using a CDS pricing model, which requires estimates of significant inputs including credit spreads, recovery rates, credit conversion factors, and weighted average life of the loan. Significant unobservable inputs may include credit spreads and price. During 2012, the Group refined its approach for determining the LGD parameter used in the valuation model for its corporate

loan book. This approach, which is more granular and recognizes the seniority of certain unsecured loans, aligns the LGD used for regulatory capital calculations and valuation purposes. This refinement benefitted the Group's results in corporate banking by CHF 72 million.

The Group's other assets and liabilities include mortgage loans held in conjunction with securitization activities and assets and liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP. The fair value of mortgage loans held in conjunction with securitization activities is determined on a whole-loan basis and is consistent with the valuation of RMBS loans discussed in "Other trading assets" above. Whole-loan valuations are calculated based on the exit price reflecting the current market conditions. The fair value of assets and liabilities of VIEs and mortgage securitizations that do not meet the criteria for sale treatment under US GAAP are determined based on the quoted prices for securitized bonds, where available, or on cash flow analyses for securitized bonds, when quoted prices are not available.

Accrual based Private Banking & Wealth Management loans, for which an estimated fair value is disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below, include consumer loans relating to mortgages, loans collateralized by securities or consumer finance, as well as corporate and institutional loans relating to real estate, commercial and industrial loans, and loans to financial institutions, governments and public institutions. Fair values for these loans are determined by using a discounted cash flow model. Future cash flows are discounted using risk-adjusted discount rates which are derived from observable market interest rates for the applicable maturity and currency and from counterparty-related credit spreads.

Deposits

Accrual based deposits with a stated maturity, for which an estimated fair value is disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below, are generally fair valued by using a discounted cash flow model incorporating the Group's credit spreads. The estimated fair value of accrual accounted deposits without a stated maturity approximates the carrying amount; however, the value does not include an estimate of the value attributed to the long-term relationships with its customers that in the aggregate adds significant value to the Group's stable deposit base.

Short-term borrowings and long-term debt

The Group's short-term borrowings and long-term debt include structured notes (hybrid financial instruments that are both bifurcated and non-bifurcated) and vanilla debt. The fair value of structured notes is based on quoted prices, where available. When quoted prices are not available, fair value is determined by using a discounted cash flow model incorporating the Group's credit spreads, the value of derivatives embedded in the debt and the residual term of the issuance based on call options. Derivatives structured into the issued debt are valued consistently with the Group's stand-alone derivative contracts held for trading purposes or used in hedge accounting relationships as discussed above. The fair value of structured debt is heavily influenced by the combined call options and performance of the underlying derivative returns. Significant unobservable inputs for long-term debt include buyback probability, gap risk, correlation, volatility and price.

Generally, the interrelationships between volatility, skew, correlation, gap risk and credit spreads inputs are positively correlated.

Other liabilities

Failed sales

These liabilities represent the financing of assets that did not achieve sale accounting treatment under US GAAP. Failed sales are valued in a manner consistent with the related underlying financial instruments.

Short-term financial instruments

Certain short-term financial instruments are not carried at fair value on the balance sheet, but a fair value has been disclosed in the table "Carrying value and fair value of financial instruments not carried at fair value" below. These instruments include: cash and due from banks, cash collateral receivables and payables and other receivables and payables arising in the ordinary course of business. For these financial instruments, the carrying value approximates the fair value due to the relatively short period of time between their origination and expected realization, as well as the minimal credit risk inherent in these instruments.

Sensitivity of fair value measurements to changes in significant unobservable inputs

For level 3 assets with a significant unobservable input of basis spread, buyback probability, EBITDA multiple, life expectancy (for life finance instruments), correlation, recovery rate, price, skew, volatility and contingent probability, in general, an increase in the significant unobservable input would increase the fair value. For level 3 assets instruments with a significant unobservable input of prepayment rate, capitalization rate, internal rate of return, gap risk, default rate, discount rate, loss severity, credit spread and life expectancy (for life settlement and premium finance instruments), in general, an increase in the significant unobservable input would decrease the fair value.

For level 3 liabilities an increase in the related significant unobservable inputs would have the inverse impact on fair value. An increase in the significant unobservable input mean reversion would decrease the fair value.

Interrelationships between significant unobservable inputs

Except as noted above, there are no material interrelationships between the significant unobservable inputs for the financial instruments. As the significant unobservable inputs move independently, generally an increase or decrease in one significant unobservable input will have no impact on the other significant unobservable inputs.

Quantitative disclosures of valuation techniques

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

Quantitative information about level 3 assets at fair value

2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Debt	5,888				
of which corporates	3,192				
of which	754	Option model	Correlation, in %	(87)	97
			Buyback probability, in % ¹	50	100
of which	797	Market comparable	Price, in %	0	146
of which	1,231	Discounted cash flow	Credit spread, in bp	0	2,439
of which RMBS	724	Discounted cash flow	Discount rate, in %	2	50
			Prepayment rate, in %	0	55
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which CMBS	1,023	Discounted cash flow	Capitalization rate, in %	5	12
			Internal rate of return, in %	9	15
			Discount rate, in %	2	35
			Prepayment rate, in %	0	10
			Default rate, in %	0	40
			Loss severity, in %	0	90
of which CDO	447				
of which	193	Vendor price	Price, in %	0	102
of which	123	Discounted cash flow	Discount rate, in %	2	35
			Prepayment rate, in %	0	40
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which	78	Market comparable	Price, in %	80	93
Equity	485				
of which	237	Market comparable	EBITDA multiple	3	12
of which	26	Discounted cash flow	Capitalization rate, in %	7	7
Derivatives	6,650				
of which interest rate products	1,859	Option model	Correlation, in %	17	100
			Prepayment rate, in %	2	45
			Volatility, in %	(5)	31
			Credit spread, in bp	34	157
of which equity/index-related products	1,920	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
of which credit derivatives	1,294	Discounted cash flow	Credit spread, in bp	1	5,843
			Recovery rate, in %	0	75
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Loss severity, in %	0	100
			Correlation, in %	30	97
			Prepayment rate, in %	0	40
Other	2,486				
of which	1,891	Market comparable	Price, in %	0	103
of which	564	Discounted cash flow	Life expectancy, in years	4	20
Trading assets	15,509				

¹ Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Investment securities	170	–	–	–	–
Private equity	3,958	– ¹	– ¹	– ¹	– ¹
Hedge funds	165	– ¹	– ¹	– ¹	– ¹
Other equity investments	2,243				
of which private	2,245				
of which	759	Discounted cash flow	Credit spread, in bp	1,070	2,049
of which	903	Market comparable	Contingent probability, in %	50	50
of which	903	Market comparable	EBITDA multiple	2	13
Life finance instruments	1,818	Discounted cash flow	Life expectancy, in years	1	23
Other investments	8,184				
Loans	6,619				
of which commercial and industrial loans	4,778	Discounted cash flow	Credit spread, in bp	0	2,763
of which financial institutions	1,530	Discounted cash flow	Credit spread, in bp	0	888
Other intangible assets (mortgage servicing rights)	43	–	–	–	–
Other assets	5,164				
of which loans held-for-sale	4,463				
of which	2,031	Vendor price	Price, in %	0	103
of which	328	Discounted cash flow	Credit spread, in bp	20	1,458
of which	2,009	Market comparable	Price, in %	0	115
Total level 3 assets at fair value	35,689				

¹ Disclosure not required as balances are carried at unadjusted NAV. Refer to "Fair value measurements of investments in certain entities that calculate NAV per share" for further information.

Quantitative information about level 3 liabilities at fair value

2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Customer deposits	25	–	–	–	–
Trading liabilities	5,356				
of which interest rate derivatives	1,357	Option model	Basis spread, in bp	(28)	54
			Correlation, in %	17	100
			Mean reversion, in % ¹	(33)	5
			Prepayment rate, in %	4	45
of which foreign exchange derivatives	1,648	Option model	Correlation, in %	(10)	70
			Prepayment rate, in %	4	22
of which equity/index-related derivatives	1,003	Option model	Correlation, in %	(87)	97
			Skew, in %	56	128
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	4
of which credit derivatives	819	Discounted cash flow	Credit spread, in bp	0	5,843
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Recovery rate, in %	0	77
			Loss severity, in %	0	100
			Correlation, in %	0	47
			Prepayment rate, in %	0	40
Short-term borrowings	124	–	–	–	–
Long-term debt	10,098				
of which structured notes over two years	6,189	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	12
of which non-recourse liabilities	2,551				
of which	2,255	Vendor price	Price, in %	0	103
of which	230	Market comparable	Price, in %	0	87
Other liabilities	2,848				
of which failed sales	1,160				
of which	646	Market comparable	Price, in %	0	100
of which	290	Discounted cash flow	Credit spread, in bp	0	1,532
Total level 3 liabilities at fair value	18,451				

¹ Management's best estimate of the speed at which interest rates will revert to the long-term average. ² Estimate of the probability of structured notes being put back to the Group at the option of the investor over the remaining life of the financial instruments. ³ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Qualitative discussion of the ranges of significant unobservable inputs

The following sections provide further information about the ranges of significant unobservable inputs included in the tables above. The level of aggregation and diversity within the financial instruments disclosed in the tables above result in certain ranges of significant inputs being wide and unevenly distributed across asset and liability categories.

Discount rate

The discount rate is the rate of interest used to calculate the present value of the expected cash flows of a financial instrument. There are multiple factors that will impact the discount rate for any given financial instrument including the coupon on the instrument, the term and the underlying risk of the expected cash flows. Two instruments of similar term and expected cash flows may have significantly different discount rates because the coupons on the instruments are different.

Default rate and loss severity

For financial instruments backed by residential real estate or other assets, diversity in the portfolio is reflected in a wide range for loss severity due to varying levels of default. The lower end of the range represents high performing or government guaranteed collateral with a low probability of default or guaranteed timely payment of principal and interest while the higher end of the range relates collateral with a greater risk of default.

Credit spread and recovery rate

For financial instruments where credit spread is the significant unobservable input, the wide range represents positions with varying levels of risk. The lower end of the credit spread range typically represents shorter-dated instruments and/or those with better perceived credit risk. The higher end of the range typically comprises longer-dated financial instruments or those referencing non-performing, distressed or impaired reference credits. Similarly, the spread between the reference credit and an index can vary significantly based on the risk of the instrument. The spread will be positive for instruments that have a higher risk of default than the index (which is based on a weighted average of its components) and negative for instruments that have a lower risk of default than the index.

Similarly, recovery rates can vary significantly depending upon the specific assets and terms of each transaction. Transactions with higher seniority or more valuable collateral will have higher recovery rates while those transactions which are more subordinated or with less valuable collateral will have lower recovery rates.

Correlation

There are many different types of correlation inputs, including credit correlation, cross-asset correlation (such as equity-interest rate correlation), and same-asset correlation (such as interest rate-interest rate correlation). Correlation inputs are generally used to value hybrid and exotic instruments. Generally, same-asset correlation inputs have a narrower range than cross-asset correlation inputs. However, due to the complex and unique nature of these instruments, the ranges for correlation inputs can vary widely across portfolios.

Prepayment rate

Prepayment rates may vary from collateral pool to collateral pool, and are driven by a variety of collateral-specific factors, including the type and location of the underlying borrower, the remaining tenor of the obligation and the level and type (e.g., fixed or floating) of interest rate being paid by the borrower.

Volatility and skew

Volatility and skew are impacted by the underlying risk, term and strike price of the derivative. In the case of interest rate derivatives, volatility rates may vary significantly between different underlying currencies and expiration dates on the options. Similarly, equity derivatives' volatility may vary greatly depending upon the underlying reference name on the derivative.

Life expectancy

Life expectancy is the primary significant unobservable input on such products as life settlement, premium finance and SPIA and represents the estimated mortality rate for the underlying insured for each contract. This estimate may vary depending upon multiple factors including the age and specific health characteristics of each insured.

Fair value measurements of investments in certain entities that calculate NAV per share

Investments in funds held in trading assets and liabilities primarily include positions held in equity funds of funds as an economic hedge for structured notes and derivatives issued to clients that reference the same underlying risk and liquidity terms of the fund. A majority of these funds have limitations imposed on the amount of withdrawals from the fund during the redemption period due to illiquidity of the investments. In other instances, the withdrawal amounts may vary depending on the redemption notice period and are usually larger for the longer redemption notice periods. In addition, penalties may apply if redemption is within a certain time period from initial investment.

Investment in funds held in other investments principally involves private securities and, to a lesser extent, publicly traded securities and fund of funds. Several of these investments have redemption restrictions subject to the discretion of the Board of Directors of the fund and/or redemption is permitted without restriction, but is limited to a certain percentage of total assets or only after a certain date.

Furthermore, for those investments held in both trading assets and other investments that are nonredeemable, the underlying assets of such funds are expected to be liquidated over the life of the fund, which are generally up to 10 years.

The following table pertains to investments in certain entities that calculate NAV per share or its equivalent, primarily private equity and hedge funds. These investments do not have a readily determinable fair value and are measured at fair value using NAV.

Fair value, unfunded commitments and term of redemption conditions

end of 2012	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)				
Debt funds	127	38	165	0
Equity funds	52	3,810 ¹	3,862	0
Equity funds sold short	0	(111)	(111)	0
Total funds held in trading assets and liabilities	179	3,737	3,916	0
Debt funds	69	364	433	157
Equity funds	3	43	46	0
Others	3	153	156	46
Hedge funds	75	560 ²	635	203
Debt funds	97	0	97	17
Equity funds	2,633	0	2,633	724
Real estate funds	382	0	382	131
Others	846	0	846	198
Private equities	3,958	0	3,958	1,070
Equity method investments	385	0	385	0
Total funds held in other investments	4,418	560	4,978	1,273
Total fair value	4,597 ³	4,297 ⁴	8,894	1,273 ⁵

¹ 57% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 17% is redeemable on an annual basis with a notice period primarily of more than 60 days, 13% is redeemable on a monthly basis with a notice period primarily of less than 30 days and 13% is redeemable on a quarterly basis with a notice period primarily of more than 45 days. ² 66% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 19% is redeemable on demand with a notice period primarily of less than 30 days and 11% is redeemable on an annual basis with a notice period of more than 60 days. ³ Includes CHF 1,958 million attributable to noncontrolling interests. ⁴ Includes CHF 107 million attributable to noncontrolling interests. ⁵ Includes CHF 418 million attributable to noncontrolling interests.

Fair value, unfunded commitments and term of redemption conditions (continued)

end of 2011	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)				
Debt funds	45	61	106	0
Equity funds	40	4,864 ¹	4,904	0
Equity funds sold short	0	(78)	(78)	0
Total funds held in trading assets and liabilities	85	4,847	4,932	0
Debt funds	58	268	326	219
Equity funds	4	50	54	0
Others	5	113	118	55
Hedge funds	67	431 ²	498	274
Debt funds	9	0	9	18
Equity funds	3,136	0	3,136	954
Real estate funds	338	0	338	200
Others	823	0	823	231
Private equities	4,306	0	4,306	1,403
Equity method investments	360	0	360	0
Total funds held in other investments	4,733	431	5,164	1,677
Total fair value	4,818 ³	5,278 ⁴	10,096	1,677 ⁵

¹ 46% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 19% is redeemable on a quarterly basis with a notice period primarily of more than 45 days, 18% is redeemable on an annual basis with a notice period primarily of more than 60 days and 17% is redeemable on a monthly basis with a notice period primarily of less than 30 days. ² 72% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 17% is redeemable on an annual basis with a notice period of more than 60 days and 10% is redeemable on demand with a notice period primarily of less than 30 days. ³ Includes CHF 2,248 million attributable to noncontrolling interests. ⁴ Includes CHF 91 million attributable to noncontrolling interests. ⁵ Includes CHF 540 million attributable to noncontrolling interests.

Nonrecurring fair value changes

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments

in certain circumstances, for example, when there is evidence of impairment. The Group typically uses nonfinancial assets measured at fair value on a recurring or nonrecurring basis in a manner that reflects their highest and best use.

Nonrecurring fair value changes

end of	2012	2011
Assets held-for-sale recorded at fair value on a nonrecurring basis (CHF billion)		
Assets held-for-sale recorded at fair value on a nonrecurring basis	0.5	0.7
of which level 3	0.5	0.7

Fair value option

The Group has availed itself of the simplification in accounting offered under the fair value option, primarily in Investment Banking and Private Banking & Wealth Management's Asset Management business. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. That is, for instruments for which there was an inability to achieve hedge accounting

and for which the Group is economically hedged, the Group has elected the fair value option. Similarly, where the Group manages an activity on a fair value basis but previously has been unable to achieve fair value accounting, the Group has utilized the fair value option to align its risk management reporting to its financial accounting.

The Group elected fair value for certain of its financial statement captions as follows:

Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions

The Group has elected to account for structured resale agreements and most matched book resale agreements at fair value. These activities are managed on a fair value basis; thus, fair value accounting is deemed more appropriate for reporting purposes. The Group did not elect the fair value option for firm financing resale agreements as these agreements are generally overnight agreements which approximate fair value, but which are not managed on a fair value basis.

Other investments

The Group has elected to account for certain equity method investments at fair value. These activities are managed on a fair value basis; thus, fair value accounting is deemed more appropriate for reporting purposes. Certain similar instruments, such as those relating to equity method investments in strategic relationships, for example, the Group's ownership interest in certain clearance organizations, which were eligible for the fair value option, were not elected due to the strategic relationship.

Loans

The Group has elected to account for substantially all Investment Banking commercial loans and loan commitments and certain Investment Banking emerging market loans at fair value. These activities are managed on a fair value basis and fair value accounting was deemed more appropriate for reporting purposes. Additionally, recognition on a fair value basis eliminates the mismatch that existed due to the economic hedging the Group employs to manage these loans. Certain similar loans, such as project finance, lease finance, cash collateralized and some bridge loans, which were eligible for the fair value option, were not elected due to the lack of currently available infrastructure to fair value such loans and/or the inability to economically hedge such loans. Additionally, the Group elected not to account for loans granted by its Private Banking & Wealth Management segment at fair value, such as domestic consumer lending, mortgages and corporate loans, as these loans are not managed on a fair value basis.

Other assets

The Group elected the fair value option for loans held-for-sale, due to the short period over which such loans are held and the intention to sell such loans in the near term. Other assets also include assets of VIEs and mortgage securitizations which do not meet the criteria for sale treatment under US GAAP. The Group did elect the fair value option for these types of transactions.

Due to banks

The Group elected the fair value option for certain time deposits associated with its emerging markets activities.

Customer deposits

The Group's customer deposits include fund-linked deposits. The Group elected the fair value option for these fund-linked deposits. Fund-linked products are managed on a fair value basis and fair value accounting was deemed more appropriate for reporting purposes.

Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions

The Group has elected to account for structured repurchase agreements and most matched book repurchase agreements at fair value. These activities are managed on a fair value basis and fair value accounting was deemed more appropriate for reporting purposes. The Group did not elect the fair value option for firm financing repurchase agreements as these agreements are generally overnight agreements which approximate fair value, but which are not managed on a fair value basis.

Short-term borrowings

The Group's short-term borrowings include hybrid debt instruments with embedded derivative features. Some of these embedded derivative features create bifurcable debt instruments. The Group elected the fair value option for some of these instruments as of January 1, 2006, in accordance with the provisions of US GAAP. New bifurcable debt instruments which were entered into in 2006 are carried at fair value. Some hybrid debt instruments do not result in bifurcable debt instruments. US GAAP permits the Group to elect fair value accounting for non-bifurcable hybrid debt instruments. With the exception of certain bifurcable hybrid debt instruments which the Group did not elect to account for at fair value, the Group has elected to account for all hybrid debt instruments held as of January 1, 2007, and hybrid debt instruments originated after January 1, 2007, at fair value. These activities are managed on a fair value basis and fair value accounting was deemed appropriate for reporting purposes. There are two main populations of similar instruments for which fair value accounting was not elected. The first relates to the lending business transacted by the Group's Private Banking & Wealth Management segment, which includes structured deposits and similar investment products. These are managed on a bifurcated or accrual basis and fair value accounting was not considered appropriate. The second is

where the instruments were or will be maturing in the near term and their fair value will be realized at that time.

Long-term debt

The Group's long-term debt includes hybrid debt instruments with embedded derivative features as described above in Short-term borrowings. The Group's long-term debt also includes debt issuances managed by its Treasury department that do not contain derivative features (vanilla debt). The Group actively manages the interest rate risk on these instruments with derivatives; in particular, fixed-rate debt is hedged with receive-fixed, pay-floating interest rate swaps. The Group

elected to fair value this fixed-rate debt upon implementation of the fair value option on January 1, 2007, with changes in fair value recognized as a component of trading revenues. The Group did not elect to apply the fair value option to fixed-rate debt issued by the Group since January 1, 2008, and instead applies hedge accounting per the guidance of US GAAP.

Other liabilities

Other liabilities include liabilities of VIEs and mortgage securitizations which do not meet the criteria for sale treatment under US GAAP. The Group did elect the fair value option for these types of transactions.

Difference between the aggregate fair value and the aggregate unpaid principal balances of loans and financial instruments

end of	2012			2011		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-interest-earning loans	920	3,810	(2,890)	807	3,277	(2,470)
Financial instruments (CHF million)						
Interest bearing deposits with banks	627	615	12	405	404	1
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	113,664	113,196	468	158,673	157,889	784
Loans	20,000	20,278	(278)	20,694	21,382	(688)
Other assets ¹	22,060	29,787	(7,727)	20,511	30,778	(10,267)
Due to banks and customer deposits	(531)	(493)	(38)	(610)	(620)	10
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(108,784)	(108,701)	(83)	(136,483)	(136,396)	(87)
Short-term borrowings	(4,513)	(4,339)	(174)	(3,547)	(3,681)	134
Long-term debt	(65,384)	(66,998)	1,614	(70,366)	(79,475)	9,109
Other liabilities	(3,683)	(6,186)	2,503	(5,730)	(8,210)	2,480

¹ Primarily loans held-for-sale.

Gains and losses on financial instruments

	2012	2011	2010
in	Net gains/ (losses)	Net gains/ (losses)	Net gains/ (losses)
Financial instruments (CHF million)			
Cash and due from banks	(13) ²	–	–
of which related to credit risk	(13)	–	–
Interest-bearing deposits with banks	12 ¹	0	11 ¹
of which related to credit risk	3	0	0
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,183 ¹	1,698 ¹	1,901 ¹
Other trading assets	10 ²	10 ²	46 ²
Other investments	144 ³	196 ²	(225) ³
of which related to credit risk	34	(14)	(2)
Loans	925 ¹	(1,105) ²	1,065 ¹
of which related to credit risk	318	(256)	707
Other assets	2,641 ¹	476 ¹	5,896 ²
of which related to credit risk	355	(332)	589
Due to banks and customer deposits	(22) ¹	(2) ¹	(27) ²
of which related to credit risk	8	45	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(114) ¹	(575) ¹	(471) ¹
Short-term borrowings	(350) ²	91 ²	(51) ²
of which related to credit risk ⁴	0	(2)	1
Long-term debt	(7,905) ²	2,342 ²	(6,162) ²
of which related to credit risk ⁴	(2,552)	1,909	273
Other liabilities	826 ²	(286) ²	(232) ²
of which related to credit risk	912	(348)	(97)

¹ Primarily recognized in net interest income. ² Primarily recognized in trading revenues. ³ Primarily recognized in other revenues. ⁴ Changes in fair value related to credit risk are due to the change in the Group's own credit spreads. Other changes in fair value are attributable to changes in foreign currency exchange rates and interest rates, as well as movements in the reference price or index for structured notes. Changes in fair value on Credit Suisse vanilla debt and on debit valuation adjustments on structured notes related to credit risk were CHF (1,663) million and CHF (931) million in 2012, respectively, CHF 1,210 million and CHF 697 million in 2011, respectively, and CHF 341 million and CHF (73) million in 2010, respectively.

Interest income and expense are calculated based on contractual rates specified in the transactions. Interest income and expense are recorded in the consolidated statements of operations depending on the nature of the instrument and related market convention. When interest is included as a component of the change in the instrument's fair value, it is included in trading revenues. Otherwise, it is included in interest and dividend income or interest expense. Dividend income is recognized separately from trading revenues.

The impacts of credit risk on debt securities held as assets presented in the table above have been calculated as the component of the total change in fair value, excluding the impact of changes in base or risk-free interest rates. The impacts of changes in own credit risk on liabilities presented in the table above have been calculated as the difference between the fair values of those instruments as of the reporting date and the theoretical fair values of those instruments calculated by using the yield curve prevailing at the end of the reporting period, adjusted up or down for changes in the Group's own credit spreads from the transition date to the reporting date.

Disclosures about the fair value of financial instruments not carried at fair value in the consolidated balance sheet

The following table provides the carrying value and fair value of financial instruments which are not carried at fair value in the consolidated balance sheet. The disclosure excludes all

non-financial instruments such as lease transactions, real estate, premises and equipment, equity method investments and pension and benefit obligations. Beginning in January 2012, US GAAP requires the disclosure of the fair values of these financial instruments within the fair value hierarchy prospectively.

Carrying value and fair value of financial instruments not carried at fair value

end of 2012	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets (CHF million)					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	69,791	0	69,764	27	69,791
Loans	218,281	0	221,030	4,482	225,512
Other financial assets ¹	132,147	63,900	66,798	1,772	132,470
Financial liabilities (CHF million)					
Due to banks and deposits	331,270	200,838	130,313	9	331,160
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	23,937	0	23,939	0	23,939
Short-term borrowings	14,128	0	14,131	0	14,131
Long-term debt	82,750	0	79,846	4,546	84,392
Other financial liabilities ²	89,361	0	88,121	1,171	89,292

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities. ² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

Carrying value and fair value of financial instruments not carried at fair value (continued)

end of 2011	Carrying value	Fair value
Financial assets (CHF million)		
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	78,290	78,290
Loans	208,963	213,228
Other financial assets ¹	186,294	186,333
Financial liabilities (CHF million)		
Due to banks and deposits	346,228	346,147
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	40,076	40,076
Short-term borrowings	22,569	22,570
Long-term debt	92,289	89,172
Other financial liabilities ²	96,844	96,844

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities. ² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

34 Assets pledged and collateral

Assets pledged

The Group pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be

encumbered, meaning they have the right to be sold or repledged. The encumbered assets are parenthetically disclosed on the consolidated balance sheet.

end of	2012	2011
Assets pledged (CHF million)		
Total assets pledged or assigned as collateral	151,419	157,856
of which encumbered	90,745	96,922

Collateral

The Group receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A substantial portion of the collateral and securities received by the Group was sold

or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

end of	2012	2011
Collateral (CHF million)		
Fair value of collateral received with the right to sell or repledge	402,793	373,657
of which sold or repledged	292,514	332,718

Other information

end of	2012	2011
Other information (CHF million)		
Cash and securities restricted under foreign banking regulations	14,340	17,943
Swiss National Bank required minimum liquidity reserves	2,441	2,294

35 Capital adequacy

The Group is subject to regulation by FINMA. The capital levels of the Group are subject to qualitative judgments by regulators, including FINMA, about the components of capital, risk weightings and other factors. Since January 2008, the Group operated under the international capital adequacy standards known as Basel II set forth by the BCBS. These standards affected the measurement of both total eligible capital and risk-weighted assets. In January 2011, as required by FINMA, the Group implemented BCBS's "Revisions to the Basel II market risk framework" (Basel II.5) for FINMA regulatory capital purposes. The Group has based its capital adequacy calculations on US GAAP, as permitted by FINMA Circular 2008/34. FINMA has advised the Group that it may continue to include as tier 1 capital CHF 33 million and CHF 0.6 billion of equity from SPEs which are deconsolidated under US GAAP as of December 31, 2012 and 2011, respectively.

According to FINMA and Bank for International Settlements (BIS) capital requirements, total regulatory capital is comprised of two categories: tier 1 and tier 2 capital. Tier 1 capital consists of total shareholders' equity, qualifying non-controlling interests and hybrid tier 1 capital instruments. Deductions from tier 1 capital include, among other items, goodwill and intangible assets, participations in insurance entities, investments in certain bank and finance entities and other adjustments, including cumulative fair value adjustments on Credit Suisse vanilla debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans. Core tier 1 capital excludes hybrid tier 1 capital instruments. Tier 1 capital is supplemented for capital adequacy purposes by tier 2 capital, which consists primarily of unsecured, perpetual, subordinated instruments that are senior only to tier 1 instruments. The sum of tier 1 and tier 2 capital equals total eligible capital.

Risk-weighted assets include consolidated balance sheet assets, net positions in securities not held in the trading portfolio, off-balance sheet transactions converted into credit equivalents, market positions in the trading portfolio and operational risk from processes, people, systems and external events.

As of December 31, 2012 and 2011, the Group was adequately capitalized under the regulatory provisions outlined under both FINMA and BIS guidelines.

BIS statistics – Basel II.5

end of	2012	2011
Eligible capital (CHF million)		
Tier 1 capital	43,547	36,844
of which core tier 1 capital	34,766	25,956
Tier 2 capital	6,389	11,810
Total eligible capital	49,936	48,654
Risk-weighted assets (CHF million)		
Credit risk	143,679	157,237
Market risk	29,366	40,609
Non-counterparty risk	6,126	7,819
Operational risk	45,125	36,088
Risk-weighted assets	224,296	241,753
Capital ratios (%)		
Core tier 1 ratio	15.5	10.7
Tier 1 ratio	19.4	15.2
Total capital ratio	22.3	20.1

Broker-dealer operations

Certain Group broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2012 and 2011, the Group and its subsidiaries complied with all applicable regulatory capital adequacy requirements.

Dividend restrictions

Certain of the Group's subsidiaries are subject to legal restrictions governing the amount of dividends they can pay (for example, pursuant to corporate law as defined by the Swiss Code of Obligations).

Under the Swiss Code of Obligations, dividends may be paid out only if and to the extent the corporation has distributable profits from previous business years, or if the free reserves of the corporation are sufficient to allow distribution of a dividend. In addition, at least 5% of the annual net profits must be retained and booked as general legal reserves for so long as these reserves amount to less than 20% of the paid-in share capital. The reserves currently exceed this 20% threshold. Furthermore, dividends may be paid out only after shareholder approval at the Annual General Meeting.

As of December 31, 2012 and 2011, the Group was not subject to restrictions on its ability to pay the proposed dividends.

36 Assets under management

The following disclosure provides information regarding assets under management and net new assets as regulated by FINMA.

Assets under management include assets from clients for which the Group provides investment advisory or discretionary asset management services. Assets that are held solely for transaction-related or safekeeping/custody purposes are not considered assets under management. Assets of corporate clients and public institutions that are used primarily for cash management or transaction-related purposes are also not considered assets under management. The classification of assets under management is individually assessed on the basis of each client's intentions and objectives and the banking services provided to the client. Reclassifications between assets under management and assets held for transaction-related or safekeeping purposes result in corresponding net assets inflows or outflows.

Net new assets measure the degree of success in acquiring assets under management. The calculation is based on the direct method, taking into account individual cash payments,

security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients and commissions, interest and fees charged for banking services are not taken into account when calculating net new assets, as such charges are not directly related to the Group's success in acquiring assets under management. Similarly, changes in assets under management due to currency and market volatility as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

A portion of the Group's assets under management result from double counting. Double counting arises when assets under management are subject to more than one level of asset management services. Each such separate advisory or discretionary service provides additional benefits to the client and represents additional income for the Group. Specifically, double counting primarily results from the investment of assets under management in collective investment instruments managed by the Group. The extent of double counting is disclosed in the following table.

Assets under management

in / end of	2012	2011
Assets under management (CHF billion)		
Assets in collective investment instruments managed by Credit Suisse	182.2	167.0
Assets with discretionary mandates	225.3	223.2
Other assets under management	843.3	795.0
Assets under management (including double counting)	1,250.8	1,185.2
of which double counting	63.8	77.7
Net new assets (CHF billion)		
Total net new assets (including double counting)	10.8	46.6

37 Litigation

The Group is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses, including those disclosed below. Some of these proceedings have been brought on behalf of various classes of claimants and seek damages of material and/or indeterminate amounts.

The Group accrues litigation provisions (including estimated fees and expenses of external lawyers and other service providers) and takes a charge to income in connection with certain proceedings when losses, additional losses or ranges of loss are probable and reasonably estimable. The Group reviews its legal proceedings each quarter to determine the adequacy of its litigation provisions and may increase or release provisions based on management's judgment and the advice of counsel. The establishment of additional provisions or releases of litigation provisions may be necessary in the future as developments in such proceedings warrant.

It is inherently difficult to determine whether a loss is probable or even reasonably possible or to estimate the amount of any loss or loss range for many of the Group's legal proceedings. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the proceeding, the progress of the matter, the advice of counsel, the Group's defenses and its experience in similar matters, as well as its assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings. Factual and legal determinations, many of which are complex, must be made before a loss, additional losses or ranges of loss can be reasonably estimated for any proceeding.

Most matters pending against the Group seek damages of an indeterminate amount. While certain matters specify the damages claimed, such claimed amount may not represent the Group's reasonably possible losses. For certain of the proceedings discussed below the Group has disclosed the amount of damages claimed and certain other quantifiable information that is publicly available.

The following table presents a roll forward of the Group's aggregate litigation provisions.

Litigation provisions

	2012
CHF million	
Balance at beginning of period	870
Increase in litigation accruals	774
Decrease in litigation accruals	(87)
Decrease for settlements and other cash payments	(373)
Foreign exchange translation	(27)
Balance at end of period	1,157

The Group's aggregate litigation provisions include estimates of losses, additional losses or ranges of loss for proceedings for which such losses are probable and can be reasonably estimated. The Group does not believe that it can estimate an aggregate range of reasonably possible losses for certain of its proceedings because of their complexity, the novelty of some of the claims, the early stage of the proceedings, the limited amount of discovery that has occurred and/or other factors. The Group's estimate of the aggregate range of reasonably possible losses that are not covered by existing provisions for the proceedings discussed below for which the Group believes an estimate is possible is zero to CHF 1.7 billion.

After taking into account its litigation provisions, the Group believes, based on currently available information and advice of counsel, that the results of its legal proceedings, in the aggregate, will not have a material adverse effect on the Group's financial condition. However, in light of the inherent uncertainties of such proceedings, including those brought by regulators or other governmental authorities, the ultimate cost to the Group of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period, depending, in part, upon the operating results for such period.

Research-related litigation

Putative class action lawsuits were filed against Credit Suisse Securities (USA) LLC (CSS LLC) in the wake of publicity surrounding the 2002 industry-wide governmental and regulatory investigations into research analyst practices, with *In re Credit Suisse – AOL Securities Litigation*, filed in the US District Court for the District of Massachusetts, being the remaining

outstanding matter. The case was brought on behalf of a class of purchasers of common shares of the former AOL Time Warner Inc. (AOL) who have alleged that CSS LLC's equity research coverage of AOL between January 2001 and July 2002 was false and misleading. The second amended complaint in this action asserted federal securities fraud and control person liability claims against CSS LLC and certain affiliates and former employees of CSS LLC. Plaintiffs estimated damages of approximately USD 3.9 billion. On January 13, 2012, the district court granted summary judgment in favor of the defendants upon its determination to preclude a plaintiff expert witness. On May 17, 2012, the court denied the plaintiffs' motion for reconsideration. On November 15, 2012, the plaintiffs filed an appeal and on January 7, 2013, the defendants filed an opposition to plaintiffs' motion. On February 4, 2013, plaintiffs filed their reply brief and oral argument on the motion was held on March 6, 2013.

Enron-related litigation

Two Enron-related actions remain pending against CSS LLC and certain of its affiliates, both in the US District Court for the Southern District of Texas. In these actions, plaintiffs assert they relied on Enron's financial statements, and seek to hold the defendants responsible for any inaccuracies in Enron's financial statements. In *Connecticut Resources Recovery Authority v. Lay, et al.*, the plaintiff seeks to recover from multiple defendants, pursuant to the Connecticut Unfair Trade Practices Act and Connecticut state common law, approximately USD 130 million to USD 180 million in losses it allegedly suffered in a business transaction it entered into with Enron. A motion to dismiss is pending. In *Silvercreek Management Inc. v. Citigroup, Inc., et al.*, the plaintiff seeks to assert federal and state law claims relating to its alleged USD 280 million in losses relating to its Enron investments. A motion to dismiss is pending.

NCFE-related litigation

Since February 2003, lawsuits have been pending against CSS LLC and certain of its affiliates with respect to services that it provided to National Century Financial Enterprises, Inc. and its affiliates (NCFE). From January 1996 to May 2002, CSS LLC acted as a placement agent for bonds issued by NCFE that were to be collateralized by health-care receivables and, in July 2002, as a placement agent for a sale of NCFE preferred stock. From December 2000 through November 2002, an affiliate of CSS LLC acted as administrative agent for, and entered into participation agreements in, an asset-backed liquidity facility issued by NCFE that was also to be collateralized by health care receivables. NCFE filed for bankruptcy protection in November 2002. In these lawsuits, which

were consolidated as a Multi-District Litigation in the US District Court for the Southern District of Ohio (SDO) for pre-trial purposes, investors holding approximately USD 1.9 billion face amount of NCFE's bonds and approximately USD 12 million in preferred stock sued numerous defendants, including the founders and directors of NCFE, the trustees for the bonds, NCFE's auditors and law firm, the rating agencies that rated NCFE's bonds and NCFE's placement agents, including CSS LLC. The lawsuits asserted claims for breach of contract, negligence, fraud and violation of federal and state securities laws and generally alleged that CSS LLC and/or its affiliates knew or should have known that the health care receivables purportedly backing the bonds were either ineligible for the programs or non-existent. In April 2009, CSS LLC settled with the New York City Pension Fund bond investor plaintiffs for an amount covered by existing provisions. On September 25, 2012, venue for the bond investor lawsuits was transferred to the SDNY and on November 27, 2012 the suits were consolidated for trial. On October 26, 2012, the SDO issued a decision which granted CSS LLC's summary judgment motion to dismiss all the claims brought by the investor in NCFE preferred stock. On November 16, 2012, that equity investor filed a notice of appeal of that decision to the US Court of Appeals for the Sixth Circuit and on February 15, 2013 filed its appellant's brief and appendix. On November 28, 2012, the SDNY issued an order providing that trial of the bond investor cases would begin April 1, 2013. On December 28, 2012, the SDNY issued an order in the bond investor lawsuits directing all parties to engage in settlement discussions in advance of trial. On January 25, 2013, the SDNY issued an order in the bond investor lawsuits holding that in the event CSS LLC or its remaining affiliate in the litigation, and NCFE's former CEO Lance Poulsen, the only other remaining defendant, were ultimately found liable on certain of the claims at trial, the remaining defendants, including CSS LLC and/or its affiliate, would be jointly and severally liable for the losses relating to those claims, subject to an appropriate reduction for settlements entered into by the bond investors and former defendants. On March 13, 2013, CSS LLC and its affiliate entered into agreements to settle the bond investor lawsuits and resolve all remaining bond investor claims for an amount partially covered by existing provisions.

Refco-related litigation

In March 2008, CSS LLC was named, along with other financial services firms, accountants, lawyers, officers, directors and controlling persons, as a defendant in an action filed in New York State court by the Joint Official Liquidators of various SPhinX Funds and the trustee of the SphinX Trust, which holds claims that belonged to PlusFunds Group, Inc. (Plus-

Funds), the investment manager for the SPhinX Funds. The operative amended complaint in the suit asserted claims against CSS LLC for aiding and abetting breaches of fiduciary duty and aiding and abetting fraud by Refco's insiders in connection with Refco's August 2004 notes offering and August 2005 IPO. Plaintiffs sought to recover from defendants more than USD 800 million, consisting of USD 263 million that the SphinX Managed Futures Fund, a SPhinX fund, had on deposit and lost at Refco, several hundred million dollars in alleged additional "lost enterprise" damages of PlusFunds, and pre-judgment interest. In March 2008, CSS LLC and certain other defendants removed the action to the SDNY. In November 2008, CSS LLC filed a motion to dismiss the amended complaint. In February 2012, the court granted in part and denied in part CSS LLC's motion to dismiss. The court dismissed Plaintiffs' claim for aiding and abetting breach of fiduciary duty with prejudice. The court also granted the motion with respect to part of Plaintiffs' claim for aiding and abetting fraud, but denied the motion with respect to part of that claim. In August 2012, CSS LLC filed a motion for summary judgment with respect to the remaining part of Plaintiffs' aiding and abetting fraud claim. In December 2012, the court granted the motion, thus dismissing CSS LLC from the case. The court has not yet issued a final judgment as to CSS LLC, and the dismissal of the claims against CSS LLC will be subject to appeal.

Mortgage-related matters

CSS LLC and certain of its affiliates have received requests for information from certain regulators and/or government entities regarding the origination, purchase, securitization and servicing of subprime and non-subprime residential mortgages and related issues. CSS LLC and its affiliates are cooperating with such requests.

On November 16, 2012, CSS LLC and certain of its affiliates settled an administrative proceeding with the SEC, which involved potential claims against them relating to settlements of claims against originators involving loans included in a number of their securitizations, by agreeing to pay approximately USD 120 million. This settlement also covered allegations with respect to two RMBS issued in 2006 that CSS LLC and such affiliates made misstatements in SEC filings regarding when they would repurchase mortgage loans from trusts if borrowers missed the first payment due. CSS LLC and such affiliates agreed to an order, without admitting or denying the allegations, requiring them to cease and desist from violations of Section 17(a)(2) and (3) of the Securities Act of 1933 and requiring one such affiliate to cease and desist from violations of Section 15(d) of the Securities Exchange Act of 1934. A separate possible action, which involved potential claims

against CSS LLC relating to due diligence conducted for two mortgage-backed securitizations and corresponding disclosures, formally was closed by the SEC, without any enforcement action, on November 19, 2012.

Following an investigation, on November 20, 2012, the New York Attorney General, on behalf of the State of New York, filed a civil action in the Supreme Court for the State of New York, New York County (SCNY) against CSS LLC and affiliated entities in their roles as issuer, sponsor, depositor and/or underwriter of RMBS transactions prior to 2008. The action, which references 64 RMBS issued, sponsored, deposited and underwritten by CSS LLC and its affiliates in 2006 and 2007, alleges that CSS LLC and its affiliates misled investors regarding the due diligence and quality control performed on the mortgage loans underlying the RMBS at issue, seeks an unspecified amount of damages, and is at an early procedural point.

CSS LLC and/or certain of its affiliates have also been named as defendants in various civil litigation matters related to their roles as issuer, sponsor, depositor, underwriter and/or servicer of RMBS transactions. These cases include class action lawsuits and putative class action lawsuits, actions by individual investors in RMBS, actions by monoline insurance companies that guaranteed payments of principal and interest for certain RMBS, and repurchase actions by RMBS trusts or investors on behalf of trustees. Although the allegations vary by lawsuit, plaintiffs in the class and putative class actions and individual investor actions generally allege that the offering documents of securities issued by various RMBS securitization trusts contained material misrepresentations and omissions, including statements regarding the underwriting standards pursuant to which the underlying mortgage loans were issued; monoline insurers allege that loans that collateralize RMBS they insured breached representations and warranties made with respect to the loans at the time of securitization; and repurchase action plaintiffs allege breached representations and warranties in respect of mortgage loans and failure to repurchase such mortgage loans as required under the applicable agreements. The amounts disclosed below do not reflect actual realized plaintiff losses to date or anticipated future litigation exposure. Rather, unless otherwise stated, these amounts reflect the original unpaid principal balance amounts as alleged in these actions and do not include any reduction in principal amounts since issuance. Further, amounts attributable to an "operative pleading" for the individual investor actions are not altered for settlements, dismissals or other occurrences, if any, that may have caused the amounts to change subsequent to the operative pleading. In addition to the mortgage-related actions discussed below, a number of other entities have threatened to assert claims against CSS LLC and/or

its affiliates in connection with various RMBS issuances, and CSS LLC and/or its affiliates have entered into agreements with some of those entities to toll the relevant statutes of limitations.

Class action litigations

In class actions and putative class actions against CSS LLC as an underwriter of other issuers' RMBS offerings, CSS LLC generally has contractual rights to indemnification from the issuers. However, some of these issuers are now defunct, including affiliates of IndyMac Bancorp (IndyMac) and Thornburg Mortgage (Thornburg). With respect to IndyMac, CSS LLC is named as a defendant in two class actions pending in the SDNY brought on behalf of purchasers of securities in various IndyMac RMBS offerings. In one class action, *In re IndyMac Mortgage-Backed Securities Litigation*, CSS LLC is named along with numerous other underwriters and individual defendants related to approximately USD 9.0 billion of IndyMac RMBS offerings. CSS LLC served as an underwriter with respect to approximately 32% of the IndyMac RMBS at issue or approximately USD 2.9 billion. Certain investors seek to intervene in the action to assert claims with respect to additional RMBS offerings, including two RMBS offerings underwritten by CSS LLC. In those two offerings, CSS LLC underwrote RMBS with an aggregate principal amount of USD 912 million. The SDNY has denied these motions to intervene, and the proposed intervenors are now appealing that ruling. In addition, plaintiffs filed a motion for reconsideration of the court's June 21, 2010 decision on defendants' motion to dismiss. The motion sought to reinstate claims with respect to previously-dismissed RMBS offerings, including 18 additional RMBS offerings underwritten by CSS LLC, with an aggregate principal amount of approximately USD 6.0 billion for which CSS LLC served as an underwriter (of which USD 912 million also is subject to the appeal of the intervention motion). On November 16, 2012, the SDNY denied that motion without prejudice to renewal at a later date. In the other IndyMac-related class action, *Tsereteli v. Residential Asset Securitization Trust 2006-A8*, CSS LLC is the sole underwriter defendant related to a USD 632 million IndyMac RMBS offering, of which CSS LLC underwrote USD 603 million of certificates. On November 8, 2012, the Second Circuit decided to hear CSS LLC's interlocutory appeal of the SDNY order granting plaintiff's motion for class certification. With respect to *Genesee County Employees' Retirement System v. Thornburg*, CSS LLC is a named defendant in a putative class action pending in the US District Court for the District of New Mexico along with a number of other financial institutions that served as depositors and/or underwriters for approximately USD 5.5 billion of Thornburg RMBS offerings. CSS LLC served as an

underwriter with respect to approximately 6.4% of the Thornburg RMBS at issue or approximately USD 354 million. All defendants have agreed to a settlement in principle in the aggregate amount of USD 11.25 million, which is subject to court approval. A further class action lawsuit pending in the SDNY against CSS LLC and certain affiliates and employees, *New Jersey Carpenters Health Fund v. Home Equity Mortgage Trust 2006-5*, relates to two RMBS offerings, totaling approximately USD 1.6 billion, sponsored and underwritten by the Credit Suisse defendants.

Individual investor actions

CSS LLC and, in some instances, its affiliates, as an RMBS issuer, underwriter and/or other participant, and in some instances its employees, along with other defendants, are defendants in: two actions brought by Cambridge Place Investment Management Inc. in Massachusetts state court, in which claims against CSS LLC, following the court's motion to dismiss ruling dismissing certain claims, relate to less than USD 525 million of the RMBS at issue, in an amount to be determined; one action brought by The Charles Schwab Corporation in California state court, in which claims against CSS LLC and its affiliates relate to USD 125 million of the RMBS at issue (approximately 9% of the USD 1.4 billion at issue against all defendants in the operative pleading); one action brought by the Federal Deposit Insurance Corporation (FDIC), as receiver for Citizens National Bank and Strategic Capital Bank in the SDNY, in which claims against CSS LLC and its affiliates relate to approximately USD 28 million of the RMBS at issue (approximately 20% of the USD 141 million at issue against all defendants in the operative pleading); four actions brought by the FDIC, as receiver for Colonial Bank: one action in the SDNY, in which claims against CSS LLC relate to approximately USD 92 million of the RMBS at issue (approximately 23% of the USD 394 million at issue against all defendants in the operative pleading), two actions in the US District Court for the Central District of California, in which claims against CSS LLC relate to approximately USD 58 million of the RMBS at issue (approximately 10% of the USD 553 million at issue against all defendants in the operative pleadings), and one action in the US District Court for the Middle District of Alabama, in which claims against CSS LLC and its affiliates relate to approximately USD 153 million of the RMBS at issue (approximately 49% of the USD 311 million at issue against all defendants in the operative pleading); seven individual actions brought by the Federal Home Loan Banks of Seattle, San Francisco, Chicago, Indianapolis and Boston in various state and federal courts, in which claims against CSS LLC and its affiliates relate to approximately USD 3.2 billion of the RMBS collectively at issue (approximately 9% of the USD 36

billion at issue against all defendants in the operative pleadings); five actions brought by the Federal Housing Finance Agency (FHFA), as conservator for Fannie Mae and Freddie Mac, in the SDNY, in which claims against CSS LLC and its affiliates and employees relate to approximately USD 19 billion of the RMBS at issue (approximately 29% of the USD 65 billion at issue against all defendants in the operative pleadings); one action brought by John Hancock Life Insurance Co. (U.S.A.) and affiliated entities in the US District Court for the District of Minnesota, in which claims against CSS LLC relate to an unstated amount of the RMBS at issue; two actions brought by Landesbank Baden-Württemberg and affiliated entities in the SDNY, in which claims against CSS LLC relate to approximately USD 200 million of the RMBS at issue (100% of the total amount at issue against all defendants in the operative pleadings); two actions brought by Massachusetts Mutual Life Insurance Company in the US District Court for the District of Massachusetts, in which claims against CSS LLC and its employee relate to approximately USD 107 million of the RMBS at issue (approximately 97% of the USD 110 million at issue against all defendants in the operative pleadings); one action brought by the National Credit Union Administration Board, as liquidating agent of the US Central Federal Credit Union, Western Corporate Federal Credit Union and Southwest Corporate Federal Credit Union in the US District Court for the District of Kansas, in which claims against CSS LLC and its affiliates relate to approximately USD 715 million of the RMBS at issue (100% of the total amount at issue against all defendants in the operative pleading); one action brought by Phoenix Light SF Ltd. and affiliated entities in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 362 million of the RMBS at issue (approximately 13% of the USD 2.8 billion at issue against all defendants in the operative pleading); one action brought by Royal Park Investments SA/NV in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 360 million of the RMBS at issue (approximately 4% of the USD 8.4 billion at issue against all defendants in the operative pleading); one action brought by Watertown Savings Bank in the SCNY, in which claims against CSS LLC and its affiliates relate to an unstated amount of the RMBS at issue; one action brought by the West Virginia Investment Management Board in West Virginia state court, in which claims against CSS LLC relate to approximately USD 6 million of the RMBS at issue (approximately 35% of the USD 17 million at issue against all defendants in the operative pleading); and one action brought by the Western & Southern Life Insurance Company and affiliated entities in Ohio state court, in which claims against CSS LLC and its affiliates relate to approximately USD 260 million of the RMBS at issue (approximately 94% of the USD 276

million at issue against all defendants in the operative pleading).

CSS LLC and certain of its affiliates and/or employees are the only defendants named in: one action brought by Allstate Insurance Company in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 232 million of RMBS; one action brought by Deutsche Zentral-Genossenschaftsbank AG, New York Branch in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 138 million of RMBS; one action brought by IKB Deutsche Industriebank AG and affiliated entities in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 97 million of RMBS; one action brought by Minnesota Life Insurance Company and affiliated entities in the US District Court for the District of Minnesota, in which claims against CSS LLC and its affiliates relate to approximately USD 43 million of RMBS; one action brought by The Prudential Insurance Company of America and affiliated entities in the US District Court for the District of New Jersey, in which claims against CSS LLC and its affiliates relate to approximately USD 466 million of RMBS; one action brought by Sealink Funding Limited in the SCNY, in which claims against CSS LLC and its affiliates relate to approximately USD 35 million of RMBS, following the March 1, 2013 filing of a complaint by the plaintiff which reduced the RMBS at issue by approximately USD 145 million; one action brought by Stichting Pensioenfond ABP in the SCNY, in which claims against CSS LLC and its affiliates and employees relate to an unstated amount of RMBS; and one action brought by The Union Central Life Insurance Company and affiliated entities in the SDNY, in which claims against CSS LLC and its affiliates and employees relate to approximately USD 65 million of RMBS.

These actions are at early or intermediate procedural points.

Monoline insurer disputes

CSS LLC and certain of its affiliates are defendants in two pending actions commenced by monoline insurers MBIA Insurance Corp. (MBIA) and Assured Guaranty Corp., that guaranteed payments of principal and interest that in aggregate total approximately USD 1.3 billion of RMBS issued in seven different offerings sponsored by Credit Suisse. One theory of liability advanced by the monoline insurers is that an affiliate of CSS LLC must repurchase affected mortgage loans from the trusts at issue. In addition, MBIA alleges a claim for fraudulent inducement. To date, the monoline insurers have submitted repurchase demands for loans with an aggregate original principal balance of approximately USD 2.6 billion. These actions are pending in the SCNY. In each action, plaintiff claims that

the vast majority of the underlying mortgage loans breach certain representations and warranties, and that CSS LLC and its affiliates have failed to repurchase the allegedly defective loans. Discovery in these actions is ongoing. On February 27, 2013, CSS LLC and its affiliate settled the action brought by Ambac Assurance Corp. in the SCNY for an amount covered by existing provisions. On March 8, 2013, CSS LLC settled an action brought by MBIA in California state court in which MBIA purported to be subrogated to the rights of certain RMBS holders who purchased RMBS underwritten by CSS LLC; that settlement was covered by existing provisions.

Repurchase litigations

DLJ Mortgage Capital, Inc. (DLJ) is a defendant in: one action brought by the FHFA, as conservator for Freddie Mac, on behalf of the Trustees of Home Equity Asset Trust 2006-5, Home Equity Asset Trust 2006-6 and Home Equity Asset Trust 2006-7, in which no damages amount is alleged; one action brought by Home Equity Mortgage Trust Series 2006-5, in which plaintiff alleges damages of not less than USD 497 million; one action brought by Asset Backed Securities Corporation Home Equity Loan Trust, Series 2006-HE7, in which no damages amount is alleged; one action brought by Home Equity Asset Trust, Series 2006-8, in which no damages amount is alleged; and one action brought by Home Equity Asset Trust 2007-1, in which no damages amount is alleged. DLJ and its affiliate Select Portfolio Servicing, Inc. (SPS), are defendants in: one action brought by Home Equity Mortgage Trust Series 2006-1, Home Equity Mortgage Trust Series 2006-3, and Home Equity Mortgage Trust Series 2006-4, in which plaintiffs allege damages of not less than USD 730 million, and allege that SPS obstructed the investigation into the full extent of the defects in the mortgage pools by refusing to afford the trustee reasonable access to certain origination files. These actions are brought in the SCNY and are at early procedural points.

Bank loan litigation

On January 3, 2010, the Bank and other affiliates were named as defendants in a lawsuit filed in the US District Court for the District of Idaho by homeowners in four real estate developments, Tamarack Resort, Yellowstone Club, Lake Las Vegas and Ginn Sur Mer. The Bank arranged, and was the agent bank for, syndicated loans provided for all four developments, which have been or are now in bankruptcy or foreclosure. Plaintiffs generally allege that the Bank and other affiliates committed fraud by using an unaccepted appraisal method to overvalue the properties with the intention to have the borrowers take out loans they could not repay because it would allow the Bank and other affiliates to later push the borrowers into bankruptcy and take own-

ership of the properties. The claims originally asserted by the plaintiffs include Racketeer Influenced and Corrupt Organizations (RICO), fraud, negligent misrepresentation, breach of fiduciary duty, tortious interference and conspiracy, among others. Plaintiffs have demanded USD 24 billion in damages. Cushman & Wakefield, the appraiser for the properties at issue, is also named as a defendant. An amended complaint was filed against all of the defendants on January 25, 2010, adding six new homeowner plaintiffs in the same four real estate developments. On March 29, 2010, the Bank and its named affiliates moved to dismiss the amended complaint in its entirety. The Bank and its named affiliates argued that the claims against them fail because they had no relationship with the plaintiff homeowners, and made no representations to them, fraudulent or otherwise, so there is no legal basis for the plaintiffs' claims against them. The Bank and its affiliates also argued, among other things, that the plaintiffs failed to plead the necessary elements of the claims asserted against them in the amended complaint. On March 31, 2011, the court dismissed the RICO claim with prejudice and dismissed certain other claims with leave to replead. A third amended complaint was filed on April 21, 2011, adding a Consumer Protection Act claim. On May 5, 2011, the Bank and its affiliates moved to dismiss the third amended complaint. On July 22, 2011, two developers moved to intervene in the lawsuit. On March 30, 2012, the court dismissed the unjust enrichment, fiduciary duty and Consumer Protection Act claims and limited fraud and negligent misrepresentation claims to three named plaintiffs. On September 17, 2012, plaintiffs filed a motion for class certification. On December 12, 2012, the Bank opposed the motion and oral argument is scheduled to take place on April 19, 2013.

Auction Rate Securities

On May 27, 2009, Elbit Systems Ltd ("Elbit") filed a complaint against the Group in the US District Court for the Northern District of Illinois, seeking approximately USD 16 million related to the purchase of auction rate securities, alleging federal securities law claims and state law aiding and abetting fraud and unjust enrichment causes of action. The case was transferred to the SDNY, and the Group moved to dismiss the complaint for failure to state a claim and for being barred by a prior release. The motion to dismiss the complaint for being barred by a prior release was denied without prejudice, and the court ordered the parties to engage in limited discovery concerning the release. The parties exchanged discovery on that issue and the Group filed a motion for summary judgment. On February 7, 2012, the SDNY denied the Group's summary judgment motion holding that a genuine dispute exists as to whether the prior release bars Elbit's claims. On January 7,

2013, the SDNY denied the Group's motion to dismiss the complaint for failure to state a claim.

Tax matters

Credit Suisse has been responding to subpoenas and other requests for information from the United States Department of Justice (DOJ), SEC and other authorities involving historical Private Banking services provided on a cross-border basis to US persons. US authorities are investigating possible violations of US tax and securities laws. In particular, the DOJ is investigating whether US clients violated their US tax obligations and whether Credit Suisse and certain of its employees assisted such clients. The SEC is investigating whether certain of our relationship managers triggered obligations for Credit Suisse or the relationship managers in Switzerland to register with the SEC as a broker-dealer or investment advisor. A limited number of current or former employees have been indicted and one former employee pleaded guilty to conduct while employed at other financial institutions that did not involve Credit Suisse. Credit Suisse received a grand jury target letter from the DOJ. We understand that certain US authorities are also investigating other Swiss and non-US financial institutions. We have been conducting an internal investigation and are continuing to cooperate with the authorities both in the US and Switzerland to resolve this matter in a responsible manner that complies with our legal obligations.

LIBOR-related matters

Regulatory authorities in a number of jurisdictions, including the US, UK, EU and Switzerland, have for an extended period of time been conducting investigations into the setting of LIBOR and other reference rates with respect to a number of currencies, as well as the pricing of certain related derivatives.

These ongoing investigations have included information requests from regulators regarding LIBOR-setting practices and reviews of the activities of various financial institutions, including the Group. The Group, which is a member of three LIBOR rate-setting panels (US Dollar LIBOR, Swiss Franc LIBOR and Euro LIBOR), is cooperating fully with these investigations.

In particular, it has been reported that regulators are investigating whether financial institutions engaged in an effort to manipulate LIBOR, either individually or in concert with other institutions, in order to improve market perception of these institutions' financial health and/or to increase the value of their proprietary trading positions. In response to regulatory inquiries, Credit Suisse commissioned a review of these issues. To date, Credit Suisse has seen no evidence to suggest that it is likely to have any material exposure in connection with these issues.

In addition, members of the US Dollar LIBOR panel, including Credit Suisse, have been named in various civil lawsuits filed in the US.

UK Financial Services Authority matter

On October 25, 2011, the UK Financial Services Authority announced a settlement with Credit Suisse (UK) Limited (CSUK) in respect of findings as to the adequacy of systems and controls relating to the suitability of sales of non-principal protected products in 2007 to 2009. Under the settlement, CSUK was fined GBP 5.95 million and was required to conduct a review of sales of such products in the relevant period to determine suitability. This review has now been completed and the regulatory action against CSUK in respect of this matter has concluded.

38 Significant subsidiaries and equity method investments

Significant subsidiaries

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
as of December 31, 2012				
Credit Suisse Group AG				
100	BANK-now AG	Horgen, Switzerland	CHF	30.0
100	Credit Suisse AG	Zurich, Switzerland	CHF	4,399.7
100	Credit Suisse Group Finance (U.S.) Inc.	Wilmington, United States	USD	600.0
100	Credit Suisse Group (Guernsey) V Limited	St. Peter Port, Guernsey	CHF	0.1
100	Credit Suisse Trust AG	Zurich, Switzerland	CHF	5.0
100	Credit Suisse Trust Holdings Limited	St. Peter Port, Guernsey	GBP	2.0
100	CS LP Holding AG	Zug, Switzerland	CHF	0.1
100	Inreska Limited	St. Peter Port, Guernsey	GBP	3.0
100	Neue Aargauer Bank AG	Aarau, Switzerland	CHF	134.1
88	Savoy Hotel Baur en Ville AG	Zurich, Switzerland	CHF	7.5
Credit Suisse AG				
100	AJP Cayman Ltd.	George Town, Cayman Islands	JPY	8,025.6
100	Banco Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	53.6
100	Banco Credit Suisse (México), S.A.	Mexico City, Mexico	MXN	1,716.7
100	Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	164.8
100	Boston Re Ltd.	Hamilton, Bermuda	USD	2.0
100	CJSC Bank Credit Suisse (Moscow)	Moscow, Russia	USD	37.8
100	Column Financial, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1
100	Credit Suisse (Brasil) Distribuidora de Títulos e Valores Mobiliários S.A.	São Paulo, Brazil	BRL	5.0
100	Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários	São Paulo, Brazil	BRL	98.4
100	Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany	EUR	130.0
100	Credit Suisse (France)	Paris, France	EUR	52.9
100	Credit Suisse (Gibraltar) Limited	Gibraltar, Gibraltar	GBP	5.0
100	Credit Suisse (Guernsey) Limited	St. Peter Port, Guernsey	USD	6.1
100	Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	6,135.9
100	Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	109.6
100 ¹	Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	150.0
100	Credit Suisse (Monaco) S.A.M.	Monte Carlo, Monaco	EUR	18.0
100	Credit Suisse (Poland) SP. z o.o	Warsaw, Poland	PLN	20.0
100	Credit Suisse (Qatar) LLC	Doha, Qatar	USD	20.0
100	Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	743.3
100	Credit Suisse (UK) Limited	London, United Kingdom	GBP	126.8
100	Credit Suisse (USA), Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Alternative Capital, LLC	Wilmington, United States	USD	81.6
100	Credit Suisse Asset Management Funds (UK) Limited	London, United Kingdom	GBP	15.5
100	Credit Suisse Asset Management Funds S.p.A. S.G.R.	Milan, Italy	EUR	5.0

Significant subsidiaries (continued)

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
100	Credit Suisse Asset Management (UK) Holding Limited	London, United Kingdom	GBP	144.2
	Credit Suisse Asset Management			
100	Immobilien Kapitalanlagegesellschaft mbH	Frankfurt, Germany	EUR	6.1
100	Credit Suisse Asset Management International Holding Ltd	Zurich, Switzerland	CHF	20.0
100	Credit Suisse Asset Management Investments Ltd	Zurich, Switzerland	CHF	0.1
100	Credit Suisse Asset Management Limited	London, United Kingdom	GBP	45.0
100	Credit Suisse Asset Management, LLC	Wilmington, United States	USD	1,079.6
100	Credit Suisse Business Analytics (India) Private Limited	Mumbai, India	INR	40.0
100	Credit Suisse Capital (Guernsey) I Limited	St. Peter Port, Guernsey	USD	0.0
100	Credit Suisse Capital Funding, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Capital LLC	Wilmington, United States	USD	737.6
100	Credit Suisse Energy LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Equities (Australia) Limited	Sydney, Australia	AUD	62.5
100	Credit Suisse Finance (Guernsey) Limited	St. Peter Port, Guernsey	USD	0.2
100	Credit Suisse Finance (India) Private Limited	Mumbai, India	INR	1,050.1
100	Credit Suisse First Boston (Latin America Holdings) LLC	George Town, Cayman Islands	USD	23.8
100	Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	EUR	0.0
100	Credit Suisse First Boston Mortgage Capital LLC	Wilmington, United States	USD	356.6
100	Credit Suisse Fund Management S.A.	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Fund Services (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	1.5
100	Credit Suisse Funds AG	Zurich, Switzerland	CHF	7.0
100	Credit Suisse Hedging-Griffo Corretora de Valores S.A.	São Paulo, Brazil	BRL	29.6
100	Credit Suisse Holding Europe (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	32.6
100	Credit Suisse Holdings (Australia) Limited	Sydney, Australia	AUD	3.0
100 ²	Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	4,184.7
100 ³	Credit Suisse International	London, United Kingdom	USD	3,107.7
100	Credit Suisse Leasing 92A, L.P.	New York, United States	USD	43.9
100	Credit Suisse Life & Pensions AG	Vaduz, Liechtenstein	CHF	15.0
100	Credit Suisse Life (Bermuda) Ltd.	Hamilton, Bermuda	USD	1.0
100	Credit Suisse Loan Funding LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Management LLC	Wilmington, United States	USD	894.5
100	Credit Suisse Principal Investments Limited	George Town, Cayman Islands	JPY	3,324.0
100	Credit Suisse Private Equity, LLC	Wilmington, United States	USD	42.2
100	Credit Suisse PSL GmbH	Zurich, Switzerland	CHF	0.0
100	Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4
100	Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	2,859.3
100	Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	530.9
100	Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.8
100	Credit Suisse Securities (Japan) Limited	Tokyo, Japan	JPY	78,100.0
100	Credit Suisse Securities (Johannesburg) (Proprietary) Limited	Johannesburg, South Africa	ZAR	0.0
100	Credit Suisse Securities (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR	100.0
100	Credit Suisse Securities (Moscow)	Moscow, Russia	RUB	97.1
100	Credit Suisse Securities (Singapore) Pte Limited	Singapore, Singapore	SGD	30.0
100	Credit Suisse Securities (Thailand) Limited	Bangkok, Thailand	THB	500.0
100	Credit Suisse Securities (USA) LLC	Wilmington, United States	USD	2,847.9
100	CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1

Significant subsidiaries (continued)

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
100	DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0
100	J O Hambro Investment Management Limited	London, United Kingdom	GBP	0.0
100	Merban Equity AG	Zug, Switzerland	CHF	0.1
100	SPS Holding Corporation	Wilmington, United States	USD	0.1
100	Whist Equity Trading LLC	Wilmington, United States	USD	140.4
99	PT Credit Suisse Securities Indonesia	Jakarta, Indonesia	IDR	235,000.0
98	Credit Suisse Hypotheken AG	Zurich, Switzerland	CHF	0.1
83	Asset Management Finance LLC	Wilmington, United States	USD	341.5
71	Credit Suisse Saudi Arabia	Riyadh, Saudi Arabia	SAR	300.0

¹ 58% owned by Credit Suisse AG. ² 43% of voting rights held by Credit Suisse Group AG, Guernsey Branch. ³ 80% of voting rights and 98% of equity interest held by Credit Suisse AG.

Significant equity method investments

Equity interest in %	Company name	Domicile
as of December 31, 2012		
Credit Suisse Group AG		
100 ¹	Credit Suisse Group Finance (Guernsey) Limited	St. Peter Port, Guernsey
100 ¹	Credit Suisse Group (Guernsey) I Limited	St. Peter Port, Guernsey
100 ¹	Credit Suisse Group (Guernsey) II Limited	St. Peter Port, Guernsey
100 ¹	Credit Suisse Group (Guernsey) IV Limited	St. Peter Port, Guernsey
50	Swisscard AECS AG	Horgen, Switzerland
25	SECB Swiss Euro Clearing Bank GmbH	Frankfurt, Germany
Credit Suisse AG		
33	Credit Suisse Founder Securities Limited	Beijing, China
25	E.L. & C. Baillieu Stockbroking (Holdings) Pty Ltd	Melbourne, Australia
20	ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China
5 ²	York Capital Management Global Advisors, LLC	New York, United States

¹ Deconsolidated under US GAAP as the Group is not the primary beneficiary. ² The Group holds a significant noncontrolling interest.

39 Subsidiary guarantee information

Certain wholly-owned finance subsidiaries of the Group, including Credit Suisse Group (Guernsey) I Limited and Credit Suisse Group (Guernsey) III Limited, each of which is a Guernsey incorporated non-cellular company limited by shares, may issue contingent convertible securities fully and unconditionally guaranteed by the Group. There are various legal and regulatory requirements, including the satisfaction of a solvency test under Guernsey law, applicable to some of the Group's subsidiaries that limit their ability to pay dividends or distributions and make loans and advances to the Group.

On March 26, 2007, the Group and the Bank issued full, unconditional and several guarantees of Credit Suisse (USA), Inc.'s outstanding SEC-registered debt securities. In accordance with the guarantees, if Credit Suisse (USA), Inc. fails to make any timely payment under the agreements governing such debt securities, the holders of the debt securities may demand payment from either the Group or the Bank, without first proceeding against Credit Suisse (USA), Inc. The guarantee from the Group is subordinated to senior liabilities. Credit Suisse (USA), Inc. is an indirect, wholly-owned subsidiary of the Group.

Condensed consolidating statements of operations

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	7,435	14,124	21,559	81	465	22,105
Interest expense	(4,431)	(10,311)	(14,742)	(79)	(134)	(14,955)
Net interest income	3,004	3,813	6,817	2	331	7,150
Commissions and fees	4,090	8,808	12,898	(12)	187	13,073
Trading revenues	1,555	(227)	1,328	1	(134)	1,195
Other revenues	891	1,599	2,490	1,319 ²	(1,261)	2,548
Net revenues	9,540	13,993	23,533	1,310	(877)	23,966
Provision for credit losses	(5)	93	88	0	82	170
Compensation and benefits	3,676	8,770	12,446	56	28	12,530
General and administrative expenses	2,070	5,198	7,268	(101)	143	7,310
Commission expenses	256	1,502	1,758	1	16	1,775
Total other operating expenses	2,326	6,700	9,026	(100)	159	9,085
Total operating expenses	6,002	15,470	21,472	(44)	187	21,615
Income/(loss) from continuing operations before taxes	3,543	(1,570)	1,973	1,354	(1,146)	2,181
Income tax expense/(benefit)	1,321	(843)	478	5	13	496
Income/(loss) from continuing operations	2,222	(727)	1,495	1,349	(1,159)	1,685
Net income/(loss)	2,222	(727)	1,495	1,349	(1,159)	1,685
Net income/(loss) attributable to noncontrolling interests	281	(881)	(600)	0	936	336
Net income/(loss) attributable to shareholders	1,941	154	2,095	1,349	(2,095)	1,349

¹ Includes eliminations and consolidation adjustments. ² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2012	Credit Suisse (USA), Inc. consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	2,222	(727)	1,495	1,349	(1,159)	1,685
Gains/(losses) on cash flow hedges	0	7	7	30	0	37
Foreign currency translation	(559)	(674)	(1,233)	1	118	(1,114)
Unrealized gains/(losses) on securities	0	(43)	(43)	0	28	(15)
Actuarial gains/(losses)	20	38	58	0	(108)	(50)
Net prior service cost	(2)	1	(1)	0	249	248
Other comprehensive income/(loss), net of tax	(541)	(671)	(1,212)	31	287	(894)
Comprehensive income/(loss)	1,681	(1,398)	283	1,380	(872)	791
Comprehensive income/(loss) attributable to noncontrolling interests	186	(997)	(811)	0	1,022	211
Comprehensive income/(loss) attributable to shareholders	1,495	(401)	1,094	1,380	(1,894)	580

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations (continued)

in 2011	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	7,501	14,936	22,437	161	404	23,002
Interest expense	(4,670)	(11,753)	(16,423)	(153)	7	(16,569)
Net interest income	2,831	3,183	6,014	8	411	6,433
Commissions and fees	3,509	9,165	12,674	9	269	12,952
Trading revenues	(1,673)	6,413	4,740	1	279	5,020
Other revenues	1,267	492	1,759	1,888 ²	(1,827)	1,820
Net revenues	5,934	19,253	25,187	1,906	(868)	26,225
Provision for credit losses	7	116	123	0	64	187
Compensation and benefits	3,736	9,452	13,188	80	(55)	13,213
General and administrative expenses	1,674	5,733	7,407	(135)	100	7,372
Commission expenses	267	1,701	1,968	1	23	1,992
Total other operating expenses	1,941	7,434	9,375	(134)	123	9,364
Total operating expenses	5,677	16,886	22,563	(54)	68	22,577
Income/(loss) from continuing operations before taxes	250	2,251	2,501	1,960	(1,000)	3,461
Income tax expense/(benefit)	(288)	747	459	7	205	671
Income/(loss) from continuing operations	538	1,504	2,042	1,953	(1,205)	2,790
Net income/(loss)	538	1,504	2,042	1,953	(1,205)	2,790
Net income/(loss) attributable to noncontrolling interests	734	167	901	0	(64)	837
Net income/(loss) attributable to shareholders	(196)	1,337	1,141	1,953	(1,141)	1,953

¹ Includes eliminations and consolidation adjustments. ² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2011	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	538	1,504	2,042	1,953	(1,205)	2,790
Gains/(losses) on cash flow hedges	0	(32)	(32)	(1)	0	(33)
Foreign currency translation	43	(336)	(293)	1	29	(263)
Unrealized gains/(losses) on securities	0	(3)	(3)	0	(15)	(18)
Actuarial gains/(losses)	(79)	221	142	0	(757)	(615)
Net prior service cost	0	(1)	(1)	0	396	395
Other comprehensive income/(loss), net of tax	(36)	(151)	(187)	0	(347)	(534)
Comprehensive income/(loss)	502	1,353	1,855	1,953	(1,552)	2,256
Comprehensive income/(loss) attributable to noncontrolling interests	771	169	940	0	(58)	882
Comprehensive income/(loss) attributable to shareholders	(269)	1,184	915	1,953	(1,494)	1,374

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of operations (continued)

in 2010	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Condensed consolidating statements of operations (CHF million)						
Interest and dividend income	8,897	16,088	24,985	209	339	25,533
Interest expense	(5,454)	(13,341)	(18,795)	(203)	6	(18,992)
Net interest income	3,443	2,747	6,190	6	345	6,541
Commissions and fees	4,403	9,416	13,819	9	250	14,078
Trading revenues	667	8,547	9,214	0	124	9,338
Other revenues	1,081	229	1,310	4,982 ²	(4,863)	1,429
Net revenues	9,594	20,939	30,533	4,997	(4,144)	31,386
Provision for credit losses	13	(134)	(121)	0	42	(79)
Compensation and benefits	4,177	10,524	14,701	90	(192)	14,599
General and administrative expenses	1,883	5,413	7,296	(196)	131	7,231
Commission expenses	307	1,814	2,121	3	24	2,148
Total other operating expenses	2,190	7,227	9,417	(193)	155	9,379
Total operating expenses	6,367	17,751	24,118	(103)	(37)	23,978
Income/(loss) from continuing operations before taxes	3,214	3,322	6,536	5,100	(4,149)	7,487
Income tax expense	952	355	1,307	2	239	1,548
Income/(loss) from continuing operations	2,262	2,967	5,229	5,098	(4,388)	5,939
Income/(loss) from discontinued operations, net of tax	0	(19)	(19)	0	0	(19)
Net income/(loss)	2,262	2,948	5,210	5,098	(4,388)	5,920
Net income attributable to noncontrolling interests	592	210	802	0	20	822
Net income/(loss) attributable to shareholders	1,670	2,738	4,408	5,098	(4,408)	5,098
of which from continuing operations	1,670	2,757	4,427	5,098	(4,408)	5,117
of which from discontinued operations	0	(19)	(19)	0	0	(19)

¹ Includes eliminations and consolidation adjustments. ² Primarily consists of revenues from investments in Group companies accounted for under the equity method.

Condensed consolidating statements of comprehensive income

in 2010	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Comprehensive income (CHF million)						
Net income/(loss)	2,262	2,948	5,210	5,098	(4,388)	5,920
Gains/(losses) on cash flow hedges	0	22	22	(14)	0	8
Foreign currency translation	(2,673)	(934)	(3,607)	0	28	(3,579)
Unrealized gains/(losses) on securities	0	13	13	1	(7)	7
Actuarial gains/(losses)	(35)	(76)	(111)	0	(134)	(245)
Net prior service cost	(1)	0	(1)	0	14	13
Other comprehensive income/(loss), net of tax	(2,709)	(975)	(3,684)	(13)	(99)	(3,796)
Comprehensive income/(loss)	(447)	1,973	1,526	5,085	(4,487)	2,124
Comprehensive income/(loss) attributable to noncontrolling interests	(93)	(339)	(432)	0	510	78
Comprehensive income/(loss) attributable to shareholders	(354)	2,312	1,958	5,085	(4,997)	2,046

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets

end of 2012	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	4,388	56,988	61,376	19	368	61,763
Interest-bearing deposits with banks	86	3,633	3,719	0	(1,774)	1,945
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	124,976	58,470	183,446	0	9	183,455
Securities received as collateral	34,980	(4,935)	30,045	0	0	30,045
Trading assets	87,958	168,644	256,602	0	(203)	256,399
Investment securities	0	1,939	1,939	0	1,559	3,498
Other investments	5,899	5,917	11,816	35,088	(34,882)	12,022
Net loans	22,945	204,553	227,498	4,459	10,266	242,223
Premises and equipment	1,062	4,354	5,416	0	202	5,618
Goodwill	581	6,929	7,510	0	879	8,389
Other intangible assets	77	166	243	0	0	243
Brokerage receivables	20,545	25,223	45,768	0	0	45,768
Other assets	15,469	57,313	72,782	173	(43)	72,912
Total assets	318,966	589,194	908,160	39,739	(23,619)	924,280
Liabilities and equity (CHF million)						
Due to banks	164	30,410	30,574	3,753	(3,313)	31,014
Customer deposits	1	297,689	297,690	0	10,622	308,312
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	127,666	5,055	132,721	0	0	132,721
Obligation to return securities received as collateral	34,980	(4,935)	30,045	0	0	30,045
Trading liabilities	23,332	67,759	91,091	0	(275)	90,816
Short-term borrowings	20,102	(5,264)	14,838	0	3,803	18,641
Long-term debt	35,485	111,512	146,997	437	700	148,134
Brokerage payables	44,400	20,276	64,676	0	0	64,676
Other liabilities	12,008	45,359	57,367	51	219	57,637
Total liabilities	298,138	567,861	865,999	4,241	11,756	881,996
Total shareholders' equity	17,318	17,449	34,767	35,498	(34,767)	35,498
Noncontrolling interests	3,510	3,884	7,394	0	(608)	6,786
Total equity	20,828	21,333	42,161	35,498	(35,375)	42,284
Total liabilities and equity	318,966	589,194	908,160	39,739	(23,619)	924,280

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating balance sheets (continued)

end of 2011	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Assets (CHF million)						
Cash and due from banks	3,698	107,526	111,224	13	(664)	110,573
Interest-bearing deposits with banks	87	4,106	4,193	0	(1,921)	2,272
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	153,625	83,310	236,935	0	28	236,963
Securities received as collateral	34,189	(3,998)	30,191	0	0	30,191
Trading assets	91,458	188,290	279,748	0	(195)	279,553
Investment securities	0	3,652	3,652	0	1,508	5,160
Other investments	6,719	6,196	12,915	34,137	(33,826)	13,226
Net loans	24,658	194,776	219,434	5,603	8,376	233,413
Premises and equipment	1,110	5,880	6,990	0	203	7,193
Goodwill	597	7,103	7,700	0	891	8,591
Other intangible assets	112	168	280	0	8	288
Brokerage receivables	17,951	25,494	43,445	0	1	43,446
Other assets	16,114	61,966	78,080	190	26	78,296
Total assets	350,318	684,469	1,034,787	39,943	(25,565)	1,049,165
Liabilities and equity (CHF million)						
Due to banks	92	39,985	40,077	4,697	(4,627)	40,147
Customer deposits	0	304,130	304,130	0	9,271	313,401
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	151,655	24,904	176,559	0	0	176,559
Obligation to return securities received as collateral	34,189	(3,998)	30,191	0	0	30,191
Trading liabilities	29,291	98,518	127,809	0	(49)	127,760
Short-term borrowings	15,881	10,235	26,116	0	0	26,116
Long-term debt	40,029	121,324	161,353	1,444	(142)	162,655
Brokerage payables	47,847	20,187	68,034	0	0	68,034
Other liabilities	10,124	52,043	62,167	128	922	63,217
Total liabilities	329,108	667,328	996,436	6,269	5,375	1,008,080
Total shareholders' equity	16,979	12,424	29,403	33,674	(29,403)	33,674
Noncontrolling interests	4,231	4,717	8,948	0	(1,537)	7,411
Total equity	21,210	17,141	38,351	33,674	(30,940)	41,085
Total liabilities and equity	350,318	684,469	1,034,787	39,943	(25,565)	1,049,165

¹ Includes eliminations and consolidation adjustments.

Condensed consolidating statements of cash flows

in 2012	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	(5,118)	(6,871)	(11,989)	357²	(1,042)	(12,674)
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	(2)	317	315	0	(131)	184
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	25,125	21,808	46,933	0	19	46,952
Purchase of investment securities	0	(276)	(276)	0	(204)	(480)
Proceeds from sale of investment securities	0	936	936	0	0	936
Maturities of investment securities	0	1,442	1,442	0	184	1,626
Investments in subsidiaries and other investments	78	(2,025)	(1,947)	(3,584)	3,492	(2,039)
Proceeds from sale of other investments	1,903	1,015	2,918	110	76	3,104
(Increase)/decrease in loans	1,075	(11,189)	(10,114)	1,154	(1,925)	(10,885)
Proceeds from sale of loans	0	1,090	1,090	0	0	1,090
Capital expenditures for premises and equipment and other intangible assets	(364)	(863)	(1,227)	0	(15)	(1,242)
Proceeds from sale of premises and equipment and other intangible assets	16	10	26	0	0	26
Other, net	235	3,441	3,676	28	(21)	3,683
Net cash provided by/(used in) investing activities of continuing operations	28,066	15,706	43,772	(2,292)	1,475	42,955
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	78	(15,020)	(14,942)	(1,015)	2,902	(13,055)
Increase/(decrease) in short-term borrowings	4,114	(15,757)	(11,643)	0	3,803	(7,840)
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(20,402)	(19,556)	(39,958)	0	0	(39,958)
Issuances of long-term debt	879	36,338	37,217	10	1,178	38,405
Repayments of long-term debt	(5,094)	(49,371)	(54,465)	(1,149)	(322)	(55,936)
Issuances of common shares	0	0	0	1,930	0	1,930
Sale of treasury shares	0	0	0	367	7,988	8,355
Repurchase of treasury shares	0	0	0	(495)	(8,364)	(8,859)
Dividends paid/capital repayments	0	(321)	(321)	(944)	(31)	(1,296)
Excess tax benefits on share based awards	0	42	42	0	(42)	0
Other, net	(1,715)	5,318	3,603	3,180	(6,389)	394
Net cash provided by/(used in) financing activities of continuing operations	(22,140)	(58,327)	(80,467)	1,884	723	(77,860)
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(118)	(1,046)	(1,164)	57	(124)	(1,231)
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	690	(50,538)	(49,848)	6	1,032	(48,810)
Cash and due from banks at beginning of period	3,698	107,526	111,224	13	(664)	110,573
Cash and due from banks at end of period	4,388	56,988	61,376	19	368	61,763

¹ Includes eliminations and consolidation adjustments. ² Consists of dividend payments from Group companies of CHF 166 million and CHF 46 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

Condensed consolidating statements of cash flows (continued)

in 2011	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	11,109	25,994	37,103	431 ²	1,096	38,630
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	(1)	(1,019)	(1,020)	0	288	(732)
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	(19,677)	4,996	(14,681)	0	(540)	(15,221)
Purchase of investment securities	0	(1,232)	(1,232)	0	(310)	(1,542)
Proceeds from sale of investment securities	0	2,118	2,118	0	0	2,118
Maturities of investment securities	0	2,294	2,294	0	168	2,462
Investments in subsidiaries and other investments	10	(1,420)	(1,410)	(101)	(271)	(1,782)
Proceeds from sale of other investments	4,269	2,055	6,324	9	451	6,784
(Increase)/decrease in loans	6,326	(21,144)	(14,818)	547	(2,971)	(17,242)
Proceeds from sale of loans	0	689	689	0	0	689
Capital expenditures for premises and equipment and other intangible assets	(477)	(1,250)	(1,727)	0	(12)	(1,739)
Proceeds from sale of premises and equipment and other intangible assets	0	11	11	0	0	11
Other, net	3	186	189	0	33	222
Net cash provided by/(used in) investing activities of continuing operations	(9,547)	(13,716)	(23,263)	455	(3,164)	(25,972)
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	(27)	27,651	27,624	(1,514)	1,825	27,935
Increase/(decrease) in short-term borrowings	(21,783)	25,881	4,098	0	0	4,098
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	29,310	(22,128)	7,182	0	0	7,182
Issuances of long-term debt	3,395	30,255	33,650	10	574	34,234
Repayments of long-term debt	(9,974)	(26,617)	(36,591)	(489)	(47)	(37,127)
Issuances of common shares	44	(46)	(2)	1,129	0	1,127
Sale of treasury shares	0	615	615	550	10,688	11,853
Repurchase of treasury shares	0	(612)	(612)	(201)	(10,977)	(11,790)
Dividends paid/capital repayments	0	(481)	(481)	(1,560)	93	(1,948)
Other, net	(3,897)	1,118	(2,779)	617	(346)	(2,508)
Net cash provided by/(used in) financing activities of continuing operations	(2,932)	35,636	32,704	(1,458)	1,810	33,056
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(65)	(627)	(692)	567	(508)	(633)
Net cash provided by/(used in) operating activities of discontinued operations (CHF million)						
Net cash provided by/(used in) operating activities of discontinued operations	0	25	25	0	0	25
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	(1,435)	47,312	45,877	(5)	(766)	45,106
Cash and due from banks at beginning of period	5,133	60,214	65,347	18	102	65,467
Cash and due from banks at end of period	3,698	107,526	111,224	13	(664)	110,573

¹ Includes eliminations and consolidation adjustments. ² Consists of dividend payments from Group companies of CHF 162 million and CHF 188 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

Condensed consolidating statements of cash flows (continued)

in 2010	Credit Suisse (USA), Inc., consolidated	Bank parent company and other subsidiaries ¹	Bank	Group parent company	Other Group subsidiaries ¹	Credit Suisse Group
Operating activities of continuing operations (CHF million)						
Net cash provided by/(used in) operating activities of continuing operations	26,915	(19,998)	6,917	3,577²	(2,266)	8,228
Investing activities of continuing operations (CHF million)						
(Increase)/decrease in interest-bearing deposits with banks	4,967	(6,727)	(1,760)	0	1,662	(98)
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	(9,985)	(17,556)	(27,541)	0	23	(27,518)
Purchase of investment securities	0	(2,580)	(2,580)	0	(172)	(2,752)
Proceeds from sale of investment securities	0	988	988	0	0	988
Maturities of investment securities	0	3,555	3,555	29	164	3,748
Investments in subsidiaries and other investments	(263)	(1,103)	(1,366)	(68)	(240)	(1,674)
Proceeds from sale of other investments	847	1,308	2,155	5	307	2,467
(Increase)/decrease in loans	98	6,026	6,124	715	(2,869)	3,970
Proceeds from sale of loans	0	817	817	0	0	817
Capital expenditures for premises and equipment and other intangible assets	(510)	(1,170)	(1,680)	0	(9)	(1,689)
Proceeds from sale of premises and equipment and other intangible assets	0	17	17	0	0	17
Other, net	68	146	214	0	61	275
Net cash provided by/(used in) investing activities of continuing operations	(4,778)	(16,279)	(21,057)	681	(1,073)	(21,449)
Financing activities of continuing operations (CHF million)						
Increase/(decrease) in due to banks and customer deposits	(12)	27,475	27,463	(1,767)	695	26,391
Increase/(decrease) in short-term borrowings	5,953	4,981	10,934	0	0	10,934
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(16,158)	9,061	(7,097)	0	0	(7,097)
Issuances of long-term debt	497	55,734	56,231	0	1,679	57,910
Repayments of long-term debt	(6,343)	(43,008)	(49,351)	(465)	(1,574)	(51,390)
Issuances of common shares	0	1,567	1,567	32	(1,590)	9
Sale of treasury shares	0	2,082	2,082	39	22,628	24,749
Repurchase of treasury shares	0	(1,623)	(1,623)	(2,103)	(23,120)	(26,846)
Dividends paid/capital repayments	0	(3,589)	(3,589)	(2,378)	3,167	(2,800)
Excess tax benefits on share based awards	478	130	608	0	7	615
Other, net	(2,850)	(494)	(3,344)	2,395	1,502	553
Net cash provided by/(used in) financing activities of continuing operations	(18,435)	52,316	33,881	(4,247)	3,394	33,028
Effect of exchange rate changes on cash and due from banks (CHF million)						
Effect of exchange rate changes on cash and due from banks	(558)	(5,905)	(6,463)	(4)	312	(6,155)
Net cash provided by/(used in) operating activities of discontinued operations (CHF million)						
Net cash provided by / (used in) operating activities of discontinued operations	0	(42)	(42)	0	0	(42)
Net increase/(decrease) in cash and due from banks (CHF million)						
Net increase/(decrease) in cash and due from banks	3,144	10,092	13,236	7	367	13,610
Cash and due from banks at beginning of period	1,989	50,122	52,111	11	(265)	51,857
Cash and due from banks at end of period	5,133	60,214	65,347	18	102	65,467

¹ Includes eliminations and consolidation adjustments. ² Consists of dividend payments from Group companies of CHF 3,063 million and CHF 269 million from bank and non-bank subsidiaries, respectively, and other cash items from parent company operations such as Group financing.

40 Credit Suisse Group parent company

- ▶ Refer to “Note 39 – Subsidiary guarantee information” for the condensed Credit Suisse Group parent company financial information.

41 Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)

The Group's consolidated financial statements have been prepared in accordance with US GAAP.

FINMA requires Swiss-domiciled banks which present their financial statements under either US GAAP or International Financial Reporting Standards (IFRS) to provide a narrative explanation of the major differences between Swiss GAAP banking law (true and fair view) and its primary accounting standard.

The principal provisions of the Banking Ordinance and the FINMA Circular 2008/2, “Accounting – banks”, governing financial reporting for banks (Swiss GAAP) differ in certain aspects from US GAAP. The following are the major differences:

- ▶ Refer to “Note 1 – Summary of significant accounting policies” for a detailed description of the Group's accounting policies.

Scope of consolidation

Under US GAAP, the Group does not consolidate certain entities that issue redeemable preferred securities. Under Swiss GAAP, these entities would continue to be consolidated as the Group holds 100% of the voting rights.

Under Swiss GAAP, majority-owned subsidiaries that are not considered long-term investments or do not operate in the core business of the Group are either accounted for as financial investments or as equity method investments. US GAAP has no such exception relating to the consolidation of majority-owned subsidiaries.

Fair value option

Unlike US GAAP, Swiss GAAP generally does not allow the fair value option concept that creates an optional alternative measurement treatment for certain non-trading financial assets and liabilities, guarantees and commitments. The fair value option permits the use of fair value for initial and subsequent measurement with changes in fair value recorded in the consolidated statements of income.

For issued structured products that include own debt and meet certain restrictive conditions, fair value measurement is applied on a case-by-case basis. The related changes in fair value of both the embedded derivative and the host contract

are recorded in trading revenues, except for fair value adjustments relating to own credit that cannot be recognized in the consolidated statements of income.

Other issued structured products which are not in the scope of this interpretation or for which fair value accounting is not elected under Swiss GAAP but for which the fair value option is elected under US GAAP continue to be bifurcated for Swiss GAAP purposes. This means that the embedded derivative is carried at fair value and the host contract is accounted for at amortized cost.

Other non-trading assets measured at fair value

Under US GAAP, all of our mortgage servicing rights and most of our life settlement contracts are reported at fair value, with changes in value reported in the consolidated statements of operations.

Under Swiss GAAP, mortgage servicing rights and life settlement contracts are carried at the lower of cost or market.

Goodwill amortization

Under US GAAP, goodwill is not amortized but must be tested for impairment annually or more frequently if an event or change in circumstances indicates that the goodwill may be impaired.

Under Swiss GAAP, goodwill is amortized over its useful life, generally not exceeding five years, except for justified cases where a maximum useful life of up to 20 years is acceptable. In addition, goodwill is tested for impairment.

Intangible assets with indefinite lives

Under US GAAP, intangible assets with indefinite lives are not amortized but are tested for impairment annually or more frequently if an event or change in circumstances indicates that the asset may be impaired.

Under Swiss GAAP, intangibles assets with indefinite lives are amortized over a useful life, up to a maximum of five years. In addition, these assets are tested for impairment.

Pensions and post-retirement benefits

Under US GAAP, the liability and related pension expense is determined based on the projected unit credit actuarial calculation of the benefit obligation.

Under Swiss GAAP, the liability and related pension expense is primarily determined based on the pension plan valuation in accordance with Swiss GAAP FER 26. A pension asset is recorded if a statutory overfunding of a pension plan leads to a future economic benefit, and a pension liability is recorded if a statutory underfunding of a pension plan leads to a future economic obligation. Pension expenses include the required contributions defined by Swiss law, any additional contribution mandated by the pension fund trustees and any change in value of the pension asset or liability between two measurement dates as determined on the basis of the annual year-end pension plan valuation.

Loan origination fees

US GAAP requires the deferral of certain fees received upfront in connection with the loan origination for loans not held under the fair value option.

Under Swiss GAAP, only upfront payments or fees that are considered interest-related components are deferred (e.g., premiums and discounts). Fees received from the borrower which are considered service-related fees such as commitment fees, structuring fees and arrangement fees are immediately recognized in commission income.

Sale of financial instruments held at amortized cost

Under US GAAP, the gain or loss on sale or early redemption of a financial instrument is immediately recognized in the consolidated statements of operations.

Under Swiss GAAP, the gain or loss on sale or early redemption of an interest-related financial instrument held at amortized cost is deferred over the remaining original term of the financial instrument.

Extinguishment of own debt

Under US GAAP, repurchased or reacquired own debt instruments are extinguished and gains or losses from extinguishment are immediately recognized in other income.

Under Swiss GAAP, repurchased own debt is only extinguished if the respective securities are legally extinguished. Gains or losses from extinguishment of own debt that was accounted for at amortized cost are deferred and amortized over the original term of the repurchased instruments. For reacquired own debt instruments that are not legally extinguished, the repurchased own debt instruments are either held as financial investments at the lower of cost or market or as trading assets at fair value. The carrying value of the repur-

chased instruments is offset against the respective liability of own debt instruments issued.

Real estate held for investment

Under US GAAP, real estate held for investment is valued at cost less accumulated depreciation and any impairment.

Under Swiss GAAP, real estate held for investment that the Group intends to hold permanently is also valued at cost less accumulated depreciation and any other-than-temporary impairment. If the Group does not intend to hold real estate permanently, it is carried at the lower of cost or market.

Sale and leaseback transactions

Under US GAAP, gains from the sale of property subject to a sale and leaseback agreement are deferred and amortized over the leaseback period.

Under Swiss GAAP, gains from the sale of property subject to a sale and leaseback agreement are only deferred if the provisions of the leaseback contract indicate that the leaseback is a capital lease; if the leaseback contract meets the requirements of an operating lease, such gains are immediately recognized upon sale of the property.

Investments in securities

Available-for-sale securities

Under US GAAP, available-for-sale securities are valued at fair value. Unrealized gains and losses due to fluctuations in fair value (including foreign exchange) are not recorded in the consolidated statements of operations but included net of tax in AOCI, which is part of total shareholders' equity. Declines in fair value below cost deemed to be other-than-temporary are recognized as impairments in the consolidated statements of operations, except for amounts relating to factors other than credit loss on debt securities with no intent or requirement to sell that continue to be included in AOCI. The new cost basis will not be changed for subsequent recoveries in fair value.

Under Swiss GAAP, available-for-sale securities are accounted for at the lower of cost or market with valuation reductions and recoveries due to market fluctuations recorded in other ordinary expenses and income, respectively. Foreign exchange gains and losses are recognized in net trading income.

Non-marketable equity securities

Under US GAAP, non-marketable equity securities are valued at cost less other-than-temporary impairment or at fair value.

Under Swiss GAAP, non-marketable equity securities are carried at the lower of cost or market.

Impairments on held-to-maturity securities

Under US GAAP, declines in fair value of held-to-maturity securities below cost deemed to be other-than-temporary are recognized as impairments in the consolidated statements of operations except for amounts relating to factors other than credit loss on debt securities held with no intent or requirement to sell that are included in AOCI. The impairment cannot be reversed in future periods.

Under Swiss GAAP, all impairments are recognized in the consolidated statements of income. Impairments recognized on held-to-maturity securities are reversed up to the amortized cost if the fair value of the instrument subsequently recovers. A reversal is recorded in the consolidated statements of income.

Trading positions

Under both US GAAP and Swiss GAAP, positions classified in the trading portfolio are valued at fair value. Under US GAAP, this classification is based on management's intent concerning the specific instrument, whereas under Swiss GAAP, the prevailing criteria is the active management of the specific instrument in the context of a documented trading strategy.

Derivatives used for cash flow hedges

Under US GAAP, the effective portion of a cash flow hedge is reported in AOCI.

Under Swiss GAAP, the effective portion of a cash flow hedge is recorded in the compensation account in other assets or other liabilities.

Security collateral received in securities lending transactions

Under US GAAP, security collateral received in securities lending transactions are recorded as assets and a corresponding liability to return the collateral is recognized.

Under Swiss GAAP, security collateral received and the obligation to return collateral of securities lending transactions are not recognized on the balance sheet.

Derecognition of financial instruments

Under US GAAP, financial instruments are only derecognized if the transaction meets certain criteria.

Under Swiss GAAP, a financial instrument is derecognized when the economic control has been transferred from the seller to the buyer.

Discontinued operations

Under US GAAP, the assets and liabilities of an operation held-for-sale are separated from the ordinary captions of the consolidated balance sheets and are reported as discontinued operations measured at the lower of the carrying value or fair value less cost to sell. Accordingly, income and expense from discontinued operations are reported in a separate line item of the consolidated statements of operations.

Under Swiss GAAP, these positions remain in their initial balance sheet captions until disposed of and continue to be valued according to the respective captions.

Extraordinary income and expenses

Unlike US GAAP, Swiss GAAP does report certain expenses or revenues as extraordinary. Extraordinary income and expenses are reported net of tax.

Reserves for general banking risks

US GAAP does not allow general unallocated provisions.

Under Swiss GAAP, reserves for general banking risks are recorded as a separate component between liabilities and shareholders' equity. Reserves for general banking risks are established or released through extraordinary expense and extraordinary income, respectively, or result from the reallocation of provisions which are no longer economically required.

Loan commitments

Under US GAAP, the Group includes unused credit facilities that can be revoked at its sole discretion upon notice to the client in loan commitments.

Under Swiss GAAP, credit facilities that can be revoked at the Group's sole discretion are only disclosed if the notice period exceeds six weeks.

42 Risk assessment

In accordance with the Swiss Code of Obligations the following disclosure provides information regarding the risk assessment process, which was in place for the reporting period and followed by the Board.

The primary objectives of risk management are to protect the financial strength and reputation of the Group, while ensuring that capital is well deployed to support business activities and grow shareholder value. The risk management organization reflects the specific nature of the various risks in order to ensure that risks are managed within set limits in a transparent and timely manner.

The Board is responsible for the strategic direction, supervision and control of the Group and for defining its overall tolerance for risk in the form of a risk appetite statement. The Board has delegated certain responsibilities regarding risk management and oversight to the Risk Committee, the Audit Committee and to the Executive Board.

The Board's Risk Committee is responsible for assisting the Board in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the review and assessment of the risk appetite framework including capital adequacy, the major risk exposures and the approval of risk limits. In addition to its other responsibilities such as reviewing the quarterly and annual financial statements and the performance and effectiveness of internal and external auditors, the Audit Committee reviews management's report on internal control over financial reporting (SOX 404), the annual report on the internal control system (ICS) and the annual compliance report.

Within the Executive Board of the Group, the Chief Risk Officer (CRO) is responsible for providing risk management oversight

and for establishing an organizational basis to manage and report on all risk management matters. The Capital Allocation and Risk Management Committee (CARMC), the Risk Processes and Standards Committee and the Reputation Risk and Sustainability Committee have been established to assist the Executive Board, and certain responsibilities regarding risk management and oversight have been delegated to these committees. CARMC is comprised of at least five members of the Executive Board and senior management appointed by the CEO and operates in the position risk cycle for setting position risk standards and monitoring related limits, the finance and capital cycle for asset/liability management, funding, liquidity and capital matters, and the ICS cycle for operational risks, legal and compliance issues and internal control matters. CARMC may delegate its authority to set and approve certain limits for position risk, funding, liquidity and capital to the CRO or divisional risk management committees. The divisional risk management committees regularly review and discuss division-specific market and credit risk matters, operational risks, legal and compliance issues and internal control matters.

During the reporting period, the Board received the quarterly risk reports from the CRO and the annual ICS and compliance reports from the office of the General Counsel, which formed the basis of the Board's risk reviews. Additional risk information was provided at each meeting of the Board's Risk Committee and at most Board meetings. The Board, assisted by its Risk and Audit Committees, performed a systematic risk assessment in accordance with established policies and procedures.

Controls and procedures

Evaluation of disclosure controls and procedures

The Group has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report under the supervision and with the participation of management, including the Group CEO and Chief Financial Officer (CFO), pursuant to Rule 13(a)-15(a) under the Securities Exchange Act of 1934 (the Exchange Act). There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives.

The CEO and CFO concluded that, as of December 31, 2012, the design and operation of the Group's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in reports filed and submitted under the Exchange Act is recorded, processed, summarized and reported as and when required.

Management report on internal control over financial reporting

The management of the Group is responsible for establishing and maintaining adequate internal control over financial reporting. The Group's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has made an evaluation and assessment of the Group's internal control over financial reporting as of December 31, 2012 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control – Integrated Framework".

Based upon its review and evaluation, management, including the Group CEO and CFO, has concluded that the Group's internal control over financial reporting is effective as of December 31, 2012.

KPMG AG, the Group's independent auditors, have issued an unqualified opinion on the effectiveness of the Group's internal control over financial reporting as of December 31, 2012, as stated in their report, which follows.

Changes in internal control over financial reporting

There were no changes in the Group's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect the Group's internal control over financial reporting.



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Report of the Independent Registered Public Accounting Firm to the General Meeting of Shareholders of
Credit Suisse Group AG, Zurich

We have audited Credit Suisse Group AG and subsidiaries' (the "Group") internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Group's board of directors and management are responsible for maintaining effective internal control over financial reporting and the Group's management is responsible for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards, the consolidated balance sheets of the Group as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2012, and our report dated March 22, 2013 expressed an unqualified opinion on those consolidated financial statements.

KPMG AG

 Simon Ryder
 Licensed Audit Expert
 Auditor in Charge


 Anthony Anzevino
 Global Lead Partner

Zurich, Switzerland
 March 22, 2013

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholder of

Credit Suisse Group AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Credit Suisse Group AG (the "Group"), which comprise the balance sheet, income statement and notes for the year ended December 31, 2012.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Group's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2012 comply with Swiss law and the Group's articles of incorporation.



*Credit Suisse Group AG, Zurich
Report of the Statutory Auditor on the
Financial Statements to the
General Meeting of Shareholder*

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) (Switzerland) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Group's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Simon Ryder
*Licensed Audit Expert
Auditor in Charge*

Ralph Dicht
Licensed Audit Expert

Zurich, March 22, 2013

Parent company financial statements

Statements of income

in	2012	2011
Income (CHF million)		
Dividend income from investments in group companies	272	362
Other financial income	82	156
Gain on sale of noncurrent assets	145	41
Other income	167	195
Total income	666	754
Expenses (CHF million)		
Financial expenses	223	167
Compensation and benefits	60	68
Other expenses	43	41
Valuation adjustments, write-offs and provisions	0	2
Tax expense	16	20
Total expenses	342	298
Net income	324	456

Balance sheets

	Reference to notes	end of	
		2012	2011
Assets (CHF million)			
Cash with group companies		19	13
Receivables from third parties		8	16
Accrued income and prepaid expenses – group companies		161	217
Total current assets		188	246
Investments in group companies	4	38,534	35,005
Long-term loans to group companies		4,459	5,859
Financial investments		51	41
Total noncurrent assets		43,044	40,905
Total assets		43,232	41,151
Liabilities and shareholders' equity (CHF million)			
Payables to third parties		25	5
Payables to group companies		3,376	4,310
Accrued expenses and deferred income – third parties		65	71
Accrued expenses and deferred income – group companies		23	67
Total short-term liabilities		3,489	4,453
Long-term loans from group companies		812	2,087
Provisions		312	312
Total long-term liabilities		1,124	2,399
Total liabilities		4,613	6,852
Share capital	7	53	49
General reserves	8	4,810	1,800
Reserves from capital contributions		14,661	13,679
General legal reserves		19,471	15,479
Reserves for own shares	5	3,929	3,929
Free reserves		10,500	10,500
Retained earnings brought forward		4,342	3,886
Net income		324	456
Retained earnings		4,666	4,342
Total shareholders' equity		38,619	34,299
Total liabilities and shareholders' equity		43,232	41,151

Notes to the financial statements

1 Accounting principles

The financial statements of the Group Parent company are prepared in accordance with the regulations of the Swiss Code of Obligations and are stated in CHF. The financial year ends on December 31.

2 Contingent liabilities

end of	2012	2011
CHF million		
Aggregate indemnity liabilities, guarantees and other contingent liabilities (net of exposures recorded as liabilities)	51,363	54,056
of which have been entered into on behalf of subsidiaries	51,363	54,056

The company belongs to the Swiss value-added tax group of Credit Suisse Group, and thus carries joint liability to the Swiss federal tax authority for value-added tax debts of the entire group.

3 Compensation to members of the Executive Board and the Board of Directors

As required by applicable Swiss law (Article 663b bis and Article 663c, paragraph 3 of the Swiss Code of Obligations), the following disclosure describes compensation paid to and equity holdings of the members of the Board of Directors (Board of Directors) and the members of the Executive Board as well as loans granted to this group of people and persons and companies related to them.

Executive Board compensation

Executive Board compensation for 2012

in	Short-term awards				Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation ⁴
	Base salary	Unrestricted cash	Value of STI awards	Value of LTI awards				
2012 (CHF million, except where indicated)								
13 members ⁵	17.75	13.56 ⁶	20.95 ⁷	15.40 ⁸	4.28	2.18	–	74.12
% of total compensation	24%	18%	28%	21%				
of which highest paid:								
Robert Shafir	1.40	0.70	3.50	2.80	1.91 ⁹	0.28	–	10.59
% of total compensation	13%	7%	33%	26%				
of which CEO:								
Brady W. Dougan	2.50	0.50	2.50	2.00	0.04	0.23	–	7.77
% of total compensation	32%	6%	32%	26%				

¹ Other benefits consist of housing allowances, lump sum expenses, child allowances and carried interest. ² Share awards carry the right to an annual payment equal to the dividend payable on each Group share. The dividend equivalents were paid in respect of awards granted in prior years. ³ During 2012, there were no payments made to Executive Board members for contractual agreements. ⁴ Does not include CHF 3.9 million of charitable contributions made by the Group for which the CEO and a former Executive Board member are able to make recommendations. ⁵ Of the 13 members, 5 left the Executive Board during 2012: Karl Landert and Antonio Quintella stepped down from the Executive Board effective April 30, 2012 and May 31, 2012, respectively, and Osama Abbasi, Walter Berchtold and Fawzi Kyriakos-Saad left the Executive Board effective November 30, 2012. The base salary and incentive compensation for these individuals has been pro rated accordingly. These individuals were paid incentive compensation in the form of unrestricted cash and STI awards for their performance in their respective roles on the Executive Board in 2012. ⁶ Includes pro rated unrestricted cash of CHF 10.2 million paid to the five individuals who left the Executive Board during 2012. ⁷ All short-term incentive awards for 2012 were granted as performance shares. The applicable Group share price for the performance share awards was CHF 24.62. ⁸ Long-term incentive awards vest over a five year period, payable on the third, fourth and fifth anniversaries of the grant date. The final value at vesting depends on the achievement of pre-defined performance criteria linked to the average relative total shareholder return and average return on equity. ⁹ CHF 1.87 million of this amount was granted as carried interest in 2012 (see below). In addition, in connection with his role at the time as CEO of the Asset Management division, in 2008 Mr. Shafir received a carried interest award in certain alternative investment funds. The value realized over time depends on the investment performance of the funds over their lifetime up to fifteen years. The initial value of the award is determined by making assumptions about the return that will be realized on the funds. The aggregate theoretical value of these awards was approximately USD 10 million assuming an estimated 9 percent return on all fund investments over their projected lifetime, and reducing this estimated return by 25 percent to reflect potential underperformance in some of the funds.

2012 total compensation of the CEO and highest paid Executive Board member

For CEO Brady Dougan, the Compensation Committee evaluated the performance of the Group as well as the performance of the Executive Board. In recommending the incentive compensation to the Board of Directors for Mr. Dougan, the Compensation Committee considered the improved financial position of the Group in 2012, reflected in an underlying pre-tax income of CHF 5.0 billion, more than double the CHF 2.4 billion in the prior year. In addition, the Compensation Committee considered the achievement of targets and the significant progress made in transitioning the business to the new regulatory and market environment and to meeting challenging new capital requirements, that came into effect in January 2013 with the implementation of Basel III in Switzerland. In particular, the Compensation Committee acknowledged that by year-end 2012 as compared to 2011, the Group reduced Basel III risk-weighted assets by CHF 55 billion to CHF 285 billion, reduced its balance sheet by CHF 125 billion, achieved a 9.0% Look-through Swiss Core Capital ratio and improved its leverage ratio (up to

5.8% from 4.6%). The Compensation Committee also recognized the steady progress made towards meeting the Group's challenging CHF 4.4 billion run-rate cost reduction target by year-end 2015, and the successful transformation of the Group's businesses, including the creation of an integrated Private Banking & Wealth Management division and the changes and realignment measures implemented within the Investment Banking business. Given the strong performance of Mr. Dougan during 2012 and his achievements in positioning the firm for the future, the Board of Directors decided upon the recommendation by the Compensation Committee to award Mr. Dougan unrestricted cash of CHF 0.5 million, an STI award of CHF 2.5 million and an LTI award of CHF 2.0 million, which were regarded as appropriate award levels in the current environment.

The highest paid member of the Executive Board in 2012 was Robert Shafir. For 2012, Mr. Shafir was awarded unrestricted cash of CHF 0.7 million, an STI award of CHF 3.5 million and an LTI award of CHF 2.8 million. Mr. Shafir's incentive compensation in 2012 was awarded in consideration of his continued strong performance. The Compensation Committee

noted that, in particular, Mr. Shafir had successfully repositioned the former Asset Management division while improving financial results through higher net revenues and lower total operating expenses. He also assumed the role of CEO for the Americas, in addition to his role as Head of the Asset Management division, after Mr. Antonio Quintella left the Executive Board in May 2012. In addition, for 2012 Mr. Shafir was granted a carried interest in certain alternative investment funds in the Asset Management business with a value of CHF 1.87 million. This award was granted to align Mr. Shafir with the overall special capital program where he is required to restructure the Asset Management business. Carried interest is a participation in the investment performance of a private equity or hedge fund portfolio, the value of which will vary significantly depending on the performance of the underlying portfolio.

Other aspects of Executive Board compensation

Charitable contributions

As in the prior three years, a portion of the Executive Board incentive compensation pool for 2012 was approved by the Compensation Committee to fund charitable contributions by the Group. The total amount approved for charitable contributions was CHF 3.9 million for 2012. The contributions will benefit eligible registered charities. The CEO and a former Executive Board

member are able to make recommendations in respect of the allocation of the 2012 contributions to various specific charities.

Minimum share ownership requirements

The Group applies minimum share ownership requirements for members of the Executive Board and members of the divisional and regional management committees as follows:

- CEO: 350,000 shares;
- Other Executive Board members: 150,000 shares;
- Executives responsible for Private Banking & Wealth Management and Investment Banking: 50,000 shares; and
- Executives responsible for Shared Services functions: 20,000 shares.

The thresholds include all Group shares held by or on behalf of these executive employees, including unvested share awards. All affected executive employees are restricted from selling shares (including vested share awards) until they meet the minimum share ownership requirements. The Group prohibits all employees from entering into transactions to hedge the value of unvested share awards. Pledging of unvested share awards by Executive Board members is also not permitted unless expressly approved by the Compensation Committee.

Executive Board compensation for 2011

in	Base salary	Unrestricted cash	Value of share awards	Value of PAF2 awards	Pension and similar benefits and other benefits ¹	Dividend equivalents ²	Payments and awards due to contractual agreements ³	Total compensation ⁴
2011 (CHF million, except where indicated)								
13 members	19.38	– ⁵	32.83 ⁶	12.48 ⁷	2.66	2.85	–	70.20
% of total compensation	28%		47%	18%				
of which highest paid:								
Robert S. Shafir	1.32	–	4.39	2.37	0.02	0.40	–	8.50
% of total compensation	16%		52%	28%				
of which CEO:								
Brady W. Dougan	2.50	–	3.00	–	0.02	0.30	–	5.82
% of total compensation	43%		52%					

¹ Other benefits consist of housing allowances, lump sum expenses and child allowances. ² Share awards carry the right to an annual payment equal to the dividend of one Group share. The dividend equivalents were paid in respect of awards granted in prior years. ³ During 2011, there were no payments made to Executive Board members for contractual agreements. ⁴ Does not include CHF 13 million of charitable contributions made by the Group for which certain Executive Board members, including the CEO, were able to make recommendations. ⁵ As of December 31, 2011, no members of the Executive Board received unrestricted cash. ⁶ Includes CHF 22.8 million of performance share awards; the applicable Group share price was CHF 21.90. ⁷ The value of the 2011 Partner Asset Facility was the fair value as of the grant date of March 1, 2012.

Contract lengths, change of control and termination provisions

All members of the Executive Board have employment contracts with the Group. The contracts do not specify a contract length

and are valid until terminated. Members of the Executive Board are required by contract to give six months' notice of termination of employment. The Group must also give members of the Executive Board six months' notice of termination of employment.

There are no other contracts, agreements or arrangements with the members of the Executive Board that provide for payments or benefits in connection with termination of employment that are not generally available to other employees of the Group. For example, in the event of a termination of employment, pre-defined conditions apply to the balances of outstanding compensation awards, depending on whether the termination of employment was voluntary, involuntary or the result of a change in control.

In the case of a change in control, the treatment of outstanding awards for all employees, including Executive Board members, will be determined by the Compensation Committee or the Board of Directors. In the case of a change in control, there are no provisions in the employment contracts of Execu-

tive Board members that require the payment of any type of extraordinary benefits, including special severance awards.

In the event of the termination of the employment of an Executive Board member without cause, there are no pre-arranged contractual rights to a severance payment. Nonetheless, the amount and terms of a severance payment may be agreed between the Group and the respective Executive Board member.

Former Executive Board members

During 2012, five individuals left the Executive Board. As of December 31, 2012, all five individuals continued to be employed by the Group. Agreements were entered into with four of the individuals to terminate their employment during 2013.

Executive Board holdings and values of deferred share-based awards by individual

end of	Number of owned shares ¹	Number of unvested share awards	Number of owned shares and unvested share awards	Number of unvested ISUs	Number of unvested SISUs	Number of options	Value of unvested awards at grant (CHF)	Current value of unvested awards (CHF)
December 31, 2012								
Brady W. Dougan	906,929	666,068	1,572,997	–	76,102	–	18,945,613	19,815,939
Romeo Cerutti	80,279	320,261	400,540	–	23,272	–	8,446,679	9,172,331
Tobias Guldemann	57,763	375,725	433,488	–	29,090	–	9,964,935	10,808,561
David R. Mathers	0	461,439	461,439	–	15,130	1,095 ²	11,174,895	12,724,392
Hans-Ulrich Meister	178,198	550,776	728,974	–	46,546	–	14,848,594	15,948,497
Robert S. Shafir	387,544	736,377	1,123,921	–	62,320	–	19,807,159	21,325,210
Pamela A. Thomas-Graham	4,583	239,137	243,720	–	14,382	–	6,342,875	6,768,957
Eric M. Varvel	62,169	454,785	516,954	–	55,470	–	13,996,715	13,623,809
Total	1,677,465 ³	3,804,568	5,482,033	–	322,312	1,095	103,527,465	110,187,696
December 31, 2011								
Brady W. Dougan	870,586	117,754	988,340	–	114,153	–	12,538,963	5,118,187
Osama S. Abbasi	233,801	75,354	309,155	3,771	44,232	–	6,218,957	2,804,282
Walter Berchtold	700,040	157,005	857,045	42,023	106,473	–	15,093,404	7,653,886
Romeo Cerutti	37,543	66,426	103,969	7,260	34,908	–	5,343,325	2,554,139
Tobias Guldemann	20,124	66,426	86,550	8,399	43,635	–	5,968,402	2,796,587
Fawzi Kyriakos-Saad	199,942	75,354	275,296	35,973	34,425	–	6,667,886	3,997,001
Karl Landert	96,248	66,426	162,674	34,039	45,381	–	6,967,319	3,957,127
David R. Mathers	16,420	78,503	94,923	17,588	22,695	14,960 ⁴	5,547,285	3,003,091
Hans-Ulrich Meister	46,676	108,696	155,372	39,751	69,819	–	10,554,425	5,679,330
Antonio C. Quintella	112,323	37,677	150,000	–	–	–	1,559,828	831,531
Robert S. Shafir	190,489	127,522	318,011	84,480	93,480	–	14,460,480	8,574,359
Pamela A. Thomas-Graham	4,583	46,372	50,955	–	21,573	–	3,368,158	1,499,546
Eric M. Varvel	0	139,810	139,810	39,183	83,205	–	12,721,715	6,636,589
Total	2,528,775	1,163,325	3,692,100	312,467	713,979	14,960	107,010,147	55,105,655

¹ Includes shares that were initially granted as deferred compensation and have vested. ² Consists of options with an expiration date of January 22, 2013 and an exercise price of CHF 30.60. ³ In addition to the number of owned shares shown, the following Executive Board members held an aggregate number of 2,320 mandatory and contingent convertible securities (MACCS): Brady Dougan (1,336), Romeo Cerutti (60), Hans-Ulrich Meister (262), Robert Shafir (571), Eric Varvel (91); these securities are convertible into an aggregate number of 143,033 shares on March 29, 2013 at a conversion price of CHF 16.29, with settlement and delivery of shares in early April 2013. ⁴ Consists of 1,095 options with an expiration date of January 22, 2013 and an exercise price of CHF 30.60 and 13,865 options with an expiration date of December 3, 2012 and an exercise price of CHF 34.10.

Generally, former members of our most senior executive body who no longer provide services to the Group upon their request are still eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. Except as described above, no additional fees, severance payments or other forms of compensation were paid to former members of the Executive Board who no longer provide services to the Group or related parties during 2012.

Executive Board shareholdings and loans

Executive Board shareholdings

The shareholdings as disclosed in the table below include the holdings of the respective members of the Executive Board, their immediate family members and companies where they have a controlling interest. The unvested share-based awards do not include awards granted after December 31, 2012. The increase in the number of unvested share awards at the end of 2012 compared to 2011 was due to the decision by all the Executive Board members to convert into share-based awards all of their unvested cash-based Adjustable Performance Plan awards from 2010 and 2009, and the share-based awards granted in 2012 for 2011. The voluntary conversion option was offered to all employees holding cash Adjustable Performance Plan awards in the context of the capital strengthening measures announced in July 2012.

The value of share-based compensation awards granted to members of the Executive Board in prior years, but not yet fully vested, varies depending on the Group share price and other factors influencing the fair value of the award. The table "Executive Board holdings and values of deferred share-based awards by individual" shows the value of the unvested share-based compensation awards held by members of the Executive Board as of December 31, 2012. The aggregate cumulative value of these unvested share-based awards as of December 31, 2012 was 6% higher compared to the value of the awards as of their respective grant dates.

As a result of the conversion of the Adjustable Performance Plan cash awards to share awards during 2012, the remaining cash-based deferred compensation awards granted to certain Executive Board members in prior years are the 2008 Partner Asset Facility (PAF) and the 2011 Partner Asset Facility (PAF2) awards. The aggregate value of such cash-based awards at their grant dates was CHF 12.2 million compared to a value CHF 20.1 million as of December 31, 2012. The value of these awards varies depending upon the value of the underlying portfolios linked to the PAF and PAF2 awards and the length of the remaining deferral period.

Executive Board loans

A large majority of loans outstanding to members of the Executive Board are mortgages or loans against securities. Such loans are made on the same terms available to employees pursuant to widely available employee benefit plans. As of December 31, 2012, 2011 and 2010, outstanding loans to the members of the Executive Board amounted to CHF 8 million, CHF 22 million and CHF 18 million, respectively. The number of individuals with outstanding loans at the beginning and the end of 2012 was six and three, respectively, and the highest loan outstanding was CHF 4 million to Eric Varvel.

All mortgage loans to members of the Executive Board are granted either with variable or fixed interest rates over a certain period. Typically, fixed-rate mortgages are granted for periods of up to ten years. Interest rates applied are based on refinancing costs plus a margin and interest rates and other terms are consistent with those applicable to other employees. Loans against securities are granted at interest rates and on terms applicable to such loans granted to other employees. When granting a loan to these individuals, the same credit approval and risk assessment procedures apply as for loans to other employees. Unless otherwise noted, all loans to Executive Board members were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and in consideration of the terms which apply to all Group employees, and did not involve more than the normal risk of collectability or present other unfavorable features.

Board of Directors compensation

Compensation to members of the Board of Directors is set in accordance with the Articles of Association, the Group's Organizational Guidelines and Regulations and the Compensation Committee Charter. The annual compensation paid to members of the Board of Directors is set by the Board of Directors based on the recommendation of the Compensation Committee. All members of the Board of Directors receive a base board fee plus a committee fee or an additional fee that reflects the respective Board of Directors member's role, time commitment and scope of responsibility on the Board of Directors. The full-time Chairman of the Board of Directors, the Vice-Chairman of the Board of Directors and the three committee chairmen assume the greatest responsibility and dedicate the most time in fulfilling their board duties. As such, these individuals receive a higher annual base board fee than other board members and may receive additional fees which vary according to their specific role. The base and committee fee amounts are set by the Board upon recommendation of the Compensation Committee for the 12-month period from

the current Annual General Meeting (AGM) to the following year's AGM. Fees paid to Board of Directors members are in the form of cash and Group shares, which are blocked from being sold for a period of four years. By compensating Board of Directors members to a significant degree in the form of blocked Group shares, we ensure alignment of their interests with the interests of our shareholders.

Members of the Board of Directors without designated leadership responsibilities (ten individuals) each received an

annual base board fee for 2012 of CHF 250,000 and an annual committee fee for serving on the Audit, Risk or Compensation Committees. The committee fees were CHF 150,000 for the Audit Committee, CHF 100,000 for the Risk Committee and CHF 100,000 for the Compensation Committee. Members of the Chairman's and Governance Committee do not receive a committee fee.

Board of Directors compensation for 2012

in	Base board fee	Committee fee	Additional fees ¹	Other compensation categories ²	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ³
2012/2013 (CHF)										
Urs Rohner, Chairman ⁴	2,500,000	–	2,500,000	234,881	5,234,881	3,984,881	76%	1,250,000	24%	50,772
Peter Brabeck-Letmathe, Vice-Chairman ⁵	400,000	–	–	–	400,000	200,000	50%	200,000	50%	9,026
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	5,641
Robert H. Benmosche ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Iris Bohnet ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Noreen Doyle ⁵	250,000	100,000	182,600	–	532,600	357,600	67%	175,000	33%	7,898
Jean-Daniel Gerber ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Andreas N. Koopmann ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Jean Lanier ⁵	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	11,282
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	7,898
Aziz R.D. Syriani, Chairman of the Compensation Committee ⁴	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	9,241
David W. Syz ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	9,026
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	20,309
Total	6,550,000	1,150,000	5,082,600	234,881	13,017,481	8,514,981	65%	4,502,500	35%	192,020

¹ Includes the additional fees for the full-time Chairman and the three committee chairmen as well as the additional fees paid to Noreen Doyle in 2012 as a non-executive director of two of the Group's UK subsidiaries, Credit Suisse International and Credit Suisse Securities Europe Limited. The additional fees of CHF 182,600 for Noreen Doyle corresponded to the annual fees of GBP 125,000 which Noreen Doyle received in 2012 as a non-executive director (annual fee of GBP 100,000) and audit committee chair (additional fee of GBP 25,000) of Credit Suisse International and Credit Suisse Securities Europe Limited. ² Other compensation for the Chairman included lump sum expenses, child and health care allowances and pension benefits. ³ The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period. ⁴ The Chairman and the three committee chairmen received an annual base board fee paid in cash. They also received additional fees paid in cash and/or share awards as determined by the Board in the course of the regular compensation process. The additional fees awarded to these four individuals for 2012 were paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 24.62. ⁵ Except for the Chairman and the three committee chairmen, members of the Board were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 26, 2012 to April 27, 2013. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for each of the Risk and Compensation Committees. For 2012, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2012 annual general meeting was CHF 22.16.

Compensation of the Chairman of the Board of Directors

The Chairman of the Board of Directors is paid a base board fee plus an additional fee, which is proposed by the Compensation Committee and approved by the Board of Directors. The additional fee awarded to the Chairman can vary from year to year, depending on Group and individual performance. The base board and the additional fee awarded to the Chairman reflect his full-time status and active role taken in shaping the Group's strategy, governing the Group's affairs and representing the Group vis-à-vis shareholders. The Chairman coordinates the work within the Board of Directors, works with the committee chairmen to coordinate the tasks of the committees and ensures that Board of Directors members are provided with sufficient information for performing their duties. In particular, the Chairman of the Board of Directors drives the Board of Directors agenda and key Board of Directors topics, especially regarding the strategic development of the Group, succession planning, structure and organization of the Group, as well as compensation and compensation structure, including the performance evaluation and compensation of the CEO and the Executive Board. He chairs the Board of Directors, the Chairman's and Governance Committee and the shareholder meetings, leads the Group's corporate governance and takes an active role in representing the Group to the key shareholders, investors, regulators and supervisors, industry associations and other stakeholders.

For 2012, Chairman Urs Rohner received total compensation of CHF 5.2 million, of which CHF 2.5 million was the base board fee, CHF 2.5 million was additional fees and CHF 0.2 million was other compensation, consisting mainly of pension-related benefits. Of the CHF 5.2 million, CHF 4.0 million was awarded in cash and CHF 1.2 million was awarded in Group shares, blocked for a period of four years. For the prior year, Urs Rohner received total compensation of CHF 4.3 million, for his successive roles as Vice-Chairman and Chairman, which he assumed at the AGM in April of 2011. The total compensation awarded to the Chairman for 2012 reflects the improved financial position of the Group and Urs Rohner's performance under difficult circumstances as evaluated by the Compensation Committee. In particular, it is in recognition of Mr. Rohner's leadership of the Board of Directors, his impact in closely steering and monitoring the strategic development of the Group, including the alignment of business structure and organization to the new regulatory requirements, as well as his active engagement with key stakeholders and regulators and representation of the Group in a variety of industry associations.

Compensation of the Vice-Chairman of the Board of Directors and the committee chairmen

Peter Brabeck-Letmathe, in the role of Vice-Chairman, received an annual base board fee of CHF 400,000 but no committee or additional fees. Aziz R.D. Syriani, Richard E. Thornburgh and John Tiner, each in the role of committee chairman, received an annual base board fee plus an additional fee, which reflects the greater responsibility and time commitment required to perform the role of a committee chairman. The annual base board fee for the chairmen of the Audit and Risk Committees for 2012 was CHF 400,000 and the annual base board fee for the chairman of the Compensation Committee was CHF 350,000. The base board fees for the committee chairmen are set by the Compensation Committee for the 12-month period from the current AGM to the following year's AGM. The additional fees awarded to the three committee chairmen may vary from year to year, according to their overall time commitment, and are determined and paid for the current year, in alignment with the annual variable compensation cycle. The additional fees paid to the Audit and Risk Committee chairmen, who also serve on other committees as regular members, reflect the additional time commitment required to serve as regular members on such committees, which they do not chair.

Former members of the Board of Directors

Three former members of the Board of Directors are eligible to receive office infrastructure and secretarial support. These services are based on existing resources and are not used on a regular basis. No additional fees, severance payments or other forms of compensation were paid to current or former members of the Board of Directors or related parties during 2012.

Board of Directors compensation for 2011

in	Base board fee	Committee fee	Compensation for functional duties	Other compensation categories ¹	Total compensation	Awarded in cash	% of total compensation	Awarded in Group shares	% of total compensation	Number of Group shares ²
2011/2012 (CHF)										
Urs Rohner, Chairman ^{3,4}	2,100,000	–	2,000,000	234,881	4,334,881	3,334,881	77%	1,000,000	23%	45,663
Hans-Ulrich Doerig, former Chairman ³	750,000	–	666,667	–	1,416,667	1,416,667	100%	–	–	–
Peter Brabeck-Letmathe, Vice-Chairman	400,000	–	–	–	400,000	200,000	50%	200,000	50%	5,088
Jassim Bin Hamad J.J. Al Thani ⁵	250,000	–	–	–	250,000	125,000	50%	125,000	50%	3,180
Robert H. Benmosche ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Noreen Doyle ^{5,6}	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Walter B. Kielholz ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Andreas N. Koopmann ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Jean Lanier ⁵	250,000	250,000	–	–	500,000	250,000	50%	250,000	50%	6,360
Anton van Rossum ⁵	250,000	100,000	–	–	350,000	175,000	50%	175,000	50%	4,452
Aziz R.D. Syriani, Chairman of the Compensation Committee ⁴	350,000	–	400,000	–	750,000	522,500	70%	227,500	30%	10,389
David W. Syz ⁵	250,000	150,000	–	–	400,000	200,000	50%	200,000	50%	5,088
Richard E. Thornburgh, Chairman of the Risk Committee ⁴	400,000	–	1,000,000	–	1,400,000	900,000	64%	500,000	36%	22,832
John Tiner, Chairman of the Audit Committee ⁴	400,000	–	666,666 ⁷	–	1,066,666	733,333	69%	333,333	31%	15,221
Peter F. Weibel ⁵	250,000	150,000	465,000 ⁷	–	865,000	665,000	77%	200,000	23%	5,088
Total	6,650,000	1,050,000	5,198,333	234,881	13,133,214	9,222,381	70%	3,910,833	30%	141,169

¹ Other compensation included lump sum expenses, child and health care allowances and pension benefits. ² The value of the Group shares is included in total compensation. Group shares are subject to a four-year blocking period. ³ Hans-Ulrich Doerig and Urs Rohner served in the roles of full-time Chairman and full-time Vice Chairman, respectively, from January 2011 until the AGM in April 2011. As of the 2011 AGM, Urs Rohner succeeded Hans-Ulrich Doerig in the role of full-time Chairman. ⁴ Members of the Board with functional duties received an annual base board fee paid in cash. In addition, they received variable compensation paid in cash and/or share awards as determined by the Board in the course of the regular management compensation process. Generally, variable compensation awarded for 2011 was paid in Group shares (50%) and cash (50%). The applicable Group share price was CHF 21.90. ⁵ Members of the Board without functional duties were paid an annual base board fee and a committee fee for their respective committee membership in advance for the period from one AGM to the other, i.e., from April 29, 2011 to April 27, 2012. The annual committee fees are CHF 150,000 for the Audit Committee and CHF 100,000 for the Risk and Compensation Committees. For 2011, these total combined fees were paid in Group shares (50%) and cash (50%). The applicable Group share price as of the 2011 AGM was CHF 39.31. ⁶ In July 2011, Noreen Doyle was appointed as a non-executive director and audit committee chair of the Group's UK subsidiaries Credit Suisse International and Credit Suisse Securities Europe Limited and was paid a total of GBP 50,000 in fees. ⁷ Peter F. Weibel was the Chairman of the Audit Committee until the 2011 annual general meeting, at which time John Tiner took over the role.

Board of Directors shareholdings and loans

Board of Directors shareholdings

The shareholdings as disclosed in the following table include the holdings of the respective members of the Board of Directors, their immediate family members and companies in which they have a controlling interest. As of December 31, 2012, there were no Board of Directors members with outstanding options.

Board of Directors shareholdings by individual

in	2012	2011
December 31 (shares) ¹		
Urs Rohner	244,422	221,056
Peter Brabeck-Letmathe	120,999	108,820
Jassim Bin Hamad J.J. Al Thani	11,790	5,696
Robert H. Benmosche	30,872	23,304
Iris Bohnet	7,898	–
Noreen Doyle	41,324	31,837
Jean-Daniel Gerber	9,826	–
Walter B. Kielholz	292,424	281,891
Andreas N. Koopmann	30,469	21,400
Jean Lanier	43,881	30,912
Anton van Rossum	48,598	38,831
Aziz R.D. Syriani	76,774	66,385
David W. Syz	92,745	81,193
Richard E. Thornburgh	218,456	283,600
John Tiner	24,799	8,625
Total	1,295,277 ²	1,203,550 ³

¹ Includes Group shares that are subject to a blocking period of up to four years. ² In addition to the shareholdings shown, the following Board members held an aggregate number of 1,519 mandatory and contingent convertible securities (MACCS): Urs Rohner (395), Peter Brabeck-Letmathe (175), Jassim Bin Hamad J.J. Al Thani (17), Iris Bohnet (11), Walter Kielholz (431), Andreas Koopmann (44), Aziz Syriani (113), Richard Thornburgh (297) and John Tiner (36); these securities are convertible into an aggregate number of 93,247 shares on March 29, 2013 at a conversion price of CHF 16.29, with settlement and delivery of shares in early April 2013. ³ Excludes 72,232 shares held by Peter Weibel as of December 31, 2011, who stepped down from the Board as of April 27, 2011.

Board of Directors loans

A large majority of loans outstanding to members of the Board of Directors are mortgages or loans against securities. Such loans are made to Board members on the same terms available to third-party clients. As of December 31, 2012, 2011 and 2010, outstanding loans to the members of the Board of Directors amounted to CHF 40 million, CHF 34 million and CHF 35 million, respectively.

Members of the Board of Directors with loans do not benefit from employee conditions, but are subject to conditions applied to clients with a comparable credit standing. Members of the Board of Directors who were previously employees of the Group may still have outstanding loans, which were extended to them at the time that employee conditions applied to them. Unless otherwise noted, all loans to members of the Board of Directors were made in the ordinary course of business and substantially on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable features. In addition to the loans listed below, the Group or any of its banking subsidiaries may enter into financing and other banking agreements with companies in which current members of the Board have a significant influence as defined by the US Securities and Exchange Commission, such as holding executive and/or board level roles in these companies. Unless otherwise noted, loans extended by the Group to such companies are also made in the ordinary course of business and at prevailing market conditions. As of December 31, 2012, 2011 and 2010, there was no loan exposure to such related party companies that was not made in the ordinary course of business and at prevailing market conditions.

Board of Directors loans by individual

in	2012	2011
December 31 (CHF)		
Urs Rohner	5,034,157	5,090,650
Peter Brabeck-Letmathe	27,520,527	15,833,928
Walter B. Kielholz	4,200,000	5,050,000
Andreas N. Koopmann	2,775,000	2,775,000
David W. Syz	1,500,000	1,500,000
Richard E. Thornburgh	0	14,266
Total ¹	41,029,684	30,263,844 ²

¹ Includes loans to immediate family members. ² Excludes a loan of CHF 3,950,000 held by Peter Weibel as of December 31, 2011, who stepped down from the Board as of April 27, 2011.

Banking relationships

- ▶ Refer to “Banking relationships” and “Related party transactions in Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group for further information on the company’s principal participations.

4 Principal participations

- ▶ Refer to “Note 38 – Significant subsidiaries and equity method investments” in V – Consolidated financial statements – Credit Suisse Group for further information on the company’s principal participations.

5 Own shares held by the company and by group companies

	2012		2011	
	Share equivalents	CHF million	Share equivalents	CHF million
At beginning of financial year				
Physical holdings ¹	4,010,074	89	12,228,377	461
Holdings, net of pending obligations	1,718,838	38	(85,968)	(3)
At end of financial year				
Physical holdings ¹	27,036,831	602	4,010,074	89
Holdings, net of pending obligations	167,682	4	1,718,838	38

¹ Representing 2.0%, 0.3% and 1.0% of issued shares as of December 31, 2012, 2011 and 2010, respectively.

6 Significant shareholders

- ▶ Refer to “Note 3 – Business developments and subsequent events” in V – Consolidated financial statements – Credit Suisse Group for further information.

7 Share capital, conditional, conversion and authorized capital of Credit Suisse Group

	No. of registered shares	Par value in CHF	No. of registered shares	Par value in CHF
Share capital as of December 31, 2011			1,224,333,062	48,973,323
Conditional capital				
Warrants and convertible bonds				
AGM of April 24, 2009	100,000,000	4,000,000		
Subscriptions in 2011	(16,493,873)	(659,755)		
AGM of April 29, 2011 – increase	400,000,000	16,000,000		
Remaining capital	483,506,127 ¹	19,340,245		
Staff shares				
AGM of May 4, 2007	96,509,721	3,860,389		
Subscriptions in 2007–2011	(36,214,871)	(1,448,595)		
Subscriptions in 2012	(38,812,660)	(1,552,506)	38,812,660	1,552,506
Remaining capital	21,482,190	859,288		
Staff shares (Donaldson, Lufkin & Jenrette option programs)				
AGM of May 4, 2007	7,290,153	291,606		
Subscriptions in 2007–2011	(2,250,057)	(90,002)		
Board meeting of February 8, 2012 – cancellation	(5,040,096)	(201,604)		
Remaining capital	–	–		
Conversion capital				
AGM of April 27, 2012	200,000,000	8,000,000		
Remaining capital	200,000,000 ²	8,000,000		
Authorized capital				
Acquisitions of companies/participations				
AGM of April 29, 2011	100,000,000	4,000,000		
AGM of April 27, 2012 – increase	50,000,000	2,000,000		
Scrip dividend in May 2012	(24,195,537)	(967,821)	24,195,537	967,821
Acquisition of Credit Suisse Hedging-Griffo Investimentos S.A. in July 2012	(33,488,663)	(1,339,547)	33,488,663	1,339,547
Remaining capital	92,315,800 ³	3,692,632		
Share capital as of December 31, 2012			1,320,829,922	52,833,197

¹ 400.0 million registered shares reserved for Buffer Capital Notes and 83.5 million registered shares reserved for mandatory and contingent convertible securities. ² 98.9 million registered shares reserved for Buffer Capital Notes and 50.0 million registered shares reserved for mandatory and contingent convertible securities. ³ 66.5 million registered shares reserved for mandatory and contingent convertible securities.

8 General reserves

The increase of CHF 3,010 million in general reserves represents the proceeds received in connection with the issuance of mandatory and contingent convertible securities in July 2012. In early April 2013, after the conversion of the securities and the issuance of the shares, the amount of CHF 3,010

million will be transferred to share capital (CHF 8 million / par value for newly issued shares) and to reserves from capital contributions (CHF 3,002 million / capital surplus for newly issued shares).

9 Risk assessment

- ▶ Refer to "Note 42 – Risk assessment" in V – Consolidated financial statements – Credit Suisse Group for further information on the company's risk assessment in accordance with the Swiss Code of Obligations.

Proposed appropriation of retained earnings and capital distribution

Proposed appropriation of retained earnings

end of	2012
Retained earnings (CHF million)	
Retained earnings brought forward	4,342
Net income	324
Retained earnings available for appropriation	4,666
To be carried forward	4,666
Total	4,666

Proposed distribution against reserves from capital contributions

end of	2012
Reserves from capital contributions (CHF million)	
Balance at beginning of year	13,679
Capital surplus for issued shares	1,926
Capital distribution	(944)
Balance at end of year	14,661
Distribution of CHF 0.10 per registered share in cash ¹	(154)
Distribution of new shares (stock dividend) ^{1, 2}	(2)
Balance after distribution	14,505

¹ 1,320.7 million registered shares – net of own shares held by the company – at December 31, 2012 plus 18.8 million shares issued for share-based compensation in early 2013 and 200.0 million shares to be issued in connection with the conversion of mandatory and contingent convertible securities on March 29, 2013 with settlement and delivery of shares in early April 2013. The number of registered shares eligible for distribution may change due to the issuance of new registered shares and activities in own shares. ² Represents transfer of CHF 0.04 par value per newly issued share to share capital.



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Confirmation to the Board of Directors relating to the Conditional Increase of Share Capital of
Credit Suisse Group AG, Zurich

We have been engaged to audit the issuance of new shares during the period from 1 January 2012 to 31 December 2012 according to the resolutions of the general meeting of shareholders from 29 September 2000 in accordance with article 653f para. 1 CO.

It is the responsibility of the board of directors to issue the new shares in accordance with the provisions in the articles of incorporation. Our responsibility is to audit whether the issuance has been conducted in accordance with the provisions of Swiss law and the articles of incorporation. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance that material breaches of Swiss law or the articles of incorporation are recognized. We have performed the procedures deemed necessary under the circumstances and believe that our audit provides a reasonable basis for our opinion.

In our opinion, the issuance of 38,812,660 registered shares with nominal value of CHF 0.04 each and a total nominal value of CHF 1,552,506.40 complies with Swiss law and the articles of incorporation.

KPMG AG

Simon Ryder
Licensed Audit Expert

Ralph Dicht
Licensed Audit Expert

Zurich, 6 February 2013

VII

Consolidated financial statements – Credit Suisse (Bank)

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Report of the Independent Registered Public Accounting Firm

Credit Suisse AG, Zurich

We have audited the accompanying consolidated balance sheets of Credit Suisse AG and subsidiaries (the “Bank”) as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2012. These consolidated financial statements are the responsibility of the Bank’s management and the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Bank’s internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 22, 2013 expressed an unqualified opinion on the effectiveness of the Bank’s internal control over financial reporting.

KPMG AG


Simon Ryder
Licensed Audit Expert
Auditor in Charge


Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
March 22, 2013

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Consolidated financial statements

Consolidated statements of operations

	Reference to notes	in		
		2012	2011	2010
Consolidated statements of operations (CHF million)				
Interest and dividend income	6	21,559	22,437	24,985
Interest expense	6	(14,742)	(16,423)	(18,795)
Net interest income	6	6,817	6,014	6,190
Commissions and fees	7	12,898	12,674	13,819
Trading revenues	8	1,328	4,740	9,214
Other revenues	9	2,490	1,759	1,310
Net revenues		23,533	25,187	30,533
Provision for credit losses	10	88	123	(121)
Compensation and benefits	11	12,446	13,188	14,701
General and administrative expenses	12	7,268	7,407	7,296
Commission expenses		1,758	1,968	2,121
Total other operating expenses		9,026	9,375	9,417
Total operating expenses		21,472	22,563	24,118
Income from continuing operations before taxes		1,973	2,501	6,536
Income tax expense	25	478	459	1,307
Income from continuing operations		1,495	2,042	5,229
Income/(loss) from discontinued operations, net of tax	4	0	0	(19)
Net income		1,495	2,042	5,210
Net income/(loss) attributable to noncontrolling interests		(600)	901	802
Net income attributable to shareholder		2,095	1,141	4,408
of which from continuing operations		2,095	1,141	4,427
of which from discontinued operations		0	0	(19)

Consolidated statements of comprehensive income

		in		
		2012	2011	2010
Comprehensive income (CHF million)				
Net income		1,495	2,042	5,210
Gains/(losses) on cash flow hedges		7	(32)	22
Foreign currency translation		(1,233)	(293)	(3,607)
Unrealized gains/(losses) on securities		(43)	(3)	13
Actuarial gains/(losses)		58	142	(111)
Net prior service cost		(1)	(1)	(1)
Other comprehensive income/(loss), net of tax		(1,212)	(187)	(3,684)
Comprehensive income		283	1,855	1,526
Comprehensive income/(loss) attributable to noncontrolling interests		(811)	940	(432)
Comprehensive income attributable to shareholder		1,094	915	1,958

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets

	Reference to notes	end of	
		2012	2011
Assets (CHF million)			
Cash and due from banks		61,376	111,224
of which reported at fair value		569	–
of which reported from consolidated VIEs		1,750	1,396
Interest-bearing deposits with banks		3,719	4,193
of which reported at fair value		627	405
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	13	183,446	236,935
of which reported at fair value		113,664	158,673
of which reported from consolidated VIEs		117	19
Securities received as collateral, at fair value		30,045	30,191
of which encumbered		17,767	20,447
Trading assets, at fair value	14	256,602	279,748
of which encumbered		70,948	73,749
of which reported from consolidated VIEs		4,697	6,399
Investment securities	15	1,939	3,652
of which reported at fair value		1,939	3,650
of which reported from consolidated VIEs		23	41
Other investments	16	11,816	12,915
of which reported at fair value		8,892	9,552
of which reported from consolidated VIEs		2,289	2,346
Net loans	17	227,498	219,434
of which reported at fair value		20,000	20,693
of which encumbered		535	471
of which reported from consolidated VIEs		6,053	5,940
allowance for loan losses		(721)	(722)
Premises and equipment	18	5,416	6,990
of which reported from consolidated VIEs		546	609
Goodwill	19	7,510	7,700
Other intangible assets	20	243	280
of which reported at fair value		43	70
Brokerage receivables		45,768	43,445
Other assets	21	72,782	78,080
of which reported at fair value		37,259	35,666
of which encumbered		1,495	2,255
of which reported from consolidated VIEs		14,508	13,001
Total assets		908,160	1,034,787

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets (continued)

	Reference to notes	2012	end of 2011
Liabilities and equity (CHF million)			
Due to banks	22	30,574	40,077
of which reported at fair value		3,431	2,737
Customer deposits	22	297,690	304,130
of which reported at fair value		4,626	4,583
of which reported from consolidated VIEs		247	221
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	13	132,721	176,559
of which reported at fair value		108,784	136,483
Obligation to return securities received as collateral, at fair value		30,045	30,191
Trading liabilities, at fair value	14	91,091	127,809
of which reported from consolidated VIEs		125	1,286
Short-term borrowings		14,838	26,116
of which reported at fair value		4,513	3,547
of which reported from consolidated VIEs		5,779	6,141
Long-term debt	23	146,997	161,353
of which reported at fair value		64,774	68,036
of which reported from consolidated VIEs		14,532	14,858
Brokerage payables		64,676	68,034
Other liabilities	21	57,367	62,167
of which reported at fair value		26,799	30,942
of which reported from consolidated VIEs		1,164	745
Total liabilities		865,999	996,436
Common shares / Participation certificates		4,400	4,400
Additional paid-in capital		28,686	24,134
Retained earnings		13,637	11,824
Accumulated other comprehensive income/(loss)	24	(11,956)	(10,955)
Total shareholder's equity		34,767	29,403
Noncontrolling interests		7,394	8,948
Total equity		42,161	38,351
Total liabilities and equity		908,160	1,034,787

end of	2012	2011
Additional share information		
Par value (CHF)	100.00	100.00
Issued shares	43,996,652	43,996,652
Shares outstanding ¹	43,996,652	43,996,652

¹ The Bank's total share capital is fully paid and consists of 43,996,652 registered shares with nominal value of CHF 100 per share. Each share is entitled to one vote. The Bank has no warrants on its own shares outstanding.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in equity

	Attributable to shareholder							
	Common shares/ Participa- tion certi- ficates	Additional paid-in capital	Retained earnings	Treasury shares, at cost ¹	Accumu- lated other compre- hensive income	Total share- holder's equity	Non- controlling interests	Total equity
2012 (CHF million)								
Balance at beginning of period	4,400	24,134	11,824	0	(10,955)	29,403	8,948	38,351
Purchase of subsidiary shares from non-controlling interests, changing ownership	-	252	-	-	-	252	(90)	162
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{2,3}	-	-	-	-	-	-	(875)	(875)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ³	-	-	-	-	-	-	240	240
Net income/(loss)	-	-	2,095	-	-	2,095	(589) ⁴	1,506
Total other comprehensive income/(loss), net of tax	-	-	-	-	(1,001)	(1,001)	(211)	(1,212)
Share-based compensation, net of tax	-	889 ⁵	-	-	-	889	-	889
Dividends on share-based compensation, net of tax	-	(50)	-	-	-	(50)	-	(50)
Dividends paid	-	-	(267)	-	-	(267)	(54)	(321)
Changes in redeemable noncontrolling interests	-	(7) ⁶	-	-	-	(7)	-	(7)
Change in scope of consolidation	-	-	-	-	-	-	25	25
Other	-	3,468 ⁷	(15)	-	-	3,453	-	3,453
Balance at end of period	4,400	28,686	13,637	0	(11,956)	34,767	7,394	42,161

¹ Reflects Credit Suisse Group shares which are reported as treasury shares. Those shares are held to economically hedge share award obligations. ² Distributions to owners in funds include the return of original capital invested and any related dividends. ³ Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership". ⁴ Net income/(loss) attributable to noncontrolling interests excludes CHF 11 million due to redeemable noncontrolling interests. ⁵ Includes a net tax benefit of CHF 30 million from the excess fair value of shares delivered over recognized compensation expense. ⁶ Represents the accrued portion of the redemption value of redeemable noncontrolling interests in Credit Suisse Hedging-Griffo Investimentos S.A. Refer to "Note 30 – Guarantees and commitments" for further information. ⁷ Represents a capital contribution from Credit Suisse Group AG to Credit Suisse AG following the issuance of mandatory and contingent convertible securities in July 2012 by the Group.

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in equity (continued)

	Attributable to shareholder							
	Common shares/ Participation certificates	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income	Total shareholder's equity	Non-controlling interests	Total equity
2011 (CHF million)								
Balance at beginning of period	4,400	24,993	11,105	0	(10,729)	29,769	11,381	41,150
Purchase of subsidiary shares from non-controlling interests, changing ownership	-	(5)	-	-	-	(5)	4	(1)
Purchase of subsidiary shares from non-controlling interests, not changing ownership	-	-	-	-	-	-	(3,369)	(3,369)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	-	-	-	-	-	-	544	544
Net income/(loss)	-	-	1,141	-	-	1,141	852	1,993
Total other comprehensive income/(loss), net of tax	-	-	-	-	(226)	(226)	39	(187)
Issuance of common shares/notes	-	(2)	-	-	-	(2)	-	(2)
Sale of treasury shares	-	3	-	612	-	615	-	615
Repurchase of treasury shares	-	-	-	(612)	-	(612)	-	(612)
Share-based compensation, net of tax	-	(145)	-	-	-	(145)	(2)	(147)
Dividends on share-based compensation, net of tax	-	(85)	-	-	-	(85)	-	(85)
Dividends paid	-	-	(422)	-	-	(422)	(59)	(481)
Changes in redeemable noncontrolling interests	-	(625)	-	-	-	(625)	(140)	(765)
Change in scope of consolidation	-	-	-	-	-	-	(302)	(302)
Balance at end of period	4,400	24,134	11,824	0	(10,955)	29,403	8,948	38,351

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in equity (continued)

	Attributable to shareholder							
	Common shares/ Participa- tion certi- ficates	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumu- lated other compre- hensive income	Total share- holder's equity	Non- controlling interests	Total equity
2010 (CHF million)								
Balance at beginning of period	4,400	25,268	12,527	(487)	(8,414)	33,294	14,523	47,817
Purchase of subsidiary shares from non-controlling interests, changing ownership	-	-	-	-	-	-	(9)	(9)
Purchase of subsidiary shares from non-controlling interests, not changing ownership	-	-	-	-	-	-	(2,207)	(2,207)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	-	-	-	-	-	-	471	471
Net income/(loss)	-	-	4,408	-	-	4,408	802	5,210
Cumulative effect of accounting changes, net of tax	-	-	(2,384)	-	135	(2,249)	-	(2,249)
Total other comprehensive income/(loss), net of tax	-	-	-	-	(2,450)	(2,450)	(1,234)	(3,684)
Issuance of common shares/notes	-	1,567	-	-	-	1,567	-	1,567
Sale of treasury shares	-	(28)	-	2,110	-	2,082	-	2,082
Repurchase of treasury shares	-	-	-	(1,623)	-	(1,623)	-	(1,623)
Share-based compensation, net of tax	-	(1,727)	-	-	-	(1,727)	10	(1,717)
Dividends on share-based compensation, net of tax	-	(87)	-	-	-	(87)	-	(87)
Dividends paid	-	-	(3,446)	-	-	(3,446)	(143)	(3,589)
Change in scope of consolidation	-	-	-	-	-	-	(911)	(911)
Other	-	-	-	-	-	-	79	79
Balance at end of period	4,400	24,993	11,105	0	(10,729)	29,769	11,381	41,150

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows

in	2012	2011	2010
Operating activities of continuing operations (CHF million)			
Net income	1,495	2,042	5,210
(Income)/loss from discontinued operations, net of tax	0	0	19
Income from continuing operations	1,495	2,042	5,229
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)			
Impairment, depreciation and amortization	1,264	1,181	1,152
Provision for credit losses	88	123	(121)
Deferred tax provision/(benefit)	(151)	65	1,045
Share of net income/(loss) from equity method investments	35	(41)	(101)
Trading assets and liabilities, net	(14,033)	38,728	(12,734)
(Increase)/decrease in other assets	(1,120)	(7,719)	4,257
Increase/(decrease) in other liabilities	(4,211)	5,647	4,432
Other, net	4,644	(2,923)	3,758
Total adjustments	(13,484)	35,061	1,688
Net cash provided by/(used in) operating activities of continuing operations	(11,989)	37,103	6,917
Investing activities of continuing operations (CHF million)			
(Increase)/decrease in interest-bearing deposits with banks	315	(1,020)	(1,760)
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	46,933	(14,681)	(27,541)
Purchase of investment securities	(276)	(1,232)	(2,580)
Proceeds from sale of investment securities	936	2,118	988
Maturities of investment securities	1,442	2,294	3,555
Investments in subsidiaries and other investments	(1,947)	(1,410)	(1,366)
Proceeds from sale of other investments	2,918	6,324	2,155
(Increase)/decrease in loans	(10,114)	(14,818)	6,124
Proceeds from sale of loans	1,090	689	817
Capital expenditures for premises and equipment and other intangible assets	(1,227)	(1,727)	(1,680)
Proceeds from sale of premises and equipment and other intangible assets	26	11	17
Other, net	3,676	189	214
Net cash provided by/(used in) investing activities of continuing operations	43,772	(23,263)	(21,057)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows (continued)

in	2012	2011	2010
Financing activities of continuing operations (CHF million)			
Increase/(decrease) in due to banks and customer deposits	(14,942)	27,624	27,463
Increase/(decrease) in short-term borrowings	(11,643)	4,098	10,934
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(39,958)	7,182	(7,097)
Issuances of long-term debt	37,217	33,650	56,231
Repayments of long-term debt	(54,465)	(36,591)	(49,351)
Issuances of common shares	0	(2)	1,567
Sale of treasury shares	0	615	2,082
Repurchase of treasury shares	0	(612)	(1,623)
Dividends paid/capital repayments	(321)	(481)	(3,589)
Excess tax benefits related to share-based compensation	42	0	608
Other, net	3,603	(2,779)	(3,344)
Net cash provided by/(used in) financing activities of continuing operations	(80,467)	32,704	33,881
Effect of exchange rate changes on cash and due from banks (CHF million)			
Effect of exchange rate changes on cash and due from banks	(1,164)	(692)	(6,463)
Net cash provided by/(used in) discontinued operations (CHF million)			
Net cash provided by/(used in) operating activities of discontinued operations	0	25	(42)
Net increase/(decrease) in cash and due from banks (CHF million)			
Net increase/(decrease) in cash and due from banks	(49,848)	45,877	13,236
Cash and due from banks at beginning of period	111,224	65,347	52,111
Cash and due from banks at end of period	61,376	111,224	65,347

Supplemental cash flow information

in	2012	2011	2010
Cash paid for income taxes and interest (CHF million)			
Cash paid for income taxes	962	1,038	970
Cash paid for interest	14,889	17,119	18,839
Assets acquired and liabilities assumed in business acquisitions (CHF million)			
Fair value of assets acquired	2,418	0	0
Fair value of liabilities assumed	2,418	0	0

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The accompanying consolidated financial statements of Credit Suisse AG (the Bank), a Swiss bank subsidiary of Credit Suisse Group AG (the Group), are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). The financial year for the Bank ends on December 31. Prior year's consolidated financial statements have been restated to reflect the Clariden Leu integration on April 2, 2012. In addition, certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation and had no impact on net income/(loss) or total shareholder's equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the evaluation of variable interest entities (VIEs), the impairment of assets other than loans, recognition of deferred tax assets, tax uncertainties, pension liabilities, as well as various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

- ▶ Refer to "Note 1 – Summary of significant accounting policies" in V – Consolidated financial statements – Credit Suisse Group for a summary of significant accounting policies, with the exception of the following accounting policies.

Pensions and other post-retirement benefits

Credit Suisse sponsors a Group defined benefit pension plan in Switzerland that covers eligible employees of the Bank domiciled in Switzerland. The Bank also has single-employer defined benefit pension plans and defined contribution pension plans in Switzerland and other countries around the world.

For the Bank's participation in the Group defined benefit pension plan, no retirement benefit obligation is recognized in the consolidated balance sheets of the Bank and defined contribution accounting is applied, as the Bank is not the sponsoring entity of the Group plan.

For single-employer defined benefit plans, the Bank uses the projected unit credit actuarial method to determine the present value of its projected benefit obligations (PBO) and

the current and past service costs or credits related to its defined benefit and other post-retirement benefit plans. The measurement date used to perform the actuarial valuation is December 31.

Certain key assumptions are used in performing the actuarial valuations. These assumptions must be made concerning the future events that will determine the amount and timing of the benefit payments and thus require significant judgment and estimates by Bank management. For example, assumptions have to be made with regard to discount rates, expected return on plan assets and salary increases.

The assumed discount rates reflect the rates at which the pension benefits could be effectively settled. These rates are determined based on yields of high-quality corporate bonds currently available and are expected to be available during the period to maturity of the pension benefits. In countries where no deep market in high-quality corporate bonds exists, the estimate is based on governmental bonds adjusted to include a risk premium reflecting the additional risk for corporate bonds.

The expected long-term rate of return on plan assets is determined on a plan-by-plan basis, taking into account asset allocation, historical rate of return, benchmark indices for similar-type pension plan assets, long-term expectations of future returns and investment strategy.

Health care cost trend rates are determined by reviewing external data and the Bank's own historical trends for health care costs. Salary increases are determined by reviewing external data and considering internal projections.

The funded status of the Bank's defined benefit post-retirement and pension plans is recognized in the consolidated balance sheets.

Actuarial gains and losses in excess of 10% of the greater of the PBO or the market value of plan assets and unrecognized prior service costs or credits are amortized to net periodic pension and other post-retirement cost on a straight-line basis over the average remaining service life of active employees expected to receive benefits.

The Bank records pension expense for defined contribution plans when the employee renders service to the company, essentially coinciding with the cash contributions to the plans.

Own shares, own bonds and financial instruments on Group shares

The Bank's shares are wholly-owned by Credit Suisse Group AG and are not subject to trading. The Bank may buy and sell Credit Suisse Group AG shares (Group shares), own bonds and financial instruments on Group shares within its normal trading and

market-making activities. In addition, the Bank may hold Group shares to economically hedge commitments arising from employee share-based compensation awards. Group shares are reported as trading assets, unless those shares are held to economically hedge share award obligations. Hedging shares are reported as treasury shares, resulting in a reduction to total shareholder's equity. Financial instruments on Group shares are

recorded as assets or liabilities and carried at fair value. Dividends received on Group shares and unrealized and realized gains and losses on Group shares are recorded according to the classification of the shares as trading assets or treasury shares. Purchases of bonds originally issued by the Bank are recorded as an extinguishment of debt.

2 Recently issued accounting standards

- ▶ Refer to "Note 2 – Recently issued accounting standards" in V – Consolidated financial statements – Credit Suisse Group for recently adopted accounting standards and standards to be adopted in future periods.
- The impact on the Bank's and Group's financial position, results of operations or cash flows was or is expected to be identical.

3 Business developments and subsequent events

- ▶ Refer to "Note 3 – Business developments and subsequent events" in V – Consolidated financial statements – Credit Suisse Group for further information. The acquisition of Neue Aargauer Bank AG and the capital raising through mandatory and contingent convertible securities were not relevant to the Bank.

4 Discontinued operations

- ▶ Refer to "Note 4 – Discontinued operations" in V – Consolidated financial statements – Credit Suisse Group for further information.

5 Segment information

For purpose of presentation of reportable segments, the Bank has included accounts of affiliate entities wholly owned by the same parent which are managed together with the operating segments of the Bank. These affiliate entities include certain bank and trust affiliates, primarily managed by Private Banking & Wealth Management. Income from continuing operations before taxes of these non-consolidated affiliate entities included in the segment presentation for the years ended December 31, 2012, 2011 and 2010 was CHF 237 million, CHF 259 million and CHF 277 million, respectively. For the

same periods, net revenues of these non-consolidated affiliate entities included in the segment presentation were CHF 684 million, CHF 707 million and CHF 711 million, respectively, and total assets of these non-consolidated affiliate entities included in the segment presentation as of December 31, 2012 and 2011, were CHF 25.8 billion and CHF 24.9 billion, respectively.

► Refer to “Note 5 – Segment information” in V – Consolidated financial statements – Credit Suisse Group for further information.

Net revenues and income/(loss) from continuing operations before taxes

in	2012	2011	2010
Net revenues (CHF million)			
Private Banking & Wealth Management	13,541	13,447	14,580
Investment Banking	12,558	10,460	15,873
Adjustments ^{1,2}	(2,566)	1,280	80
Net revenues	23,533	25,187	30,533
Income/(loss) from continuing operations before taxes (CHF million)			
Private Banking & Wealth Management	3,775	2,961	4,142
Investment Banking	2,002	(593)	3,594
Adjustments ^{1,3}	(3,804)	133	(1,200)
Income from continuing operations before taxes	1,973	2,501	6,536

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice-versa, and certain expenses that were not allocated to the segments. ² Includes noncontrolling interest-related revenues of CHF 365 million, CHF 900 million and CHF 775 million in 2012, 2011 and 2010, respectively, from the consolidation of certain private equity funds and other entities in which the Bank does not have a significant economic interest (SEI) in such revenues. ³ Includes noncontrolling interest income of CHF 307 million, CHF 816 million and CHF 702 million in 2012, 2011 and 2010, respectively, from the consolidation of certain private equity funds and other entities in which the Bank does not have an SEI in such income.

Total assets

end of	2012	2011
Total assets (CHF million)		
Private Banking & Wealth Management	407,329	392,201
Investment Banking	658,622	790,167
Adjustments ¹	(157,791)	(147,581)
Total assets	908,160	1,034,787

¹ Adjustments mainly represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice-versa and certain expenses that were not allocated to the segments.

Net revenues and income/(loss) from continuing operations before taxes by geographic location

in	2012	2011	2010
Net revenues (CHF million)			
Switzerland	8,017	7,792	8,533
EMEA	3,498	6,450	7,367
Americas	10,194	9,246	12,718
Asia Pacific	1,824	1,699	1,915
Net revenues	23,533	25,187	30,533
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	1,170	(176)	1,117
EMEA	(1,428)	1,275	1,452
Americas	3,068	2,357	4,806
Asia Pacific	(837)	(955)	(839)
Income from continuing operations before taxes	1,973	2,501	6,536

The designation of net revenues and income/(loss) before taxes is based upon the location of the office recording the transactions. This presentation does not reflect the way the Bank is managed.

Total assets by geographic location

end of	2012	2011
Total assets (CHF million)		
Switzerland	183,735	201,360
EMEA	221,476	276,674
Americas	422,181	469,191
Asia Pacific	80,768	87,562
Total assets	908,160	1,034,787

The designation of total assets by region is based upon customer domicile.

6 Net interest income

in	2012	2011	2010
Net interest income (CHF million)			
Loans	4,333	4,333	4,715
Investment securities	52	74	68
Trading assets	11,949	11,700	14,073
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	2,940	3,265	2,667
Other	2,285	3,065	3,462
Interest and dividend income	21,559	22,437	24,985
Deposits	(1,332)	(1,669)	(1,573)
Short-term borrowings	(71)	(69)	(63)
Trading liabilities	(6,833)	(7,125)	(9,017)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(1,676)	(1,621)	(1,637)
Long-term debt	(4,554)	(5,537)	(6,161)
Other	(276)	(402)	(344)
Interest expense	(14,742)	(16,423)	(18,795)
Net interest income	6,817	6,014	6,190

7 Commissions and fees

in	2012	2011	2010
Commissions and fees (CHF million)			
Lending business	1,474	1,247	1,408
Investment and portfolio management	3,949	3,955	4,210
Other securities business	126	38	19
Fiduciary business	4,075	3,993	4,229
Underwriting	1,561	1,479	2,125
Brokerage	3,663	4,027	3,937
Underwriting and brokerage	5,224	5,506	6,062
Other services	2,125	1,928	2,120
Commissions and fees	12,898	12,674	13,819

8 Trading revenues

in	2012	2011	2010
Trading revenues (CHF million)			
Interest rate products	2,868	6,578	5,673
Foreign exchange products	560	(4,456)	2,232
Equity/index-related products	111	1,604	2,306
Credit products	(3,306)	522	(1,644)
Commodity, emission and energy products	198	361	323
Other products	897	131	324
Trading revenues	1,328	4,740	9,214

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

- ▶ Refer to "Note 8 – Trading revenues" in V – Consolidated financial statements – Credit Suisse Group for further information.

9 Other revenues

in	2012	2011	2010
Other revenues (CHF million)			
Noncontrolling interests without SEI	333	794	723
Loans held-for-sale	(37)	(4)	(84)
Long-lived assets held-for-sale	456	(43)	(182)
Equity method investments	136	137	193
Other investments	752	330	120
Other	850	545	540
Other revenues	2,490	1,759	1,310

10 Provision for credit losses

in	2012	2011	2010
Provision for credit losses (CHF million)			
Provision for loan losses	77	78	(136)
Provision for lending-related and other exposures	11	45	15
Provision for credit losses	88	123	(121)

11 Compensation and benefits

in	2012	2011	2010
Compensation and benefits (CHF million)			
Salaries and variable compensation	10,647	11,159	12,156
Social security	751	842	903
Other ¹	1,048	1,187	1,642
Compensation and benefits²	12,446	13,188	14,701

¹ Includes pension and other post-retirement expense of CHF 747 million, CHF 926 million and CHF 939 million in 2012, 2011 and 2010, respectively, and the UK levy on variable compensation of CHF 404 million in 2010. ² Includes severance and other compensation expense relating to headcount reductions of CHF 427 million and CHF 576 million as of 2012 and 2011, respectively.

12 General and administrative expenses

in	2012	2011	2010
General and administrative expenses (CHF million)			
Occupancy expenses	1,201	1,104	1,163
IT, machinery, etc.	1,459	1,437	1,333
Provisions and losses	682	707	495
Travel and entertainment	382	427	456
Professional services	1,881	2,030	2,131
Amortization and impairment of other intangible assets	28	30	34
Other	1,635	1,672	1,684
General and administrative expenses	7,268	7,407	7,296

13 Securities borrowed, lent and subject to repurchase agreements

end of	2012	2011
Securities borrowed or purchased under agreements to resell (CHF million)		
Central bank funds sold and securities purchased under resale agreements	121,234	172,156
Deposits paid for securities borrowed	62,212	64,779
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	183,446	236,935
Securities lent or sold under agreements to repurchase (CHF million)		
Central bank funds purchased and securities sold under repurchase agreements	120,164	161,220
Deposits received for securities lent	12,557	15,339
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	132,721	176,559

- ▶ Refer to “Note 14 – Securities borrowed, lent and subject to repurchase agreements” in V – Consolidated financial statements – Credit Suisse Group for further information.

14 Trading assets and liabilities

end of	2012	2011
Trading assets (CHF million)		
Debt securities	135,814	144,961
Equity securities ¹	74,945	66,986
Derivative instruments ²	33,416	52,735
Other	12,427	15,066
Trading assets	256,602	279,748
Trading liabilities (CHF million)		
Short positions	51,501	67,639
Derivative instruments ²	39,590	60,170
Trading liabilities	91,091	127,809

¹ Including convertible bonds. ² Amounts shown net of cash collateral receivables and payables.

Cash collateral on derivative instruments

end of	2012	2011
Cash collateral – netted (CHF million) ¹		
Cash collateral paid	36,715	37,883
Cash collateral received	33,274	36,326
Cash collateral – not netted (CHF million) ²		
Cash collateral paid	10,904	15,812
Cash collateral received	12,224	11,933

¹ Recorded as cash collateral netting on derivative instruments in Note 29 – Derivatives and hedging activities. ² Recorded as cash collateral on derivative instruments in Note 21 – Other assets and other liabilities.

15 Investment securities

end of	2012	2011
Investment securities (CHF million)		
Debt securities held-to-maturity	0	2
Securities available-for-sale	1,939	3,650
Total investment securities	1,939	3,652

Investment securities by type

end of	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
2012 (CHF million)				
Debt securities issued by foreign governments	1,288	67	0	1,355
Corporate debt securities	465	0	0	465
Collateralized debt obligations	23	1	0	24
Debt securities available-for-sale	1,776	68	0	1,844
Banks, trust and insurance companies	73	14	0	87
Industry and all other	8	0	0	8
Equity securities available-for-sale	81	14	0	95
Securities available-for-sale	1,857	82	0	1,939
2011 (CHF million)				
Debt securities issued by foreign governments	2	0	0	2
Debt securities held-to-maturity	2	0	0	2
Debt securities issued by the Swiss federal, cantonal or local governmental entities	1	0	0	1
Debt securities issued by foreign governments	2,916	113	1	3,028
Corporate debt securities	352	0	0	352
Collateralized debt obligations	176	1	0	177
Debt securities available-for-sale	3,445	114	1	3,558
Banks, trust and insurance companies	68	8	0	76
Industry and all other	15	1	0	16
Equity securities available-for-sale	83	9	0	92
Securities available-for-sale	3,528	123	1	3,650

Gross unrealized losses on investment securities and the related fair value

end of	Less than 12 months		12 months or more		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
2011 (CHF million)						
Debt securities issued by foreign governments	8	1	0	0	8	1
Debt securities available-for-sale	8	1	0	0	8	1

There were no unrealized losses on investment securities in 2012. No significant impairment was recorded as the Bank does not intend to sell the investments, nor is it more likely

than not that the Bank will be required to sell the investments before the recovery of their amortized cost bases, which may be maturity.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	Debt securities			Equity securities		
	2012	2011	2010	2012	2011	2010
Additional information (CHF million)						
Proceeds from sales	294	2,117	984	642	1	3
Realized gains	14	40	5	294	0	0
Realized losses	(2)	(22)	(11)	0	0	0

Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
2012 (CHF million)			
Due within 1 year	948	958	2.53
Due from 1 to 5 years	703	754	3.76
Due from 5 to 10 years	87	87	0.00
Due after 10 years	38	45	5.32
Total debt securities	1,776	1,844	2.97

16 Other investments

end of	2012	2011
Other investments (CHF million)		
Equity method investments	2,147	2,508
Non-marketable equity securities ¹	7,156	7,654
Real estate held for investment	641	731
Life finance instruments ²	1,872	2,022
Total other investments	11,816	12,915

¹ Includes private equity, hedge funds and restricted stock investments as well as certain investments in non-marketable mutual funds for which the Bank has neither significant influence nor control over the investee. ² Includes life settlement contracts at investment method and SPIA contracts.

Non-marketable equity securities include investments in entities that regularly calculate net asset value per share or its equivalent.

► Refer to “Note 32 – Financial instruments” for further information on such investments.

Substantially all non-marketable equity securities are carried at fair value. There were no non-marketable equity securities not carried at fair value that have been in a continuous unrealized loss position.

The Bank performs a regular impairment analysis of real estate portfolios. The carrying values of the impaired proper-

ties were written down to their respective fair values, establishing new cost bases. For these properties, the fair values were measured based on either discounted cash flow analyses or external market appraisals. Impairments of CHF 13 million and CHF 3 million were recorded in 2012 and 2011, respectively. No impairments were recorded in 2010.

Accumulated depreciation related to real estate held for investment amounted to CHF 280 million, CHF 278 million and CHF 273 million for 2012, 2011 and 2010, respectively.

► Refer to “Note 17 – Other investments” in V – Consolidated financial statements – Credit Suisse Group for further information.

17 Loans, allowance for loan losses and credit quality

end of	2012	2011
Loans (CHF million)		
Mortgages	78,328	75,461
Loans collateralized by securities	27,248	26,350
Consumer finance	3,931	3,759
Consumer	109,507	105,570
Real estate	24,133	22,397
Commercial and industrial loans	59,518	56,984
Financial institutions	32,627	33,058
Governments and public institutions	2,555	2,245
Corporate & institutional	118,833	114,684
Gross loans	228,340	220,254
of which held at amortized cost	208,340	199,561
of which held at fair value	20,000	20,693
Net (unearned income)/deferred expenses	(121)	(98)
Allowance for loan losses	(721)	(722)
Net loans	227,498	219,434
Gross loans by location (CHF million)		
Switzerland	135,439	132,477
Foreign	92,901	87,777
Gross loans	228,340	220,254
Impaired loan portfolio (CHF million)		
Non-performing loans	637	520
Non-interest-earning loans	281	220
Total non-performing and non-interest-earning loans	918	740
Restructured loans	30	13
Potential problem loans	450	619
Total other impaired loans	480	632
Gross impaired loans	1,398	1,372

Allowance for loan losses

	2012			2011			2010
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Total
Allowance for loan losses (CHF million)							
Balance at beginning of period	159	563	722	157	675	832	1,204
Change in scope of consolidation	(18)	0	(18)	0	0	0	0
Net movements recognized in statements of operations	26	51	77	21	57	78	(138)
Gross write-offs	(42)	(80)	(122)	(58)	(175)	(233)	(239)
Recoveries	19	20	39	33	4	37	57
Net write-offs	(23)	(60)	(83)	(25)	(171)	(196)	(182)
Provisions for interest	4	20	24	0	11	11	1
Foreign currency translation impact and other adjustments, net	(5)	4	(1)	6	(9)	(3)	(53)
Balance at end of period	143	578	721	159	563	722	832

Allowance for loan losses and gross loans held at amortized cost by loan portfolio

end of	2012			2011			2010		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)									
Balance at end of period	143	578	721	159	563	722	157	675	832
of which individually evaluated for impairment	116	416	532	130	387	517	124	494	618
of which collectively evaluated for impairment	27	162	189	29	176	205	33	181	214
Gross loans held at amortized cost (CHF million)									
Balance at end of period	109,495	98,845	208,340	105,561	94,000	199,561	99,581	90,037	189,618
of which individually evaluated for impairment	422	976	1,398	425	947	1,372	433	1,074	1,507
of which collectively evaluated for impairment	109,073	97,869	206,942	105,136	93,053	198,189	99,148	88,963	188,111

Purchases, reclassifications and sales

in	2012			2011			
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	
Loans held at amortized cost (CHF million)							
Purchases		348	4,605	4,953	0	4,121	4,121
Reclassifications from loans held-for-sale		0	216	216	0	0	0
Reclassifications to loans held-for-sale ¹		0	1,323	1,323	0	1,363	1,363
Sales ¹		0	1,058	1,058	0	1,117	1,117

¹ All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

Gross loans held at amortized cost by internal counterparty rating

end of	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	Total
2012 (CHF million)											
Mortgages	378	708	11,277	51,295	14,088	413	8	8	0	153	78,328
Loans collateralized by securities	79	57	944	23,289	2,686	91	6	1	0	95	27,248
Consumer finance	0	6	98	3,171	473	18	0	0	1	152	3,919
Consumer	457	771	12,319	77,755	17,247	522	14	9	1	400	109,495
Real estate	258	367	2,039	13,397	7,519	159	0	0	0	50	23,789
Commercial and industrial loans	214	307	1,442	21,079	21,319	3,268	203	1	40	676	48,549
Financial institutions	2,288	2,086	12,490	5,168	2,555	381	0	33	14	147	25,162
Governments and public institutions	68	34	324	464	125	101	229	0	0	0	1,345
Corporate & institutional	2,828	2,794	16,295	40,108	31,518	3,909	432	34	54	873	98,845
Gross loans held at amortized cost	3,285	3,565	28,614	117,863	48,765	4,431	446	43	55	1,273	208,340
Value of collateral ¹	2,899	2,577	18,358	107,275	40,170	2,835	170	43	4	664	174,995
2011 (CHF million)											
Mortgages	163	628	8,433	48,871	16,635	556	8	16	0	151	75,461
Loans collateralized by securities	1	18	396	24,027	1,746	87	0	2	0	73	26,350
Consumer finance	0	4	43	2,994	507	20	0	9	23	150	3,750
Consumer	164	650	8,872	75,892	18,888	663	8	27	23	374	105,561
Real estate	340	196	907	11,397	8,969	273	0	3	0	40	22,125
Commercial and industrial loans	398	245	1,676	20,345	18,281	2,927	171	26	117	648	44,834
Financial institutions	3,906	2,091	11,120	5,483	1,875	760	3	43	0	119	25,400
Governments and public institutions	55	84	320	444	158	104	470	0	0	6	1,641
Corporate & institutional	4,699	2,616	14,023	37,669	29,283	4,064	644	72	117	813	94,000
Gross loans held at amortized cost	4,863	3,266	22,895	113,561	48,171	4,727	652	99	140	1,187	199,561
Value of collateral ¹	3,931	1,696	13,535	104,129	39,447	2,760	96	82	0	727	166,403

¹ Includes the value of collateral up to the amount of the outstanding related loans. For mortgages, collateral values are generally values at the time of granting the loan.

Gross loans held at amortized cost – aging analysis

end of	Current				Past due		Total	Total
		Up to 30 days	31–60 days	61–90 days	More than 90 days	Total		
2012 (CHF million)								
Mortgages	78,023	154	14	10	127	305	78,328	
Loans collateralized by securities	26,919	220	3	3	103	329	27,248	
Consumer finance	3,508	314	33	26	38	411	3,919	
Consumer	108,450	688	50	39	268	1,045	109,495	
Real estate	23,634	106	2	2	45	155	23,789	
Commercial and industrial loans	47,406	640	22	136	345	1,143	48,549	
Financial institutions	24,929	53	2	34	144	233	25,162	
Governments and public institutions	1,310	35	0	0	0	35	1,345	
Corporate & institutional	97,279	834	26	172	534	1,566	98,845	
Gross loans held at amortized cost	205,729	1,522	76	211	802	2,611	208,340	
2011 (CHF million)								
Mortgages	75,278	46	11	3	123	183	75,461	
Loans collateralized by securities	26,114	180	11	3	42	236	26,350	
Consumer finance	3,302	372	29	26	21	448	3,750	
Consumer	104,694	598	51	32	186	867	105,561	
Real estate	22,059	41	3	1	21	66	22,125	
Commercial and industrial loans	43,975	444	87	48	280	859	44,834	
Financial institutions	25,201	78	2	48	71	199	25,400	
Governments and public institutions	1,634	1	0	0	6	7	1,641	
Corporate & institutional	92,869	564	92	97	378	1,131	94,000	
Gross loans held at amortized cost	197,563	1,162	143	129	564	1,998	199,561	

Gross impaired loans by category

end of	Non-performing and non-interest-earning loans			Other impaired loans			Total
	Non-performing loans	Non-interest-earning loans	Total	Restructured loans	Potential problem loans	Total	
2012 (CHF million)							
Mortgages	125	9	134	0	39	39	173
Loans collateralized by securities	18	74	92	0	3	3	95
Consumer finance	143	10	153	0	1	1	154
Consumer	286	93	379	0	43	43	422
Real estate	42	4	46	0	15	15	61
Commercial and industrial loans	251	146	397	30	327	357	754
Financial institutions	58	38	96	0	65	65	161
Corporate & institutional	351	188	539	30	407	437	976
Gross impaired loans	637	281	918	30	450	480	1,398
2011 (CHF million)							
Mortgages	126	5	131	0	43	43	174
Loans collateralized by securities	27	13	40	0	46	46	86
Consumer finance	113	28	141	0	24	24	165
Consumer	266	46	312	0	113	113	425
Real estate	11	6	17	0	24	24	41
Commercial and industrial loans	194	110	304	13	425	438	742
Financial institutions	49	52	101	0	57	57	158
Governments and public institutions	0	6	6	0	0	0	6
Corporate & institutional	254	174	428	13	506	519	947
Gross impaired loans	520	220	740	13	619	632	1,372

As of December 31, 2012 and 2011, loans held-to-maturity carried at amortized cost did not include any subprime residential mortgages. Accordingly, impaired loans did not include any subprime residential mortgages.

In 2012 and 2011, the number of troubled debt restructurings and related financial effects and the number of

defaults and related carrying values of loans, which had been restructured within the previous 12 months, were not material. As of December 31, 2012 and 2011, the Bank did not have any material commitments to lend additional funds to debtors whose loan terms have been modified in troubled debt restructurings.

Gross impaired loan details

end of	2012			2011		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
Gross impaired loan details (CHF million)						
Mortgages	149	141	16	141	133	19
Loans collateralized by securities	68	66	53	85	82	50
Consumer finance	129	125	47	152	151	61
Consumer	346	332	116	378	366	130
Real estate	58	54	18	27	22	16
Commercial and industrial loans	627	592	306	675	650	282
Financial institutions	157	154	92	142	141	83
Governments and public institutions	0	0	0	6	4	6
Corporate & institutional	842	800	416	850	817	387
Gross impaired loans with a specific allowance	1,188	1,132	532	1,228	1,183	517
Mortgages	24	24	–	33	33	–
Loans collateralized by securities	27	27	–	1	1	–
Consumer finance	25	25	–	13	13	–
Consumer	76	76	–	47	47	–
Real estate	3	3	–	14	14	–
Commercial and industrial loans	127	128	–	67	67	–
Financial institutions	4	4	–	16	16	–
Corporate & institutional	134	135	–	97	97	–
Gross impaired loans without specific allowance	210	211	–	144	144	–
Gross impaired loans	1,398	1,343	532	1,372	1,327	517
of which consumer	422	408	116	425	413	130
of which corporate & institutional	976	935	416	947	914	387

Gross impaired loan details (continued)

	2012			2011		
	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis	Average recorded investment	Interest income recognized	Interest income recognized on a cash basis
in						
Gross impaired loan details (CHF million)						
Mortgages	152	1	1	142	1	1
Loans collateralized by securities	68	1	0	82	1	0
Consumer finance	117	3	3	135	2	2
Consumer	337	5	4	359	4	3
Real estate	43	0	0	28	0	0
Commercial and industrial loans	556	3	2	812	7	6
Financial institutions	191	2	2	147	0	0
Governments and public institutions	6	0	0	6	0	0
Corporate & institutional	796	5	4	993	7	6
Gross impaired loans with a specific allowance	1,133	10	8	1,352	11	9
Mortgages	27	0	0	68	0	0
Loans collateralized by securities	8	0	0	4	0	0
Consumer finance	41	0	0	19	0	0
Consumer	76	0	0	91	0	0
Real estate	12	0	0	74	5	5
Commercial and industrial loans	199	3	3	130	0	0
Financial institutions	8	0	0	19	0	0
Corporate & institutional	219	3	3	223	5	5
Gross impaired loans without specific allowance	295	3	3	314	5	5
Gross impaired loans	1,428	13	11	1,666	16	14
of which consumer	413	5	4	450	4	3
of which corporate & institutional	1,015	8	7	1,216	12	11

- ▶ Refer to “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group for further information.

18 Premises and equipment

end of	2012	2011
Premises and equipment (CHF million)		
Buildings and improvements	2,210	3,849
Land	476	847
Leasehold improvements	2,159	2,225
Software	5,323	4,607
Equipment	3,080	3,095
Premises and equipment	13,248	14,623
Accumulated depreciation	(7,832)	(7,633)
Total premises and equipment, net	5,416	6,990

Depreciation and impairment

in	2012	2011	2010
CHF million			
Depreciation	1,218	1,067	1,101
Impairment	17	84	16

In 2011, the estimated useful lives for leasehold and building improvements in Switzerland were increased from five to ten years, based on a change in estimate. The cumulative effect of adopting this change in estimate on January 1, 2011 was a decrease in depreciation expense of CHF 57 million (CHF 50 million after tax).

19 Goodwill

end of	2012			2011		
	Private Banking & Wealth Management	Investment Banking	Credit Suisse (Bank)	Private Banking & Wealth Management	Investment Banking	Credit Suisse (Bank)
Gross amount of goodwill (CHF million)						
Balance at beginning of period	2,260	5,522	7,782	2,269	5,507	7,776
Goodwill acquired during the year	28	0	28	0	0	0
Foreign currency translation impact	(65)	(138)	(203)	(11)	15	4
Other	(13)	(2)	(15)	2	0	2
Balance at end of period	2,210	5,382	7,592	2,260	5,522	7,782
Accumulated impairment (CHF million)						
Balance at beginning of period	0	82	82	0	82	82
Balance at end of period	0	82	82	0	82	82
Net book value (CHF million)						
Net book value	2,210	5,300	7,510	2,260	5,440	7,700

- ▶ Refer to "Note 20 – Goodwill" in V – Consolidated financial statements – Credit Suisse Group for further information.

20 Other intangible assets

end of	2012			2011		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets (CHF million)						
Tradenames/trademarks	25	(21)	4	26	(21)	5
Client relationships	303	(142)	161	357	(189)	168
Other	8	(2)	6	7	(1)	6
Total amortizing other intangible assets	336	(165)	171	390	(211)	179
Non-amortizing other intangible assets	72	–	72	101	–	101
of which mortgage servicing rights, at fair value	43	–	43	70	–	70
Total other intangible assets	408	(165)	243	491	(211)	280

Additional information

in	2012	2011	2010
Aggregate amortization and impairment (CHF million)			
Aggregate amortization	28	30	33
Impairment	0	0	1

Estimated amortization

Estimated amortization (CHF million)	
2013	25
2014	24
2015	23
2016	19
2017	19

- ▶ Refer to “Note 21 – Other intangible assets” in V – Consolidated financial statements – Credit Suisse Group for further information.

21 Other assets and other liabilities

end of	2012	2011
Other assets (CHF million)		
Cash collateral on derivative instruments	10,904	15,812
Cash collateral on non-derivative transactions	1,995	2,083
Derivative instruments used for hedging	3,913	3,607
Assets held-for-sale	20,343	21,205
of which loans ¹	19,894	20,457
of which real estate	442	732
Assets held for separate accounts	13,414	14,407
Interest and fees receivable	5,845	6,084
Deferred tax assets	7,094	8,843
Prepaid expenses	532	593
Failed purchases	2,699	1,513
Other	6,043	3,933
Other assets	72,782	78,080
Other liabilities (CHF million)		
Cash collateral on derivative instruments	12,224	11,933
Cash collateral on non-derivative transactions	1,246	1,002
Derivative instruments used for hedging	1,114	1,848
Provisions ²	1,348	1,098
of which off-balance sheet risk	59	64
Liabilities held for separate accounts	13,414	14,407
Interest and fees payable	6,556	6,983
Current tax liabilities	811	715
Deferred tax liabilities	103	282
Failed sales	4,336	6,888
Other	16,215	17,011
Other liabilities	57,367	62,167

¹ Included as of December 31, 2012 and 2011 were CHF 3,730 million and CHF 6,299 million, respectively, in restricted loans, which represented collateral on secured borrowings, and CHF 922 million and CHF 1,386 million, respectively, in loans held in trusts, which are consolidated as a result of failed sales under US GAAP. ² Includes provision for bridge commitments.

22 Deposits

end of	2012			2011		
	Switzerland	Foreign	Total	Switzerland	Foreign	Total
Deposits (CHF million)						
Non-interest-bearing demand deposits	8,282	4,521	12,803	11,441	4,214	15,655
Interest-bearing demand deposits	129,352	25,713	155,065	110,919	20,751	131,670
Savings deposits	52,534	44	52,578	47,212	38	47,250
Time deposits	8,965	98,853	107,818 ¹	15,473	134,159	149,632 ¹
Total deposits	199,133	129,131	328,264 ²	185,045	159,162	344,207 ²
of which due to banks	–	–	30,574	–	–	40,077
of which customer deposits	–	–	297,690	–	–	304,130

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

¹ Included as of December 31, 2012 and 2011 were CHF 107,705 million and CHF 160,992 million, respectively, of individual time deposits issued in Switzerland and in foreign offices in the Swiss franc equivalent amounts of USD 100,000 or more. ² Not included as of December 31, 2012 and 2011 were CHF 67 million and CHF 51 million, respectively, of overdrawn deposits reclassified as loans.

23 Long-term debt

end of	2012	2011
Long-term debt (CHF million)		
Senior	112,123	120,497
Subordinated	20,342	25,998
Non-recourse liabilities from consolidated VIEs	14,532	14,858
Long-term debt	146,997	161,353
of which reported at fair value	64,774	68,036
of which structured notes	36,639	35,728

Structured notes by product

end of	2012
Structured notes (CHF million)	
Equity	23,761
Fixed income	6,559
Emerging markets ¹	3,304
Credit	1,893
Other	1,122
Total structured notes	36,639

¹ Transactions where the return is based on a referenced underlying or counterparty specific to emerging markets.

Long-term debt by maturities

end of	2013	2014	2015	2016	2017	Thereafter	Total
Long-term debt (CHF million)							
Senior debt							
Fixed rate	13,931	11,295	13,859	3,493	8,548	13,802	64,928
Variable rate	12,807	8,179	7,221	4,497	4,532	9,959	47,195
Interest rates (range in %) ¹	0.0–13.6	0.0–13.0	0.0–12.5	0.3–10.2	0.6–5.1	0.0–8.2	–
Subordinated debt							
Fixed rate	2,465	144	89	1,830	1,011	11,303	16,842
Variable rate	3,000	200	19	30	46	205	3,500
Interest rates (range in %) ¹	0.4–13.2	1.3–9.3	2.8–10.3	0.3–8.2	1.0–8.5	0.0–13.2	–
Non-recourse liabilities from consolidated VIEs							
Fixed rate	218	2	815	89	–	92	1,216
Variable rate	153	478	468	748	34	11,435	13,316
Interest rates (range in %) ¹	0.6–0.8	0.7–13.2	0.0–12.6	0.0–12.8	2.0	0.0–10.9	–
Total long-term debt	32,574	20,298	22,471	10,687	14,171	46,796	146,997
of which structured notes	7,655	7,505	5,730	3,793	3,397	8,559	36,639

¹ Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

- ▶ Refer to “Note 24 – Long-term debt” in V – Consolidated financial statements – Credit Suisse Group for further information.

24 Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Accumulated other comprehensive income
2012 (CHF million)						
Balance at beginning of period	0	(10,326)	96	(729)	4	(10,955)
Increase/(decrease)	7	(1,067)	199	4	0	(857)
Reclassification adjustments, included in net income	0	44	(242)	55	(1)	(144)
Balance at end of period	7	(11,349)	53	(670)	3	(11,956)
2011 (CHF million)						
Balance at beginning of period	32	(9,994)	99	(871)	5	(10,729)
Increase/(decrease)	(5)	(348)	21	103	0	(229)
Reclassification adjustments, included in net income	(27)	16	(24)	39	(1)	3
Balance at end of period	0	(10,326)	96	(729)	4	(10,955)
2010 (CHF million)						
Balance at beginning of period	10	(7,755)	86	(761)	6	(8,414)
Increase/(decrease)	45	(2,361)	7	(135)	0	(2,444)
Reclassification adjustments, included in net income	(23)	(13)	6	25	(1)	(6)
Cumulative effect of accounting changes, net of tax	0	135	0	0	0	135
Balance at end of period	32	(9,994)	99	(871)	5	(10,729)

Refer to "Note 25 – Tax" and "Note 28 – Pension and other post-retirement benefits" for income tax expense/(benefit) on the movements of accumulated other comprehensive income.

25 Tax

Details of current and deferred taxes

in	2012	2011	2010
Current and deferred taxes (CHF million)			
Switzerland	85	(35)	25
Foreign	544	429	237
Current income tax expense	629	394	262
Switzerland	(121)	(251)	(296)
Foreign	(30)	316	1,341
Deferred income tax expense	(151)	65	1,045
Income tax expense	478	459	1,307
Income tax expense/(benefit) reported in shareholder's equity related to:			
Gains/(losses) on cash flow hedges	0	(4)	4
Cumulative translation adjustment	(12)	16	32
Unrealized gains/(losses) on securities	(1)	16	0
Actuarial gains/(losses)	30	29	(46)
Net prior service cost	(2)	(1)	0
Share-based compensation and treasury shares	(53)	275	(608)

Reconciliation of taxes computed at the Swiss statutory rate

in	2012	2011	2010
Income/(loss) from continuing operations before taxes (CHF million)			
Switzerland	1,170	(176)	1,117
Foreign	803	2,677	5,419
Income from continuing operations before taxes	1,973	2,501	6,536
Reconciliation of taxes computed at the Swiss statutory rate (CHF million)			
Income tax expense computed at the statutory tax rate of 22%	434	550	1,438
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	312	(11)	562
Non-deductible amortization of other intangible assets and goodwill impairment	0	0	1
Other non-deductible expenses	382	444	621
Additional taxable income	6	6	22
Lower taxed income	(407)	(422)	(765)
Income taxable to noncontrolling interests	(117)	(312)	(282)
Changes in tax law and rates	182	170	119
Changes in deferred tax valuation allowance	11	471	56
Tax deductible impairments of Swiss subsidiary investments	(161)	(55)	0
Other	(164)	(382)	(465)
Income tax expense	478	459	1,307

Foreign tax rate differential

2012 included a foreign tax expense of CHF 312 million in respect of profits earned in higher tax jurisdictions, mainly Brazil and the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly Guernsey and Bahamas. The total foreign tax expense of CHF 514 million is not only impacted by the foreign tax expense based on statutory tax rates but also by tax impacts related to additional reconciling items explained below.

2011 included a foreign tax rate benefit of CHF 11 million in respect of profits earned in lower tax jurisdictions, mainly Guernsey and Bahamas, partially offset by foreign tax rate differential related to profits in higher tax jurisdictions, mainly Brazil and the US. The total foreign tax expense of CHF 745 million is not only impacted by the foreign tax rate expense but also by tax impacts related to additional reconciling items explained below.

Other non-deductible expenses

2012 and 2011 included non-deductible interest expenses of CHF 259 million and CHF 240 million, respectively, non-taxable offshore expenses of CHF 8 million and CHF 80 million, respectively, non-deductible bank levy costs and other non-deductible compensation expenses of CHF 57 million and CHF 49 million, respectively, and other various smaller non-deductible expenses.

Lower taxed income

2012 and 2011 included a tax benefit of CHF 29 million and CHF 52 million, respectively, related to exempt offshore income, CHF 40 million and CHF 47 million, respectively, in respect to non-taxable dividend income and CHF 11 million and CHF 47 million, respectively, related to non-taxable foreign exchange gains. In addition, 2012 and 2011 included tax benefits of CHF 100 million and CHF 42 million, respectively, related to tax credits and CHF 48 million and CHF 40 million, respectively, related to non-taxable life insurance income. 2012 also included a CHF 114 million Swiss income tax benefit as a result of foreign branch earnings beneficially impacting the earnings mix. The remaining balance included various smaller items, amongst others related to permanent tax benefits from tax deductible goodwill amortization and tax holidays.

2011 and 2010 included a tax benefit of CHF 116 million and CHF 130 million, respectively, in respect of the reversal of the deferred tax liability recorded to cover estimated recapture of loss deductions arising from foreign branches of the Bank.

2010 included a tax benefit of CHF 380 million in respect of a legal entity merger that reflected regulatory concerns about complex holding structures.

Changes in tax law and rates

2012 and 2011 included a tax expense of CHF 182 million and CHF 170 million, respectively, caused by the reduction of deferred tax assets mainly due to the impact of the change in UK corporation tax.

Changes in deferred tax valuation allowance

2012 included an increase to the valuation allowance of CHF 834 million in respect of five of the Bank's operating entities, three in Europe and two in Asia, mainly relating to deferred tax assets on current year tax losses and pre-existing loss carry-forwards. 2011 included an increase to the valuation allowance of CHF 428 million in respect of three of the Bank's operating entities, two in the UK and one in Asia, mainly relating to deferred tax assets on tax loss carry-forwards. 2010 included an increase to the valuation allowance of CHF 193 million in respect of one of the Bank's operating entities in the UK relating to deferred tax assets on tax loss carry-forwards.

2012, 2011 and 2010 also included a tax benefit of CHF 820 million, CHF 7 million and CHF 199 million, respectively, resulting from the release of valuation allowances on deferred tax assets for one of the Bank's operating entities in the US.

Other

2012 included a tax benefit of CHF 48 million relating to the re-assessment of deferred tax assets in Switzerland reflecting changes in forecasted future profitability related to such pre-existing deferred tax assets. 2012 also included a benefit of CHF 70 million relating to return to accrual adjustments following the close of a tax audit cycle and the impact of the closure of an advanced pricing agreement.

2011 included a tax benefit of CHF 261 million relating to the increase of deferred tax assets in two of the Bank's operating entities, one in Switzerland (CHF 129 million) and one in the US (CHF 132 million). The increase is related to the re-measurement of existing deferred tax assets on net operating losses due to changes in the mix of the sources of income and related tax rates that these net operating losses are expected to be applied to.

2012, 2011 and 2010 included an amount of CHF 43 million, CHF 125 million and CHF 301 million, respectively, relating to the release of tax contingency accruals following the favorable resolution of tax matters.

As of December 31, 2012, the Bank had accumulated undistributed earnings from foreign subsidiaries of CHF 6.8 billion. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely rein-

vested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Details of the tax effect of temporary differences

end of	2012	2011
Tax effect of temporary differences (CHF million)		
Compensation and benefits	2,279	2,172
Loans	441	392
Investment securities	1,818	1,480
Provisions	1,760	1,943
Business combinations	0	101
Derivatives	343	385
Real estate	242	212
Net operating loss carry-forwards	5,177	7,291
Other	204	174
Gross deferred tax assets before valuation allowance	12,264	14,150
Less valuation allowance	(2,550)	(2,689)
Gross deferred tax assets net of valuation allowance	9,714	11,461
Compensation and benefits	(164)	(129)
Loans	(162)	(147)
Investment securities	(1,354)	(1,199)
Provisions	(402)	(378)
Business combinations	(20)	(227)
Derivatives	(295)	(392)
Leasing	(40)	(58)
Real estate	(78)	(82)
Other	(208)	(288)
Gross deferred tax liabilities	(2,723)	(2,900)
Net deferred tax assets	6,991	8,561

The decrease in net deferred tax assets from 2011 to 2012 of CHF 1,570 million was primarily due to the recognition of a valuation allowance against deferred tax assets, mainly in the UK and Asia, of CHF 215 million, and taxable gains on transfers of assets within the consolidated Bank for which associated tax charges of CHF 1,511 million have been deferred as other assets in accordance with ASC 810-10-45-8 (Consolidation – other presentation matters, formerly Accounting Research Bulletin 51). The deferral will be amortized over a period of up to 15 years in line with Accounting Standards Codification 810-10-45-8 principles and will be matched by future tax deductions. In addition, the decrease reflected a write-down of CHF 182 million as a result of changes to corporation tax rates in the UK and Japan and foreign exchange

translation losses of CHF 213 million, which are included within currency translation adjustments recorded in accumulated other comprehensive income/(loss) (AOCI). These decreases were partially offset by an increase in net deferred tax asset balances following a re-measurement of deferred tax balances in Switzerland and the US of CHF 529 million. The remaining movement, an increase of net deferred tax assets of CHF 22 million, mainly represents the impact of temporary differences and taxable income in 2012.

Due to uncertainty concerning its ability to generate the necessary amount and mix of taxable income in future periods, the Bank recorded a valuation allowance against deferred tax assets in the amount of CHF 2.6 billion as of December 31, 2012 compared to CHF 2.7 billion as of December 31, 2011.

Amounts and expiration dates of net operating loss carry-forwards

end of 2012	Total
Net operating loss carry-forwards (CHF million)	
Due to expire within 1 year	29
Due to expire within 2 to 5 years	10,637
Due to expire within 6 to 10 years	1,981
Due to expire within 11 to 20 years	2,759
Amount due to expire	15,406
Amount not due to expire	11,778
Total net operating loss carry-forwards	27,184

Movements in the valuation allowance

in	2012	2011	2010
Movements in the valuation allowance (CHF million)			
Balance at beginning of period	2,689	2,262	2,794
Net changes	(139)	427	(532)
Balance at end of period	2,550	2,689	2,262

Tax benefits associated with share-based compensation

in	2012	2011	2010
Tax benefits associated with share-based compensation (CHF million)			
Tax benefits recorded in the consolidated statements of operations	596	464	536
Windfall tax benefits/(shortfall tax charges) recorded in additional paid-in capital	30	(277)	615
Tax benefits in respect of tax on dividend equivalent payments	12	1	26

- ▶ Refer to "Note 26 – Employee deferred compensation" for further information on share-based compensation.

Windfall deductions and dividend equivalents aggregating CHF 0.9 billion and CHF 1.1 billion for 2012 and 2011, respec-

tively, did not result in a reduction of income taxes payable because certain entities were in a net operating loss position. When the income tax benefit of these deductions is realized, an estimated CHF 192 million tax benefit will be recorded in additional paid-in capital.

Uncertain tax positions

Reconciliation of the beginning and ending amount of gross unrecognized tax benefits

in	2012	2011	2010
Movements in gross unrecognized tax benefits (CHF million)			
Balance at beginning of period	370	578	944
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	33	54	53
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(58)	(177)	(286)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	38	29	37
Decreases in unrecognized tax benefits relating to settlements with tax authorities	(4)	(65)	(12)
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(43)	(19)	(88)
Other (including foreign currency translation)	80	(30)	(70)
Balance at end of period	416	370	578
of which, if recognized, would affect the effective tax rate	410	364	553

Interest and penalties

in	2012	2011	2010
Interest and penalties (CHF million)			
Interest and penalties recognized in the consolidated statements of operations	(13)	(19)	(42)
Interest and penalties recognized in the consolidated balance sheets	64	82	206

Interest and penalties are reported as tax expense. The Bank is currently subject to ongoing tax audits and inquiries with the tax authorities in a number of jurisdictions, including the US, the UK and Switzerland. Although the timing of the completion of these audits is uncertain, it is reasonably possible that some of these audits and inquiries will be resolved within 12 months of the reporting date.

It is reasonably possible that there will be a decrease of between zero and CHF 4 million in unrecognized tax benefits within 12 months of the reporting date.

The Bank remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Switzerland – 2009; the UK – 2006; the US – 2006; Japan – 2005; and the Netherlands – 2005.

► Refer to “Note 26 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information.

26 Employee deferred compensation

Deferred compensation for employees

- Refer to "Note 27 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for further information.

The following tables show the compensation expense for deferred compensation awards granted in 2012 and prior

years that was recognized in the consolidated statements of operations during 2012, 2011 and 2010, the total shares delivered, the estimated unrecognized compensation expense for deferred compensation awards granted in 2012 and prior years outstanding as of December 31, 2012 and the remaining requisite service period over which the estimated unrecognized compensation expense will be recognized.

Deferred compensation expense

in	2012	2011	2010
Deferred compensation expense (CHF million)			
Share awards	773	759	293
Performance share awards	362	0	0
2011 Partner Asset Facility awards ¹	675	0	0
Adjustable Performance Plan share awards	71	0	0
Adjustable Performance Plan cash awards	281	1,087	948
Restricted Cash Awards	165	252	0
Scaled Incentive Share Units	95	404	552
Incentive Share Units	62	172	716
Cash Retention Awards	0	0	574
Performance Incentive Plans (PIP I and PIP II) ²	0	0	(2)
2008 Partner Asset Facility awards ¹	173	3	45
Other cash awards	363	337	421
Total deferred compensation expense	3,020	3,014	3,547
Total shares delivered (million)			
Total shares delivered	30.9	23.7	46.7

¹ Compensation expense includes the change in the underlying fair value of the indexed assets during the period. ² Includes clawbacks.

Additional information

end of	2012
Estimated unrecognized compensation expense (CHF million)	
Share awards	700
Performance share awards	158
Adjustable Performance Plan share awards	41
Adjustable Performance Plan cash awards	54
Scaled Incentive Share Units	72
Other cash awards	72
Total	1,097
Aggregate remaining weighted-average requisite service period (years)	
Aggregate remaining weighted-average requisite service period	1.5

Does not include the estimated unrecognized compensation expense relating to grants made in 2013 for 2012.

Share awards

On January 17, 2013, the Bank granted 37.8 million share awards with a total value of CHF 947 million. The estimated unrecognized compensation expense of CHF 932 million was determined based on the fair value of the award on the grant date, including the current estimate of future forfeitures, but excluding the share awards that have been reallocated to Plus Bond awards after the grant date, and will be recognized over the three-year vesting period, subject to early retirement rules. On January 19, 2012 and January 20, 2011, the Bank granted

19.7 million and 34.0 million share awards with a total value of CHF 432 million and CHF 1,408 million, respectively, equivalent to the Group's closing share price on the grant date.

On January 17, 2013, the Bank granted 0.1 million blocked shares with a total value of CHF 3 million that vested immediately upon grant, have no future service requirements and were attributed to services performed in 2012. On January 19, 2012 and January 20, 2011, the Bank granted 0.4 million and 0.7 million blocked shares with a total value of CHF 9 million and CHF 30 million, respectively.

Share award activities

	2012		2011		2010	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
Share awards						
Balance at beginning of period	47.6	41.91	17.3	43.86	15.5	45.67
Granted	24.5	23.39	39.8	41.03	7.1	45.30
Settled	(14.6)	40.43	(7.4)	43.39	(4.9)	48.39
Forfeited	(2.4)	36.96	(2.1)	43.39	(0.4)	51.65
Balance at end of period	55.1	34.27	47.6	41.91	17.3	43.86
of which vested	3.9	–	1.8	–	1.3	–
of which unvested	51.2	–	45.8	–	16.0	–

Performance share awards

On January 17, 2013, the Bank granted 26.0 million performance share awards with a total value of CHF 651 million. The estimated unrecognized compensation expense of CHF 668 million was determined based on the fair value of the award at

the grant date, including the current estimated outcome of the relevant performance criteria and estimated future forfeitures, and will be recognized over the three-year vesting period. On January 19, 2012, the Bank granted 23.2 million performance share awards with a total value of CHF 509 million.

Performance share award activities

	2012	
	Number of performance share awards in million	Weighted-average grant-date fair value in CHF
Performance share awards		
Balance at beginning of period	–	–
Granted	23.3	23.90
Forfeited	(0.4)	23.90
Balance at end of period	22.9	23.90
of which vested	0.9	–
of which unvested	22.0	–

2011 Partner Asset Facility

In January 2012, the Bank awarded 2011 Partner Asset Facility (PAF2) units with a fair value of CHF 497 million and the associated compensation expenses were fully expensed in the first quarter of 2012 as the awards were fully vested as of March 31, 2012.

Adjustable Performance Plan Awards

On January 20, 2011, the Bank granted Adjustable Performance Plan cash awards with a total value of CHF 1,099 million.

In 2012, the Bank executed a voluntary exchange offer, under which employees had the right to voluntarily convert all

or a portion of their respective unvested Adjustable Performance Plan cash awards into Adjustable Performance Plan share awards. Adjustable Performance Plan holders elected to convert CHF 479 million of their Adjustable Performance Plan cash awards into the new Adjustable Performance Plan share awards during the election period, which represented an approximate conversion rate of 50%.

Upon conversion, CHF 435 million of the liability related to Adjustable Performance Plan cash awards that were converted into the Adjustable Performance Plan share awards were reclassified to total shareholder's equity.

Adjustable Performance Plan share award activities

	2012
	Number of APP share awards in million
Adjustable Performance Plan share awards	
Balance at beginning of period	–
Granted	29.9
Forfeited	(0.2)
Balance at end of period	29.7
of which vested	0.3
of which unvested	29.4

Scaled Incentive Share Unit

On January 21, 2010, the Bank granted 20.7 million Scaled Incentive Share Units (SISUs).

Scaled Incentive Share Unit activities

	2012	2011	2010
SISU awards (million)			
Balance at beginning of period	14.4	20.0	–
Granted	–	–	20.7 ¹
Settled	(4.8)	(5.0)	(0.2)
Forfeited	(0.2)	(0.6)	(0.5)
Balance at end of period	9.4	14.4	20.0
of which vested	1.7	1.0	0.2
of which unvested	7.7	13.4	19.8

¹ Includes SISUs granted in January and throughout the year.

Incentive Share Unit

On January 21, 2010, the Bank granted 6.0 million Incentive Share Units (ISUs).

Incentive Share Unit activities

	2012	2011	2010
ISU awards (million)			
Balance at beginning of period	13.2	37.2	40.2
Granted	–	–	6.0 ¹
Settled	(8.7)	(23.0)	(8.2)
Forfeited	(0.9)	(1.0)	(0.8)
Balance at end of period	3.6	13.2	37.2
of which vested	0.4	1.4	3.9
of which unvested	3.2	11.8	33.3

¹ Includes ISUs granted in January and throughout the year.

Share options

There were no options granted during 2012, 2011 and 2010. As of December 31, 2012, there was no aggregate intrinsic value of options outstanding or exercisable, no total intrinsic value of options exercised and the weighted-average remaining contractual term of options was 0.2 years. As of the exer-

cise date, the total intrinsic value of options exercised during 2011 and 2010 was CHF 1 million and CHF 8 million, respectively. There was no cash received from option exercises in 2012. Cash received from option exercises during 2011 and 2010 was CHF 2 million and CHF 32 million, respectively. In January 2013, 4.7 million options expired.

Share option activities

	2012		2011		2010	
	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF	Number of share options in million	Weighted-average exercise price in CHF
Balance at beginning of period	16.5	50.99	28.3	63.94	32.8	62.68
Exercised	0.0	0.00	(0.1)	31.74	(0.8)	40.12
Settled	0.0	0.00	0.0	0.00	0.0	0.00
Expired	(11.3)	59.40	(11.7)	82.41	(3.7)	57.98
Balance at end of period	5.2	32.61	16.5	50.99	28.3	63.94
Exercisable at end of period	5.2	32.61	16.5	50.99	28.3	63.94

Fair value assumptions for share-based compensation

The following table illustrates the significant assumptions used to estimate the fair value of SISUs and ISUs granted in 2010, based on the annual deferred compensation process.

Significant fair value assumptions

	2010	
	SISU	ISU
Significant fair value assumptions		
Expected volatility, in %	33.42	33.52
Expected dividend cash flows, in CHF		
2010	1.45	1.45
2011	1.55	1.55
2012	1.65	1.65
2013	1.75	–
Expected risk-free interest rate, in %	1.26	1.00
Expected term, in years	4	3

27 Related parties

The Group owns all of the Bank's outstanding voting registered shares. The Bank is involved in significant financing and other transactions with subsidiaries and affiliates of the Group. The Bank generally enters into these transactions in the ordinary course of business and believes that these transactions

are generally on market terms that could be obtained from unrelated third parties.

- ▶ Refer to "Note 28 – Related parties" in V – Consolidated financial statements – Credit Suisse Group for further information.

Related party assets and liabilities

end of	2012	2011
Assets (CHF million)		
Cash and due from banks	386	977
Interest-bearing deposits with banks	1,775	1,910
Trading assets	213	268
Net loans	7,894	7,950
Other assets	58	67
Total assets	10,326	11,172
Liabilities (CHF million)		
Due to banks/customer deposits	1,915	2,856
Trading liabilities	209	21
Long-term debt	4,907	6,872
Other liabilities	206	227
Total liabilities	7,237	9,976

Related party revenues and expenses

in	2012	2011	2010
Revenues (CHF million)			
Interest and dividend income	54	61	78
Interest expense	(117)	(195)	(252)
Net interest income	(63)	(134)	(174)
Commissions and fees	6	(50)	(71)
Other revenues	174	201	205
Net revenues	117	17	(40)
Expenses (CHF million)			
Total operating expenses	270	309	400

Related party guarantees

end of	2012	2011
Guarantees (CHF million)		
Credit guarantees and similar instruments	1	1
Performance guarantees and similar instruments	0	1
Derivatives	0	0
Other guarantees	0	2
Total guarantees	1	4

Loans to members of the Executive Board and the Board of Directors

	2012	2011	2010
Loans to members of the Executive Board (CHF million)			
Balance at beginning of period	22 ¹	18	19
Additions	3	5	5
Reductions	(17)	(1)	(6)
Balance at end of period	8 ¹	22	18
Loans to members of the Board of Directors (CHF million)			
Balance at beginning of period	33 ²	34	24
Additions	13	2	14
Reductions	(5)	(3)	(4)
Balance at end of period	41 ²	33	34

¹ The number of individuals with outstanding loans at the beginning and end of the year was six and three, respectively. ² The number of individuals with outstanding loans at the beginning and end of the year was six and five, respectively.

Liabilities due to own pension funds

Liabilities due to the Bank's own pension funds as of December 31, 2012 and 2011 of CHF 2,804 million and CHF 2,263 million, respectively, were reflected in various liability accounts in the Bank's consolidated balance sheets.

28 Pension and other post-retirement benefits

Pension plans

The Bank participates in a defined benefit pension plan sponsored by the Group and has single-employer defined benefit pension plans, defined contribution pension plans and other post-retirement defined benefit plans. The Bank's principal plans are located in Switzerland, the US and the UK.

Group pension plan

The Bank covers pension requirements for its employees in Switzerland by participating in a defined benefit pension plan sponsored by the Group (Group plan). The plan provides benefits in the event of retirement, death and disability. Various legal entities within the Group participate in the plan, which is set up as an independent trust domiciled in Zurich. On January 1, 2010, in addition to the annuity section (defined benefit), a new savings section (defined contribution) was introduced in the Swiss main plan and a partial changeover from the annuity section to the savings section has been processed. Furthermore, on December 20, 2011, the Group announced the complete changeover to the savings section of the plan and the discontinuance of the annuity section, effective as of January 1, 2013. In accordance with US GAAP, the Group accounts for the Group plan as a single-employer defined benefit pension plan, for both the annuity section and the savings section, and uses the projected unit credit actuarial method to determine the net periodic pension expense, the PBO and the accumulated benefit obligation (ABO). The Bank accounts for the defined benefit pension plan sponsored by the Group as a Group pension plan because other legal entities within the Group also participate in the plan and the assets contributed by the Bank are not segregated into a separate account or restricted to provide benefits only to employees of the Bank. The assets contributed by the Bank are commingled with the assets contributed by the other legal entities of the Group and can be used to provide benefits to any employee of any participating legal entity. The Bank's contributions to the Group plan comprise 95% of the total assets contributed to the Group plan by all participating legal entities on an annual basis.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expenses or balance

sheet amounts related to the Group plan were recognized by the Bank. In the annuity section of the plan, the Bank's contributions were determined using a predetermined formula based on each employee's salary level, age and funding level and amount to at least 200% of each employee's contribution. In the savings section of the plan, the Bank's contribution varies between 7.5% and 25% of the pensionable salary depending on the employees' age.

During 2012, 2011 and 2010, the Bank contributed and recognized as expense CHF 458 million, CHF 645 million and CHF 653 million to the Group plan, respectively. The Bank expects to contribute CHF 403 million to the Group plan during 2013. If the Bank had accounted for the Group plan as a single-employer defined benefit plan, the net periodic pension expense recognized by the Bank during 2012, 2011 and 2010 would have been lower by CHF 197 million, CHF 476 million and CHF 472 million, respectively, and the Bank would have recognized CHF 88 million, CHF 96 million and CHF 98 million, respectively, as amortization of actuarial losses and prior service cost for the Group plan.

As of December 31, 2012 and 2011, the ABO of the Group plan was CHF 13.8 billion and CHF 13.5 billion, the PBO was CHF 14.3 billion and CHF 13.9 billion and the fair value of plan assets was CHF 14.3 billion and CHF 13.6 billion, respectively. As of December 31, 2012 and 2011, the Group plan was overfunded on an ABO basis by CHF 519 million and CHF 137 million. On a PBO basis, the Group plan was overfunded by CHF 44 million as of December 31, 2012 and underfunded by CHF 340 million as of December 31, 2011. If the Bank had accounted for the Group plan as a defined benefit pension plan, the Bank would have had to recognize the funded status of the Group plan on a PBO basis of CHF 42 million as an asset as of December 31, 2012 and CHF 323 million as a liability as of December 31, 2011 in the consolidated balance sheets.

If the Bank had accounted for the Group plan as a defined benefit plan, the Bank would have used the assumptions made by the Group for the calculation of the expense and liability associated with the Group plan.

- ▶ Refer to "Note 29 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for information on assumptions made by the Group for Switzerland.

International pension plans

Various pension plans cover the Bank's employees outside of Switzerland, including both single-employer defined benefit and defined contribution pension plans. These plans provide defined benefits in the event of retirement, death, disability or employment termination. Retirement benefits under the plans depend on age, contributions and salary. The Bank's funding policy with respect to these plans is consistent with local government and tax requirements. The assumptions used are derived based on local economic conditions.

Other post-retirement defined benefit plans

In the US, the Bank sponsors post-retirement defined benefit plans, that provide health and welfare benefits for certain retired employees. In exchange for the current services pro-

vided by the employee, the Bank promises to provide health and welfare benefits after the employee retires. The Bank's obligation for that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

Pension costs

The net periodic pension cost for defined benefit pension and other post-retirement defined benefit plans is the cost of the respective plan for a period during which an employee renders services. The actual amount to be recognized is determined using an actuarial formula which considers, among other factors, current service cost, interest cost, expected return on plan assets and the amortization of both prior service cost/(credit) and actuarial losses/(gains) recognized in AOCI.

Components of total pension costs

in	International single-employer defined benefit pension plans			Other post- retirement defined benefit plans		
	2012	2011	2010	2012	2011	2010
Total pension costs (CHF million)						
Service costs on benefit obligation	30	33	30	1	0	1
Interest costs on benefit obligation	127	123	134	8	7	9
Expected return on plan assets	(164)	(160)	(163)	0	0	0
Amortization of recognized prior service cost/(credit)	(1)	0	1	(2)	(2)	(2)
Amortization of recognized actuarial losses/(gains)	74	51	36	13	9	6
Net periodic pension costs	66	47	38	20	14	14
Settlement losses/(gains)	0	0	(2)	0	0	0
Total pension costs	66	47	36	20	14	14

Total pension costs reflected in compensation and benefits – other for 2012, 2011 and 2010 were CHF 86 million, CHF 61 million and CHF 50 million, respectively.

The discontinuance of a Japanese plan in 2009 resulted in a gain of CHF 2 million in 2010 from the related settlement of the obligation.

Benefit obligation

The following table shows the changes in the PBO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the international single-employer defined benefit pension plans and other post-retirement defined benefit plans and as well as the ABO for the defined benefit pension plans.

Obligations and funded status of the plans

in / end of	International single-employer defined benefit pension plans		Other post- retirement defined benefit plans	
	2012	2011	2012	2011
PBO (CHF million) ¹				
Beginning of the measurement period	2,675	2,373	174	160
Service cost	30	33	1	0
Interest cost	127	123	8	7
Plan amendments	0	(2)	0	0
Settlements	0	(1)	0	0
Curtailments	(12)	1	0	0
Special termination benefits	1	4	0	0
Actuarial losses/(gains)	70	199	10	15
Plans removed	(6)	0	0	0
Benefit payments	(103)	(56)	(8)	(8)
Exchange rate losses/(gains)	(9)	1	(5)	0
End of the measurement period	2,773	2,675	180	174
Fair value of plan assets (CHF million)				
Beginning of the measurement period	2,586	2,121	0	0
Actual return on plan assets	234	485	0	0
Employer contributions	158	33	8	8
Settlements	0	(1)	0	0
Benefit payments	(103)	(56)	(8)	(8)
Exchange rate gains/(losses)	18	4	0	0
End of the measurement period	2,893	2,586	0	0
Total funded status recognized (CHF million)				
Funded status of the plan – over/(underfunded)	120	(89)	(180)	(174)
Total funded status recognized in the consolidated balance sheet at December 31	120	(89)	(180)	(174)
Total amount recognized (CHF million)				
Noncurrent assets	695	498	0	0
Current liabilities	(7)	(8)	(8)	(8)
Noncurrent liabilities	(568)	(579)	(172)	(166)
Total amount recognized in the consolidated balance sheet at December 31	120	(89)	(180)	(174)
ABO (CHF million) ²				
End of the measurement period	2,714	2,584	0	0

¹ Including estimated future salary increases. ² Exclusive of estimated future salary increases.

The total net amount recognized in other assets – other and other liabilities – other in the consolidated balance sheets as of December 31, 2012 and 2011 was an underfunding of CHF 60 million and CHF 263 million, respectively.

In 2012 and 2011, the Bank made contributions of CHF 158 million and CHF 33 million, respectively, to the international single-employer defined benefit pension plans. In 2013, the Bank expects to contribute CHF 47 million to the international single-employer defined benefit pension plans

and CHF 8 million to other post-retirement defined benefit plans.

PBO or ABO in excess of plan assets

The following table discloses the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2012 and 2011, respectively.

Defined benefit pension plans in which PBO or ABO were in excess of plan assets

December 31	PBO exceeds fair value of plan assets ¹		ABO exceeds fair value of plan assets ¹	
	2012	2011	2012	2011
CHF million				
PBO	1,400	1,340	1,382	1,326
ABO	1,364	1,304	1,354	1,296
Fair value of plan assets	825	753	810	741

¹ Includes only those defined benefit pension plans where the PBO/ABO exceeded the fair value of plan assets.

Amount recognized in AOCI and other comprehensive income

The following table discloses the actuarial gains/(losses) and prior service credit/(cost) which were recorded in AOCI and subsequently recognized as components of net periodic pension cost.

Amounts recognized in AOCI, net of tax

end of	International single-employer defined benefit pension plans		Other post-retirement defined benefit plans		Total	
	2012	2011	2012	2011	2012	2011
Amounts recognized in AOCI (CHF million)						
Actuarial gains/(losses)	(617)	(674)	(53)	(55)	(670)	(729)
Prior service credit/(cost)	0	0	3	4	3	4
Total	(617)	(674)	(50)	(51)	(667)	(725)

The following tables disclose the changes in other comprehensive income due to actuarial gains/(losses) and prior service credit/(cost) recognized in AOCI during 2012 and 2011 and the amortization of the aforementioned items as components of net periodic pension cost for these periods as well as the amounts expected to be amortized in 2013.

Amounts recognized in other comprehensive income

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
2012 (CHF million)							
Actuarial gains/(losses)	0	0	0	(10)	4	(6)	(6)
Amortization of actuarial losses/(gains)	74	(27)	47	13	(5)	8	55
Amortization of prior service cost/(credit)	(1)	1	0	(2)	1	(1)	(1)
Immediate recognition due to curtailment/settlement	12	(2)	10	0	0	0	10
Total amounts recognized in other comprehensive income	85	(28)	57	1	0	1	58
2011 (CHF million)							
Actuarial gains/(losses)	126	(14)	112	(15)	6	(9)	103
Amortization of actuarial losses/(gains)	51	(17)	34	9	(4)	5	39
Amortization of prior service cost/(credit)	0	0	0	(2)	1	(1)	(1)
Total amounts recognized in other comprehensive income	177	(31)	146	(8)	3	(5)	141

Amounts in AOCI, net of tax, expected to be amortized in 2013

in 2013	International single-employer defined benefit pension plans	Other post-retirement defined benefit plans
CHF million		
Amortization of actuarial losses/(gains)	47	7
Total	47	7

Assumptions

Weighted-average assumptions used to determine net periodic pension cost and benefit obligation

December 31	International single-employer defined benefit pension plans			Other post- retirement defined benefit plans		
	2012	2011	2010	2012	2011	2010
Net benefit pension cost (%)						
Discount rate	4.8	5.5	6.0	4.7	5.5	6.1
Salary increases	4.0	4.2	4.3	–	–	–
Expected long-term rate of return on plan assets	6.4	7.3	7.2	–	–	–
Benefit obligation (%)						
Discount rate	4.5	4.8	5.5	4.3	4.7	5.5
Salary increases	4.0	4.0	4.2	–	–	–

Health care cost assumptions

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining those costs, an annual weighted-average rate of 9.00% for 2012 and 2011 and 9.75% for 2010 was assumed in the cost of covered health care benefits. As of December 31, 2012, the rate is assumed to decrease gradually to 5% by 2020 and remain at that level thereafter. As of December 31, 2012, 2011 and 2010, a 1% increase in the health care cost trend rate assumption would have resulted in an increase in post-retirement expenses of CHF 1.4 million, CHF 1.3 million and CHF 1.5 million, and an increase in accumulated post-retirement defined benefit obligation of CHF 27 million, CHF 23 million and CHF 26 million, respectively. A 1% decrease in the health care cost trend assumption would result in a decrease in post-retirement expenses of CHF 1.1 million, CHF 1.1 million and CHF 1.2 million, and a decrease in post-retirement

defined benefit obligation of CHF 22 million, CHF 19 million and CHF 21 million as of December 31, 2012, 2011 and 2010.

Plan assets and investment strategy

- ▶ Refer to “Note 29 – Pension and other post-retirement benefits” in V – Consolidated financial statements – Credit Suisse Group for further information.

As of December 31, 2012 and 2011, no Group debt or equity securities were included in plan assets for the international single-employer defined benefit pension plans.

Fair value of plan assets

The following tables present the plan assets measured at fair value on a recurring basis as of December 31, 2012 and 2011, for the Bank’s defined benefits plans.

Plan assets measured at fair value on a recurring basis

end of	2012								2011
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Plan assets at fair value (CHF million)									
Cash and cash equivalents	0	394	0	394	51	18	0	69	
Debt securities	234	985	71	1,290	130	792	90	1,012	
of which governments	234	8	0	242	128	2	0	130	
of which corporates	0	977	71	1,048	2	790	90	882	
Equity securities	188	562	0	750	82	807	0	889	
Real estate – indirect	0	0	89	89	0	0	84	84	
Alternative investments	0	241	34	275	3	351	90	444	
of which private equity	0	0	4	4	0	0	9	9	
of which hedge funds	0	0	30	30	0	0	81	81	
of which other	0	241 ¹	0	241	3	351 ¹	0	354	
Other investments	0	95	0	95	0	88	0	88	
Total plan assets at fair value	422	2,277	194	2,893	266	2,056	264	2,586	

¹ Primarily related to derivative instruments.

Plan assets measured at fair value on a recurring basis for level 3

	Balance at beginning of period	Transfers in	Transfers out	Actual return on plan assets				Balance at end of period
				On assets still held at reporting date	On assets sold during the period	Purchases, sales, settlements	Foreign currency translation impact	
2012 (CHF million)								
Debt securities – corporates	90	0	(28)	9	3	(3)	0	71
Real estate – indirect	84	0	0	6	0	1	(2)	89
Alternative investments	90	0	0	0	3	(56)	(3)	34
of which private equity	9	0	0	(1)	2	(6)	0	4
of which hedge funds	81	0	0	1	1	(50)	(3)	30
Total plan assets at fair value	264	0	(28)	15	6	(58)	(5)	194
2011 (CHF million)								
Debt securities – corporates	122	30	(2)	(4)	5	(61)	0	90
Real estate – indirect	52	0	0	11	0	21	0	84
Alternative investments	94	3	(4)	(2)	3	(4)	0	90
of which private equity	8	0	0	1	0	0	0	9
of which hedge funds	81	3	0	(3)	3	(3)	0	81
of which other	5	0	(4)	0	0	(1)	0	0
Total plan assets at fair value	268	33	(6)	5	8	(44)	0	264

The following table shows the plan asset allocation as of the measurement date calculated based on the fair value at that date including the performance of each asset class.

Weighted-average plan asset allocation as of the measurement date

December 31	2012	2011
Weighted-average plan asset allocation (%)		
Cash and cash equivalents	13.6	2.7
Debt securities	44.6	39.1
Equity securities	25.9	34.4
Real estate	3.1	3.2
Alternative investments	9.5	17.2
Insurance	3.3	3.4
Total	100.0	100.0

The following table shows the target plan asset allocation for 2013 in accordance with the Bank's investment strategy. The target plan asset allocation is used to determine the expected return on plan assets to be considered in the net periodic pension costs for 2013.

Weighted-average target plan asset allocation to be applied prospectively

2013 (%)	
Cash and cash equivalents	0
Debt securities	62
Equity securities	22
Real estate	3
Alternative investments	10
Insurance	3
Total	100

Estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans

	International single- employer defined benefit pension plans	Other post- retirement defined benefit plans
Estimated future benefit payments (CHF million)		
2013	55	8
2014	64	9
2015	73	9
2016	75	10
2017	87	11
For five years thereafter	582	57

Defined contribution pension plans

The Bank contributes to various defined contribution pension plans primarily in the US and the UK as well as other countries throughout the world. During 2012, 2011, and 2010, the

Bank contributed to these plans and recognized as expense CHF 219 million, CHF 244 million and CHF 263 million, respectively.

29 Derivatives and hedging activities

- ▶ Refer to “Note 30 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group for further information.

flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was eight months.

Hedge accounting**Cash flow hedges**

As of the end of 2012, the maximum length of time over which the Bank hedged its exposure to the variability in future cash

The net loss associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 7 million.

Fair value of derivative instruments

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 2012						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	8,055.9	2.6	2.5	0.0	0.0	0.0
Swaps	29,159.0	635.8	630.1	58.0	3.8	1.3
Options bought and sold (OTC)	3,739.9	62.4	62.6	0.0	0.0	0.0
Futures	1,145.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	952.0	0.3	0.2	0.0	0.0	0.0
Interest rate products	43,052.2	701.1	695.4	58.0	3.8	1.3
Forwards	2,134.1	21.6	21.3	19.6	0.2	0.1
Swaps	1,336.4	32.1	46.6	0.0	0.0	0.0
Options bought and sold (OTC)	985.3	9.7	10.7	0.0	0.0	0.0
Futures	14.9	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.6	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	4,474.3	63.4	78.6	19.6	0.2	0.1
Forwards	29.1	0.9	1.2	0.0	0.0	0.0
Options bought and sold (OTC)	32.3	0.6	0.6	0.0	0.0	0.0
Futures	0.9	0.0	0.0	0.0	0.0	0.0
Precious metals products	62.3	1.5	1.8	0.0	0.0	0.0
Forwards	5.5	0.6	0.0	0.0	0.0	0.0
Swaps	211.1	4.5	5.9	0.0	0.0	0.0
Options bought and sold (OTC)	215.1	11.5	11.1	0.0	0.0	0.0
Futures	74.4	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	338.2	13.7	14.1	0.0	0.0	0.0
Equity/index-related products	844.3	30.3	31.1	0.0	0.0	0.0
Credit derivatives ²	1,694.5	30.6	29.8	0.0	0.0	0.0
Forwards	2.2	0.2	0.2	0.0	0.0	0.0
Swaps	55.3	3.6	3.1	0.0	0.0	0.0
Options bought and sold (OTC)	21.9	1.0	1.0	0.0	0.0	0.0
Futures	186.7	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	50.4	1.6	1.7	0.0	0.0	0.0
Other products ³	316.5	6.4	6.0	0.0	0.0	0.0
Total derivative instruments	50,444.1	833.3	842.7	77.6	4.0	1.4

The notional amount for derivative instruments (trading and hedging) was CHF 50,521.7 billion as of December 31, 2012.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP. ² Primarily credit default swaps. ³ Primarily commodity, energy and emission products.

Fair value of derivative instruments (continued)

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 2011						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	7,210.5	4.5	4.2	0.0	0.0	0.0
Swaps	28,760.7	658.2	650.3	67.9	3.7	2.1
Options bought and sold (OTC)	2,902.5	65.9	66.3	0.0	0.0	0.0
Futures	2,537.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	962.3	0.4	0.3	0.0	0.0	0.0
Interest rate products	42,373.1	729.0	721.1	67.9	3.7	2.1
Forwards	2,133.8	29.7	30.7	17.4	0.1	0.0
Swaps	1,231.7	34.0	51.4	0.0	0.0	0.0
Options bought and sold (OTC)	831.7	12.3	12.7	0.0	0.0	0.0
Futures	25.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.7	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	4,226.5	76.0	94.8	17.4	0.1	0.0
Forwards	16.3	1.4	1.4	0.0	0.0	0.0
Options bought and sold (OTC)	34.7	0.9	1.0	0.0	0.0	0.0
Futures	0.1	0.0	0.0	0.0	0.0	0.0
Precious metals products	51.1	2.3	2.4	0.0	0.0	0.0
Forwards	4.1	0.9	0.0	0.0	0.0	0.0
Swaps	211.5	5.8	5.8	0.0	0.0	0.0
Options bought and sold (OTC)	241.5	14.5	14.9	0.2	0.0	0.0
Futures	57.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	366.0	18.2	21.2	0.0	0.0	0.0
Equity/index-related products	880.9	39.4	41.9	0.2	0.0	0.0
Credit derivatives²	2,042.8	63.3	60.0	0.0	0.0	0.0
Forwards	8.7	0.9	0.8	0.0	0.0	0.0
Swaps	63.6	8.3	7.8	0.0	0.0	0.0
Options bought and sold (OTC)	29.9	2.2	1.7	0.0	0.0	0.0
Futures	177.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	63.3	3.9	3.8	0.0	0.0	0.0
Other products³	342.6	15.3	14.1	0.0	0.0	0.0
Total derivative instruments	49,917.0	925.3	934.3	85.5	3.8	2.1

The notional amount for derivative instruments (trading and hedging) was CHF 50,002.5 billion as of December 31, 2011.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP. ² Primarily credit default swaps. ³ Primarily commodity, energy and emission products.

Fair value of derivative instruments (continued)

end of	2012		2011	
	Positive replacement value (PRV)	Negative replacement value (NRV)	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)				
Replacement values (trading and hedging) before netting agreements	837.3	844.1	929.1	936.4
Counterparty netting ¹	(766.7)	(766.7)	(836.5)	(836.5)
Cash collateral netting ¹	(33.3)	(36.7)	(36.3)	(37.9)
Replacement values (trading and hedging) after netting agreements	37.3	40.7	56.3	62.0
of which recorded in trading assets (PRV) and trading liabilities (NRV)	33.4	39.6	52.7	60.2
of which recorded in other assets (PRV) and other liabilities (NRV)	3.9	1.1	3.6	1.8

¹ Netting was based on legally enforceable netting agreements.

Fair value hedges

in	2012	2011	2010
Gains/(losses) recognized in income on derivatives (CHF million)			
Interest rate products		849	634
Foreign exchange products		(13)	20
Total	836	654	597
Gains/(losses) recognized in income on hedged items (CHF million)			
Interest rate products		(894)	(672)
Foreign exchange products		13	(20)
Total	(881)	(692)	(580)
Details of fair value hedges (CHF million)			
Net gains/(losses) on the ineffective portion		(45)	(38)
			17

Represents gains/(losses) recognized in trading revenues.

Cash flow hedges

in	2012	2011	2010
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	8	0	0
Foreign exchange products	0	(5)	54
Total	8	(5)	54
Gains/(losses) reclassified from AOCI into income (CHF million)			
Foreign exchange products ¹	0	31	27
Total	0	31	27

Represents gains/(losses) on effective portion.

¹ Included in commissions and fees.

Net investment hedges

in	2012	2011	2010
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	0	0	8
Foreign exchange products	(81)	280	1,563
Total	(81)	280	1,571
Gains/(losses) reclassified from AOCI into income (CHF million)			
Foreign exchange products ¹	75	4	(4)
Total	75	4	(4)

Represents gains/(losses) on effective portion.

¹ Included in other revenues.

The Bank includes all derivative instruments not included in hedge accounting relationships in its trading activities.

- ▶ Refer to "Note 8 – Trading revenues" for gains and losses on trading activities by product type.

Disclosures relating to contingent credit risk

- ▶ Refer to “Note 30 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group for further information.

The following table provides the Bank’s current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and special purpose entities (SPEs) that include credit support agreements, the related collateral posted and the additional collateral required in a one-notch and a two-notch downgrade event, respectively. The table also

includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the NRV and a percentage of the notional value of the derivative.

Contingent credit risk

end of	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total
2012 (CHF billion)				
Current net exposure	15.3	1.4	0.6	17.3
Collateral posted	13.4	1.4	–	14.8
Additional collateral required in a one-notch downgrade event	0.2	0.5	0.0	0.7
Additional collateral required in a two-notch downgrade event	0.4	1.5	0.5	2.4
2011 (CHF billion)				
Current net exposure	17.0	2.0	0.7	19.7
Collateral posted	14.8	1.8	–	16.6
Additional collateral required in a one-notch downgrade event	0.2	1.6	0.0	1.8
Additional collateral required in a two-notch downgrade event	0.4	3.0	0.5	3.9

Credit derivatives

Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the “Fair value of derivative instruments” table. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative as a derivative instrument (a) in which one or more of its underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller

to potential loss from credit risk-related events specified in the contract.

Certain cash collateralized debt obligations (CDOs) and other instruments were excluded as they do not fall within the scope of US GAAP rules. Total return swaps (TRS) of CHF 6.0 billion and CHF 4.8 billion as of December 31, 2012 and 2011, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

Credit protection sold/purchased

	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/ purchased	Other protection purchased	Fair value of credit protection sold
end of 2012					
Single-name instruments (CHF billion)					
Investment grade ²	(423.2)	407.6	(15.6)	67.8	2.3
Non-investment grade	(167.5)	160.0	(7.5)	18.1	0.8
Total single-name instruments	(590.7)	567.6	(23.1)	85.9	3.1
of which sovereigns	(119.4)	117.0	(2.4)	10.4	(0.7)
of which non-sovereigns	(471.3)	450.6	(20.7)	75.5	3.8
Multi-name instruments (CHF billion)					
Investment grade ²	(193.6)	173.4	(20.2)	8.8	(0.5)
Non-investment grade	(30.7)	25.4 ³	(5.3)	3.0	(2.8)
Total multi-name instruments	(224.3)	198.8	(25.5)	11.8	(3.3)
of which sovereigns	(13.5)	13.2	(0.3)	0.3	(0.1)
of which non-sovereigns	(210.8)	185.6	(25.2)	11.5	(3.2)
Total instruments (CHF billion)					
Investment grade ²	(616.8)	581.0	(35.8)	76.6	1.8
Non-investment grade	(198.2)	185.4	(12.8)	21.1	(2.0)
Total instruments	(815.0)	766.4	(48.6)	97.7	(0.2)
of which sovereigns	(132.9)	130.2	(2.7)	10.7	(0.8)
of which non-sovereigns	(682.1)	636.2	(45.9)	87.0	0.6
end of 2011					
Single-name instruments (CHF billion)					
Investment grade ²	(452.2)	432.4	(19.8)	55.6	(9.0)
Non-investment grade	(189.1)	179.4	(9.7)	16.7	(15.3)
Total single-name instruments	(641.3)	611.8	(29.5)	72.3	(24.3)
of which sovereigns	(134.8)	132.6	(2.2)	10.8	(8.1)
of which non-sovereigns	(506.5)	479.2	(27.3)	61.5	(16.2)
Multi-name instruments (CHF billion)					
Investment grade ²	(278.2)	253.1	(25.1)	14.5	(15.5)
Non-investment grade	(71.9)	64.1 ³	(7.8)	9.0	(1.7)
Total multi-name instruments	(350.1)	317.2	(32.9)	23.5	(17.2)
of which sovereigns	(18.4)	17.5	(0.9)	0.9	(1.5)
of which non-sovereigns	(331.7)	299.7	(32.0)	22.6	(15.7)
Total instruments (CHF billion)					
Investment grade ²	(730.4)	685.5	(44.9)	70.1	(24.5)
Non-investment grade	(261.0)	243.5	(17.5)	25.7	(17.0)
Total instruments	(991.4)	929.0	(62.4)	95.8	(41.5)
of which sovereigns	(153.2)	150.1	(3.1)	11.7	(9.6)
of which non-sovereigns	(838.2)	778.9	(59.3)	84.1	(31.9)

¹ Represents credit protection purchased with identical underlyings and recoveries. ² Based on internal ratings of BBB and above. ³ Includes the Clock Finance transaction.

The following table reconciles the notional amount of credit derivatives included in the table “Fair value of derivative instruments” to the table “Credit protection sold/purchased”.

Credit derivatives

end of	2012	2011
Credit derivatives (CHF billion)		
Credit protection sold	815.0	991.4
Credit protection purchased	766.4	929.0
Other protection purchased	97.7	95.8
Other instruments ¹	15.4	26.6
Total credit derivatives	1,694.5	2,042.8

¹ Consists of certain cash collateralized debt obligations, total return swaps and other derivative instruments.

Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
2012 (CHF billion)				
Single-name instruments	130.3	351.6	108.8	590.7
Multi-name instruments	37.4	145.4	41.5	224.3
Total instruments	167.7	497.0	150.3	815.0
2011 (CHF billion)				
Single-name instruments	134.1	394.5	112.7	641.3
Multi-name instruments	58.7	202.4	89.0	350.1
Total instruments	192.8	596.9	201.7	991.4

30 Guarantees and commitments

Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Carrying value	Collateral received
2012 (CHF million)								
Credit guarantees and similar instruments	10,101	1,548	334	845	12,828	12,441	167	2,164
Performance guarantees and similar instruments	5,047	1,599	951	1,750	9,347	8,608	135	3,307
Securities lending indemnifications	12,211	0	0	0	12,211	12,211	0	12,211
Derivatives ²	21,197	9,951	1,833	2,434	35,415	35,415	985	– ³
Other guarantees	4,172	684	281	144	5,281	5,260	3	2,789
Total guarantees	52,728	13,782	3,399	5,173	75,082	73,935	1,290	20,471
2011 (CHF million)								
Credit guarantees and similar instruments	3,267	2,061	1,106	907	7,341	6,606	50	2,451
Performance guarantees and similar instruments	5,470	1,619	1,300	1,705	10,094	9,184	69	3,345
Securities lending indemnifications	15,005	0	0	0	15,005	15,005	0	15,005
Derivatives ²	27,593	12,953	5,137	5,710	51,393	51,393	3,650	– ³
Other guarantees	3,846	379	418	192	4,835	4,799	4	2,241
Total guarantees	55,181	17,012	7,961	8,514	88,668	86,987	3,773	23,042

¹ Total net amount is computed as the gross amount less any participations. ² Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Bank had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments. ³ Collateral for derivatives accounted for as guarantees is not considered significant.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by the Swiss Financial Market Supervisory Authority (FINMA) or by the compulsory liquidation of another deposit-taking bank, the Bank's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Bank, the Bank's share in the deposit insurance guarantee program for the period July 1, 2012 to June 30, 2013 is CHF 0.6 billion. These deposit insurance guarantees were reflected in other guarantees.

PAF2 transaction

The Bank's results are impacted by the risk of counterparty defaults and the potential for changes in counterparty credit spreads related to derivative trading activities of the Bank. In the first quarter of 2012, the Bank 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 the approximately USD 12 billion notional amount of expected positive exposure from counterparties of

the Bank, 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 the Bank and actively managed through normal credit procedures. The mezzanine layer was hedged by transferring the risk of default and counterparty credit spread movements to eligible employees in the form of PAF2 awards, as part of their deferred compensation granted in the annual compensation process.

The model used to value the PAF2 awards is the standard Gaussian copula valuation model used for synthetic CDO trades with adjustments necessary to incorporate the specific nature of the PAF2 transaction. The key model inputs are notional value, correlation assumption, credit spreads, liquidity and recovery rates of the portfolio, the Bank's own credit spread and the maturity of the trade. In the model, the credit spreads of the counterparties determine the respective probability of default. Such probability is used to compute the expected value of the cash flows contingent on survival and on default of the counterparties in the reference portfolio. The credit spreads are sourced using observable data from CDS on the specific reference entity. Where a specific reference entity curve does not exist for a reference name in the portfolio, a proxy curve is used. The expected value of the counterparty exposure on default determines the equivalent notional

value for the given name. This is computed from the effective positive exposure which is the weighted average over time of the expected exposure used by the Bank for counterparty risk management. As of December 31, 2012, the carrying value of the PAF2 awards was CHF 625 million. The amount of the PAF2 awards compensation expense for the year ended December 31, 2012 was CHF 645 million and is included in the amount reflected in the “Deferred compensation expense” table in Note 26 – Employee deferred compensation, which includes deferred compensation expense for a smaller plan unrelated to the hedging aspects of this transaction.

The Bank 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. The value of the senior layer is calculated using the same model as for the PAF2 awards. As of December 31, 2012, the CDS had a positive replacement value of CHF 8 million and was reflected in credit derivatives in the “Fair value of derivative instruments” table in Note 30 – Derivatives and hedging activities. The Bank also has a credit support facility with this entity that allows the Bank to provide credit support in connection with other assets that are commonly financed through the issuance of commercial paper (CP) and, in connection with the CDS, to provide immediately available funding to this entity in certain circumstances. Among others, such circumstances include: (i) a disruption of the CP market such that the entity cannot issue or roll a CP to fund the CDS payment or repay a maturing CP; (ii) the interest payable on the CP exceeds certain thresholds and the Bank instructed the entity to draw on the facility instead of issuing a CP; (iii) a CP was issued by the entity to fund a CDS payment and subsequently the short-term rating of the facility provider is downgraded; or (iv) to repay any outstanding CP at the maturity date of the facility. Any funded amount may be settled by the assign-

ment of the rights and obligations of the CDS to the Bank. The credit support facility is accounted for on an accrual basis and is reflected in credit guarantees and similar instruments in the “Guarantees” table. As of December 31, 2012, the carrying value of the credit support facility included in this table was CHF 7 million. The transaction overall is a four-year transaction, but can be extended to nine years. The Bank has the right to terminate the third-party transaction for certain reasons, including certain regulatory developments.

In December 2012, the Basel Committee on Banking Supervision (BCBS) published updated regulatory guidance that make the PAF2 transaction as currently structured ineligible for counterparty credit spread hedging under the Basel III framework. As a result of this new guidance, the Group now has the right to exercise the regulatory call to restructure or terminate the CDS and the credit support facility layer at par and terminate the mezzanine layer at fair value. The Group is evaluating restructuring the transaction in order for the PAF2 transaction as a whole to remain an eligible counterparty credit spread hedge under Basel III, or alternatively, the Group may decide to terminate the transaction in its entirety.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking’s sale of US residential mortgage loans, the Bank has provided certain representations and warranties relating to the loans sold.

The following tables present the total amount of residential mortgage loans sold during the period from January 1, 2004 to December 31, 2012 by counterparty type and the development of outstanding repurchase claims and provisions for outstanding repurchase claims during the period from January 1, 2012 to December 31, 2012, including realized losses from the repurchase of residential mortgage loans sold.

Residential mortgage loans sold

Residential mortgage loans sold from January 1, 2004 to December 31, 2012 (USD billion)

Government-sponsored enterprises	8.2
Private investors ¹	22.6
Non-agency securitizations	130.1 ²
Total	160.9

¹ Primarily banks. ² The outstanding balance of residential mortgage loans sold was USD 27.6 billion as of December 31, 2012. The difference of the total balance of mortgage loans sold and the outstanding balance as of December 31, 2012 was attributable to borrower payments of USD 85.4 billion and losses of USD 17.1 billion due to loan defaults.

Residential mortgage loans sold – repurchase claims

	2012						2011 ¹	
	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total	Government-sponsored enterprises	Private investors	Non-agency securitizations	Total
Outstanding repurchase claims (USD million)								
Balance at beginning of period	68	432	243	743	60	487	1,084	1,631
New claims	58	57	2,032	2,147	29	10	1,160	1,199
Claims settled through repurchases	(7)	0	(7)	(14) ²	0	(1)	(4)	(5) ²
Other settlements	(15)	(7)	(32)	(54) ³	(8)	0	(3)	(11) ³
Total claims settled	(22)	(7)	(39)	(68)	(8)	(1)	(7)	(16)
Claims rescinded	(37)	(18)	0	(55)	(13)	(64)	(28)	(105)
Transfers to/from arbitration and litigation, net ⁴	0	0	(841)	(841)	0	0	(1,966)	(1,966)
Balance at end of period	67	464	1,395	1,926	68	432	243	743

¹ All related to period July 1, 2011 to December 31, 2011. ² Settled at a repurchase price of USD 15 million and USD 5 million in 2012 and 2011, respectively. ³ Settled at USD 41 million and USD 9 million in 2012 and 2011, respectively. ⁴ Refer to "Note 35 – Litigation" for repurchase claims that are in arbitration or litigation.

Residential mortgage loans sold – provisions for outstanding repurchase claims

	2012	2011
Provisions for outstanding repurchase claims (USD million)¹		
Balance at beginning of period	59	29
Increase/(decrease) in provisions, net	52	47
Realized losses ²	(56) ³	(17) ⁴
Balance at end of period	55⁵	59⁵

¹ Excludes provisions for repurchase claims related to residential mortgage loans sold that are in arbitration or litigation. Refer to "Note 35 – Litigation" for further information. ² Includes indemnifications paid to resolve loan repurchase claims. ³ Primarily related to government-sponsored enterprises and non-agency securitizations. ⁴ Primarily related to government-sponsored enterprises. ⁵ Substantially all related to government-sponsored enterprises.

Lease commitments

Lease commitments (CHF million)	
2013	673
2014	592
2015	514
2016	463
2017	411
Thereafter	3,502
Future operating lease commitments	6,155
Less minimum non-cancellable sublease rentals	353
Total net future minimum lease commitments	5,802

Rental expense for operating leases

in	2012	2011	2010
Rental expense for operating leases (CHF million)			
Minimum rental expense	629	549	620
Sublease rental income	(97)	(96)	(122)
Total net expenses for operating leases	532	453	498

Operating lease commitments

- ▶ Refer to “Note 31 – Guarantees and commitments” in V – Consolidated financial statements – Credit Suisse Group for further information.

Sale-leaseback transactions in 2012

In the first quarter of 2012, the Bank sold the office complex of its European headquarters at One Cabot Street in London to OCS Investment S.à.r.l. and leased back this property under an operating lease arrangement for 22 years, with two options to extend the lease by five years each. OCS Investment S.à.r.l. is a company wholly-owned by the Qatar Investment Authority, which is a minority shareholder of the Group.

In the fourth quarter of 2012, the Bank sold the Uetlihof office complex in Zurich, the Bank's principal office building worldwide, to Norges Bank Investment Management and leased back this property under an operating lease arrangement for 25 years, with the option to extend the lease by up to 15 years. Norges Bank Investment Management was acting as the buyer on behalf of the Norwegian Government Pension Fund Global, which is a minority shareholder of the Group.

During 2012, the Bank entered into several smaller sale-leaseback transactions in respect of own property, which were all recognized as operating lease arrangements with lease terms of between five and ten years. Total contractual rental expenses under these leases will amount to CHF 41 million.

Other commitments

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Collateral received
2012 (CHF million)							
Irrevocable commitments under documentary credits	6,210	35	6	0	6,251	6,054	3,219
Loan commitments	166,259	23,574	37,688	6,384	233,905 ²	228,433	151,616
Forward reverse repurchase agreements	45,556	0	0	0	45,556	45,556	45,556
Other commitments	906	863	171	575	2,515	2,515	131
Total other commitments	218,931	24,472	37,865	6,959	288,227	282,558	200,522
2011 (CHF million)							
Irrevocable commitments under documentary credits	5,638	3	40	0	5,681	5,201	2,371
Loan commitments	154,394	19,951	35,746	7,112	217,203 ²	211,986	142,339
Forward reverse repurchase agreements	28,885	0	0	0	28,885	28,885	28,885
Other commitments	1,430	405	872	870	3,577	3,577	32
Total other commitments	190,347	20,359	36,658	7,982	255,346	249,649	173,627

¹ Total net amount is computed as the gross amount less any participations. ² Included CHF 136,669 million and CHF 134,901 million of unused credit limits as of December 31, 2012 and 2011, respectively, which were revocable at the Bank's sole discretion upon notice to the client.

In November 2007, Banco de Investimentos Credit Suisse (Brasil) S.A., a wholly owned subsidiary of the Bank, acquired a majority interest (50% plus one share) in Credit Suisse Hedging-Griffo Investimentos S.A. (Hedging-Griffo) and entered into option arrangements in respect of the remaining equity interests in Hedging-Griffo. In the second quarter of

2012, the Bank acquired the remaining equity interests in Hedging-Griffo as contemplated under the existing option arrangements at a final purchase price of BRL 1,248 million (CHF 584 million), gaining full control and ownership of Hedging-Griffo.

- ▶ Refer to "Note 31 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information.

31 Transfers of financial assets and variable interest entities

Transfers of financial assets

Securitizations

- ▶ Refer to "Note 32 – Transfers of financial assets and variable interest entities" in V – Credit Suisse Group – Consolidated financial statements for further information.

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2012, 2011 and 2010 securitizations of financial assets that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Bank and the SPEs used in any securitizations in which the Bank still has continuing involvement, regardless of when the securitization occurred.

Securitizations

in	2012	2011	2010
Gains and cash flows (CHF million)			
CMBS			
Net gain ¹	56	6	13
Proceeds from transfer of assets	6,156	974	523
Servicing fees	0	1	1
Cash received on interests that continue to be held	57	205	150
RMBS			
Net gain ¹	3	65	214
Proceeds from transfer of assets	15,143	30,695	52,308
Purchases of previously transferred financial assets or their underlying collateral	(25)	(4)	0
Servicing fees	3	3	6
Cash received on interests that continue to be held	554	382	488
Other asset-backed financings			
Net gain ¹	83	24	85
Proceeds from transfer of assets	591	1,268	4,376
Purchases of previously transferred financial assets or their underlying collateral ²	(621)	(256)	(2,519)
Servicing fees	0	1	0
Cash received on interests that continue to be held	1,350	701	1,539

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral are the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans. ² Represents market-making activity and voluntary repurchases at fair value where no repurchase obligations were present.

Continuing involvement in transferred financial assets

The following table provides the outstanding principal balance of assets to which the Bank continued to be exposed after the

transfer of the financial assets to any SPE and the total assets of the SPE as of the end of 2012 and 2011, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	2012	2011
CHF million		
CMBS		
Principal amount outstanding	30,050	35,487
Total assets of SPE	45,407	52,536
RMBS		
Principal amount outstanding	58,112	91,242
Total assets of SPE	60,469	95,297
Other asset-backed financing activities		
Principal amount outstanding	32,805	35,233
Total assets of SPE	32,805	35,307

Principal amounts outstanding relate to assets transferred from the Bank and do not include principal amounts for assets transferred from third parties.

Fair value of beneficial interests

The fair value measurement of beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any con-

tinuing involvement does not include any benefits from financial instruments that the Bank may utilize to hedge the inherent risks.

Key economic assumptions at the time of transfer

► Refer to "Note 32 – Financial instruments" for further information on fair value hierarchy.

Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer in	2012		2011	
	CMBS	RMBS	CMBS	RMBS
CHF million, except where indicated				
Fair value of beneficial interests	761	2,219	57	5,095
of which level 2	654	2,090	42	4,695
of which level 3	107	129	15	399
Weighted-average life, in years	8.4	5.0	7.2	5.4
Prepayment speed assumption (rate per annum), in % ¹	– ²	0.1–34.9	– ²	9.0–34.9
Cash flow discount rate (rate per annum), in % ³	0.8–10.7	0.1–25.7	2.9–10.6	0.5–71.2
Expected credit losses (rate per annum), in %	0.5–9.0	0.0–25.1	1.2–9.3	0.3–71.0

Transfers of assets in which the Bank does not have beneficial interests are not included in this table.

¹ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR. ² To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances. ³ The rate was based on the weighted-average yield on the beneficial interests.

Sensitivity analysis

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of the end of 2012 and 2011.

Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

end of	2012			2011		
	CMBS ¹	RMBS	Other asset-backed financing activities ²	CMBS ¹	RMBS	Other asset-backed financing activities ²
CHF million, except where indicated						
Fair value of beneficial interests	274	1,929	692	342	2,960	1,754
of which non-investment grade	90	342	686	133	688	1,513
Weighted-average life, in years	4.0	5.2	3.6	4.1	5.3	2.5
Prepayment speed assumption (rate per annum), in % ³	–	0.1–27.6	–	–	0.1–30.0	–
Impact on fair value from 10% adverse change	–	(38.5)	–	–	(44.2)	–
Impact on fair value from 20% adverse change	–	(74.3)	–	–	(86.6)	–
Cash flow discount rate (rate per annum), in % ⁴	1.1–50.2	0.2–42.8	0.7–51.7	2.3–50.1	0.3–49.1	0.7–58.7
Impact on fair value from 10% adverse change	(14.8)	(62.8)	(1.0)	(30.5)	(94.4)	(8.2)
Impact on fair value from 20% adverse change	(19.9)	(93.5)	(1.8)	(36.2)	(151.9)	(15.9)
Expected credit losses (rate per annum), in %	0.9–49.5	0.9–42.8	0.3–51.4	1.9–49.0	0.9–48.9	5.4–31.8
Impact on fair value from 10% adverse change	(14.4)	(55.9)	(0.8)	(29.8)	(83.6)	(6.8)
Impact on fair value from 20% adverse change	(19.2)	(80.3)	(1.6)	(34.8)	(131.5)	(13.2)

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances. ² CDOs within this category are generally structured to be protected from prepayment risk. ³ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2% thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR. ⁴ The rate is based on the weighted-average yield on the beneficial interests.

Secured borrowings

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of the end of 2012 and 2011.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

end of	2012	2011
CHF million		
CMBS		
Other assets	467	664
Liability to SPE, included in Other liabilities	(467)	(664)
RMBS		
Other assets	0	12
Liability to SPE, included in Other liabilities	0	(12)
Other asset-backed financing activities		
Trading assets	1,171	1,851
Other assets	913	1,475
Liability to SPE, included in Other liabilities	(2,084)	(3,326)

Variable interest entities

- ▶ Refer to “Note 32 – Transfers of financial assets and variable interest entities” in V – Consolidated financial statements – Credit Suisse Group for further information.

Consolidated VIEs

The Bank has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Bank consolidated all VIEs related to financial intermediation for which it was the primary beneficiary.

Consolidated VIEs in which the Bank was the primary beneficiary

end of 2012	Financial intermediation						Total
	CDO	CP Conduit	Securi- tizations	Funds	Loans	Other	
Assets of consolidated VIEs (CHF million)							
Cash and due from banks	1,534	27	0	125	44	20	1,750
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	117	0	0	0	0	117
Trading assets	1,064	196	14	1,861	565	997	4,697
Investment securities	0	23	0	0	0	0	23
Other investments	0	0	0	0	1,712	577	2,289
Net loans	0	4,360	859	0	405	429	6,053
Premises and equipment	0	0	0	0	474	72	546
Loans held-for-sale	7,324	0	3,110	0	71	0	10,505
Other assets	45	1,637	1	4	500	1,816	4,003
Total assets of consolidated VIEs	9,967	6,360	3,984	1,990	3,771	3,911	29,983
Liabilities of consolidated VIEs (CHF million)							
Customer deposits	0	0	0	0	0	247	247
Trading liabilities	20	0	0	0	4	101	125
Short-term borrowings	0	5,776	0	3	0	0	5,779
Long-term debt	9,944	14	3,608	500	38	428	14,532
Other liabilities	45	6	97	7	167	842	1,164
Total liabilities of consolidated VIEs	10,009	5,796	3,705	510	209	1,618	21,847

end of 2011	Financial intermediation						Total
	CDO	CP Conduit	Securi- tizations	Funds	Loans	Other	
Assets of consolidated VIEs (CHF million)							
Cash and due from banks	1,202	24	0	43	102	25	1,396
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	19	0	0	0	0	19
Trading assets	1,207	728	18	2,681	554	1,211	6,399
Investment securities	0	41	0	0	0	0	41
Other investments	0	0	0	0	1,863	483	2,346
Net loans	0	4,720	0	0	62	1,158	5,940
Premises and equipment	0	0	0	0	527	82	609
Loans held-for-sale	7,231	0	3,941	0	2	0	11,174
Other assets	43	751	0	30	740	263	1,827
Total assets of consolidated VIEs	9,683	6,283	3,959	2,754	3,850	3,222	29,751
Liabilities of consolidated VIEs (CHF million)							
Customer deposits	0	0	0	0	0	221	221
Trading liabilities	30	0	0	0	3	1,253	1,286
Short-term borrowings	0	6,141	0	0	0	0	6,141
Long-term debt	9,383	24	4,483	276	227	465	14,858
Other liabilities	69	2	0	24	157	493	745
Total liabilities of consolidated VIEs	9,482	6,167	4,483	300	387	2,432	23,251

Non-consolidated VIEs

Non-consolidated VIE assets are related to the non-consolidated VIEs with which the Bank has variable interests. These amounts represent the assets of the entities themselves and

are typically unrelated to the exposures the Bank has with the entity and thus are not amounts that are considered for risk management purposes.

Non-consolidated VIEs

end of 2012	Financial intermediation					Total
	CDO	Securizations	Funds	Loans	Other	
Variable interest assets (CHF million)						
Trading assets	100	3,210	1,143	868	600	5,921
Net loans	8	111	2,048	3,572	1,668	7,407
Other assets	0	17	49	0	4	70
Total variable interest assets	108	3,338	3,240	4,440	2,272	13,398
Maximum exposure to loss (CHF million)						
Maximum exposure to loss	108	14,123	3,475	4,906	3,039	25,651
Non-consolidated VIE assets (CHF million)						
Non-consolidated VIE assets	5,163	103,990	52,268	22,304	6,486	190,211
<hr/>						
end of 2011	Financial intermediation					Total
	CDO	Securizations	Funds	Loans	Other	
Variable interest assets (CHF million)						
Trading assets	126	5,497	1,449	834	2,079	9,985
Net loans	0	123	1,302	4,742	3,257	9,424
Other assets	0	0	32	0	369	401
Total variable interest assets	126	5,620	2,783	5,576	5,705	19,810
Maximum exposure to loss (CHF million)						
Maximum exposure to loss	153	7,056	3,180	6,051	6,075	22,515
Non-consolidated VIE assets (CHF million)						
Non-consolidated VIE assets	7,093	113,845	58,646	23,633	10,440	213,657

32 Financial instruments

- ▶ Refer to “Note 33 – Financial instruments” in V – Consolidated financial statements – Credit Suisse Group for further information.

Assets and liabilities measured at fair value on a recurring basis

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Cash and due from banks	0	569	0	0	569
Interest-bearing deposits with banks	0	627	0	0	627
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	113,664	0	0	113,664
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Securities received as collateral	29,677	368	0	0	30,045
Debt	55,592	74,392	5,830	0	135,814
of which foreign governments	53,918	11,032	79	0	65,029
of which corporates	1	25,933	3,192	0	29,126
of which RMBS	0	30,392	724	0	31,116
of which CMBS	0	4,335	1,023	0	5,358
of which CDO	0	2,620	447	0	3,067
Equity	66,715	7,745	485	0	74,945
Derivatives	3,428	823,181	6,650	(799,843)	33,416
of which interest rate products	703	698,494	1,859	–	–
of which foreign exchange products	1	62,619	754	–	–
of which equity/index-related products	2,538	25,885	1,920	–	–
of which credit derivatives	0	29,274	1,294	–	–
Other	7,205	2,736	2,486	0	12,427
Trading assets	132,940	908,054	15,451	(799,843)	256,602
Debt	1,334	341	169	0	1,844
of which foreign governments	1,333	1	21	0	1,355
of which corporates	0	340	125	0	465
of which CDO	0	0	24	0	24
Equity	4	90	1	0	95
Investment securities	1,338	431	170	0	1,939
Private equity	0	0	3,855	0	3,855
of which equity funds	0	0	2,530	0	2,530
Hedge funds	0	470	165	0	635
of which debt funds	0	349	84	0	433
Other equity investments	271	69	2,244	0	2,584
of which private	0	61	2,245	0	2,306
Life finance instruments	0	0	1,818	0	1,818
Other investments	271	539	8,082	0	8,892
Loans	0	13,381	6,619	0	20,000
of which commercial and industrial loans	0	6,191	4,778	0	10,969
of which financial institutions	0	5,934	1,530	0	7,464
Other intangible assets (mortgage servicing rights)	0	0	43	0	43
Other assets	5,439	26,802	5,164	(146)	37,259
of which loans held-for-sale	0	14,899	4,463	0	19,362
Total assets at fair value	169,665	1,064,435	35,529	(799,989)	469,640
Less other investments – equity at fair value attributable to noncontrolling interests	(240)	(99)	(3,292)	0	(3,631)
Less assets consolidated under ASU 2009-17 ²	0	(8,769)	(2,745)	0	(11,514)
Assets at fair value excluding noncontrolling interests and assets not consolidated under the Basel framework	169,425	1,055,567	29,492	(799,989)	454,495

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements. ² Assets of consolidated VIEs that are not risk-weighted assets under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2012	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	3,431	0	0	3,431
Customer deposits	0	4,601	25	0	4,626
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	108,784	0	0	108,784
Debt	92	350	0	0	442
of which corporates	0	320	0	0	320
Equity	29,585	18	0	0	29,603
Obligation to return securities received as collateral	29,677	368	0	0	30,045
Debt	25,782	7,015	196	0	32,993
of which foreign governments	25,624	1,476	0	0	27,100
of which corporates	0	5,030	196	0	5,226
Equity	18,109	389	6	0	18,504
Derivatives	3,174	834,413	5,154	(803,147)	39,594
of which interest rate products	628	693,525	1,357	–	–
of which foreign exchange products	1	76,988	1,648	–	–
of which equity/Index-related products	2,305	27,749	1,003	–	–
of which credit derivatives	0	28,952	819	–	–
Trading liabilities	47,065	841,817	5,356	(803,147)	91,091
Short-term borrowings	0	4,389	124	0	4,513
Long-term debt	218	54,458	10,098	0	64,774
of which treasury debt over two years	0	10,567	0	0	10,567
of which structured notes over two years	0	22,545	6,189	0	28,734
of which non-recourse liabilities	218	11,006	2,551	0	13,775
Other liabilities	0	24,235	2,847	(283)	26,799
of which failed sales	0	2,523	1,160	0	3,683
Total liabilities at fair value	76,960	1,042,083	18,450	(803,430)	334,063

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2011	Level 1	Level 2	Level 3	Netting impact ¹	Total
Assets (CHF million)					
Interest-bearing deposits with banks	0	405	0	0	405
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	157,469	1,204	0	158,673
Debt	94	3,895	112	0	4,101
of which corporates	0	3,835	112	0	3,947
Equity	25,958	51	81	0	26,090
Securities received as collateral	26,052	3,946	193	0	30,191
Debt	82,237	52,783	9,941	0	144,961
of which foreign governments	61,506	8,123	358	0	69,987
of which corporates	337	27,639	5,076	0	33,052
of which RMBS	19,331	5,848	1,786	0	26,965
of which CMBS	0	4,556	1,517	0	6,073
of which CDO	0	6,570	727	0	7,297
Equity	57,481	9,038	467	0	66,986
Derivatives	6,455	909,261	9,588	(872,569)	52,735
of which interest rate products	2,017	724,413	2,547	–	–
of which foreign exchange products	1	74,950	1,040	–	–
of which equity/index-related products	3,929	32,770	2,732	–	–
of which credit derivatives	0	61,120	2,172	–	–
Other	9,235	3,636	2,195	0	15,066
Trading assets	155,408	974,718	22,191	(872,569)	279,748
Debt	3,010	446	102	0	3,558
of which foreign governments	3,010	0	18	0	3,028
of which corporates	0	309	43	0	352
of which CDO	0	136	41	0	177
Equity	9	83	0	0	92
Investment securities	3,019	529	102	0	3,650
Private equity	0	0	4,143	0	4,143
of which equity funds	0	0	2,973	0	2,973
Hedge funds	0	232	266	0	498
of which debt funds	0	154	172	0	326
Other equity investments	403	50	2,490	0	2,943
of which private	0	40	2,490	0	2,530
Life finance instruments	0	0	1,968	0	1,968
Other investments	403	282	8,867	0	9,552
Loans	0	13,851	6,842	0	20,693
of which commercial and industrial loans	0	7,591	4,559	0	12,150
of which financial institutions	0	5,480	2,179	0	7,659
Other intangible assets (mortgage servicing rights)	0	0	70	0	70
Other assets	5,451	22,951	7,469	(205)	35,666
of which loans held-for-sale	0	12,104	6,901	0	19,005
Total assets at fair value	190,333	1,174,151	46,938	(872,774)	538,648
Less other investments – equity at fair value attributable to noncontrolling interests	(295)	(99)	(3,944)	0	(4,338)
Less assets consolidated under ASU 2009-17 ²	0	(9,304)	(4,003)	0	(13,307)
Assets at fair value excluding noncontrolling interests and assets not consolidated under the Basel framework	190,038	1,164,748	38,991	(872,774)	521,003

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements. ² Assets of consolidated VIEs that are not risk-weighted assets under the Basel framework.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2011	Level 1	Level 2	Level 3	Netting impact ¹	Total
Liabilities (CHF million)					
Due to banks	0	2,737	0	0	2,737
Customer deposits	0	4,583	0	0	4,583
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	136,483	0	0	136,483
Debt	94	3,895	112	0	4,101
of which corporates	0	3,835	112	0	3,947
Equity	25,958	51	81	0	26,090
Obligation to return securities received as collateral	26,052	3,946	193	0	30,191
Debt	38,680	9,302	21	0	48,003
of which foreign governments	38,622	829	0	0	39,451
of which corporates	6	7,591	13	0	7,610
Equity	19,124	461	7	0	19,592
Derivatives	6,283	920,612	7,315	(873,996)	60,214
of which interest rate products	1,941	717,436	1,588	–	–
of which foreign exchange products	1	91,984	2,836	–	–
of which equity/Index-related products	3,809	37,054	1,022	–	–
of which credit derivatives	0	58,497	1,520	–	–
Trading liabilities	64,087	930,375	7,343	(873,996)	127,809
Short-term borrowings	0	3,311	236	0	3,547
Long-term debt	122	55,199	12,715	0	68,036
of which treasury debt over two years	0	13,191	0	0	13,191
of which structured notes over two years	1	19,694	7,576	0	27,271
of which non-recourse liabilities	121	10,564	3,585	0	14,270
Other liabilities	0	27,387	3,890	(335)	30,942
of which failed sales	0	3,821	1,909	0	5,730
Total liabilities at fair value	90,261	1,164,021	24,377	(874,331)	404,328

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable netting agreements.

Transfers between level 1 and level 2

2012	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2
Assets (CHF million)		
Debt	318	23,632
Equity	209	650
Derivatives	5,510	20
Trading assets	6,037	24,302
Liabilities (CHF million)		
Debt	87	34
Equity	100	226
Derivatives	6,441	72
Trading liabilities	6,628	332

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

2012	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,204	0	0	0
Securities received as collateral	193	0	(188)	0
Debt	9,941	2,312	(5,035)	7,479
of which corporates	5,076	1,113	(3,609)	5,210
of which RMBS	1,786	831	(958)	937
of which CMBS	1,517	188	(262)	664
of which CDO	727	158	(121)	483
Equity	467	419	(100)	377
Derivatives	9,588	1,465	(2,175)	0
of which interest rate products	2,547	168	(686)	0
of which equity/index-related products	2,732	681	(844)	0
of which credit derivatives	2,172	592	(544)	0
Other	2,195	179	(366)	2,842
Trading assets	22,191	4,375	(7,676)	10,698
Investment securities	102	0	0	94
Equity	6,899	4	(61)	757
Life finance instruments	1,968	0	0	102
Other investments	8,867	4	(61)	859
Loans	6,842	605	(642)	509
of which commercial and industrial loans	4,559	537	(391)	275
of which financial institutions	2,179	64	(248)	218
Other intangible assets	70	0	0	11
Other assets	7,469	2,509	(2,949)	3,007
of which loans held-for-sale ²	6,901	2,471	(2,948)	2,801
Total assets at fair value	46,938	7,493	(11,516)	15,178
Liabilities (CHF million)				
Customer deposits	0	0	0	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	0	0	0
Obligation to return securities received as collateral	193	0	(188)	0
Trading liabilities	7,343	1,294	(1,783)	94
of which interest rate derivatives	1,588	230	(754)	0
of which foreign exchange derivatives	2,836	3	(178)	0
of which equity/index-related derivatives	1,022	132	(262)	0
of which credit derivatives	1,520	700	(571)	0
Short-term borrowings	236	23	(96)	0
Long-term debt	12,715	2,616	(4,044)	0
of which structured notes over two years	7,576	789	(1,668)	0
of which non-recourse liabilities	3,585	1,701	(2,225)	0
Other liabilities	3,890	246	(315)	321
of which failed sales	1,909	136	(47)	302
Total liabilities at fair value	24,377	4,179	(6,426)	415
Net assets/liabilities at fair value	22,561	3,314	(5,090)	14,763

¹ For all transfers to level 3 or out of level 3, the Bank determines and discloses as level 3 events only gains or losses through the last day of the reporting period. ² Includes unrealized gains recorded in trading revenues of CHF 307 million primarily related to sub-prime exposures in the RMBS and CMBS businesses and market movements across the wider loans held-for-sale portfolio.

			Trading revenues		Other revenues			Foreign currency translation impact	Balance at end of period
Sales	Issuances	Settlements	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other			
0	0	(1,174)	0	(28)	0	0	(2)	0	
0	0	0	0	0	0	0	(5)	0	
(8,793)	0	0	72	129	(4)	0	(271)	5,830	
(4,745)	0	0	49	278	(4)	0	(176)	3,192	
(1,924)	0	0	18	60	0	0	(26)	724	
(809)	0	0	(4)	(228)	0	0	(43)	1,023	
(851)	0	0	(4)	67	0	0	(12)	447	
(611)	0	0	0	(63)	0	0	(4)	485	
0	1,007	(3,262)	60	163	0	0	(196)	6,650	
0	303	(976)	47	515	0	0	(59)	1,859	
0	346	(844)	(31)	(56)	0	0	(64)	1,920	
0	161	(914)	43	(179)	0	0	(37)	1,294	
(2,290)	0	0	2	(4)	0	0	(72)	2,486	
(11,694)	1,007	(3,262)	134	225	(4)	0	(543)	15,451	
(17)	0	0	0	0	0	0	(9)	170	
(1,789)	0	0	0	2	0	620	(168)	6,264	
(274)	0	0	0	72	0	0	(50)	1,818	
(2,063)	0	0	0	74	0	620	(218)	8,082	
(1,286)	4,490	(3,473)	15	(250)	0	0	(191)	6,619	
(469)	3,084	(2,773)	15	76	0	0	(135)	4,778	
(745)	1,078	(672)	(1)	(293)	0	0	(50)	1,530	
(16)	0	0	0	0	0	(20)	(2)	43	
(3,356)	298	(2,319)	128	580	0	0	(203)	5,164	
(3,182)	298	(2,319)	127	486	0	0	(172)	4,463	
(18,432)	5,795	(10,228)	277	601	(4)	600	(1,173)	35,529	
0	25	0	0	0	0	0	0	25	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	(5)	0	
(346)	853	(2,599)	151	505	0	0	(156)	5,356	
0	115	(194)	75	340	0	0	(43)	1,357	
0	1	(1,037)	24	48	0	0	(49)	1,648	
0	537	(315)	(16)	(61)	0	0	(34)	1,003	
0	88	(939)	79	(36)	0	0	(22)	819	
0	288	(332)	(3)	14	0	0	(6)	124	
0	4,015	(6,043)	182	989	(4)	0	(328)	10,098	
0	1,925	(2,867)	32	604	(4)	0	(198)	6,189	
0	1,473	(2,312)	144	275	0	0	(90)	2,551	
(1,322)	2	(219)	(15)	74	0	278	(93)	2,847	
(1,260)	0	0	0	153	0	0	(33)	1,160	
(1,668)	5,183	(9,193)	315	1,582	(4)	278	(588)	18,450	
(16,764)	612	(1,035)	(38)	(981)	0	322	(585)	17,079	

Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)

2011	Balance at beginning of period	Transfers in	Transfers out	Purchases
Assets (CHF million)				
Interest-bearing deposits with banks	0	0	(24)	27
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,196	0	(11)	0
Securities received as collateral	0	201	0	0
Debt	10,887	3,405	(3,043)	10,382
of which corporates	3,805	931	(706)	5,484
of which RMBS	3,265	1,704	(1,277)	2,820
of which CMBS	1,862	324	(237)	831
of which CDO	1,134	370	(625)	712
Equity	623	309	(515)	726
Derivatives	8,720	2,998	(2,311)	0
of which interest rate products	2,071	815	(142)	0
of which equity/index-related products	2,298	666	(796)	0
of which credit derivatives	2,724	1,216	(1,267)	0
Other	2,016	195	(434)	2,806
Trading assets	22,246	6,907	(6,303)	13,914
Investment securities	79	2	0	48
Equity	9,346	26	(74)	986
Life finance instruments	1,843	0	0	79
Other investments	11,189	26	(74)	1,065
Loans	6,256	1,560	(1,367)	1,335
of which commercial and industrial loans	3,559	1,411	(854)	447
of which financial institutions	2,195	149	(240)	836
Other intangible assets	66	0	0	23
Other assets	9,253	6,198	(6,988)	4,730
of which loans held-for-sale	8,933	5,988	(6,974)	4,426
Total assets at fair value	50,285	14,894	(14,767)	21,142
Liabilities (CHF million)				
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	507	0	(293)	0
Obligation to return securities received as collateral	0	201	0	0
Trading liabilities	9,201	1,276	(2,062)	214
of which interest rate derivatives	1,342	91	(45)	0
of which foreign exchange derivatives	2,940	48	(135)	0
of which equity/index-related derivatives	2,939	113	(716)	0
of which credit derivatives	1,255	949	(1,072)	0
Short-term borrowings	123	64	(23)	0
Long-term debt	16,798	7,346	(8,522)	0
of which structured notes over two years	9,486	1,911	(2,109)	0
of which non-recourse liabilities	6,825	5,187	(6,213)	0
Other liabilities	3,733	663	(383)	290
of which failed sales	1,848	607	(345)	237
Total liabilities at fair value	30,362	9,550	(11,283)	504
Net assets/liabilities at fair value	19,923	5,344	(3,484)	20,638

¹ For all transfers to level 3 or out of level 3, the Bank determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

Sales	Issuances	Settlements	Trading revenues		Other revenues		Foreign currency translation impact	Balance at end of period
			On transfers in / out ¹	On all other	On transfers in / out ¹	On all other		
0	0	0	(1)	(2)	0	0	0	0
0	55	(45)	0	4	0	0	5	1,204
0	0	(7)	0	0	0	0	(1)	193
(11,178)	0	0	1	(467)	0	0	(46)	9,941
(4,573)	0	0	34	49	0	0	52	5,076
(4,230)	0	0	(37)	(361)	0	0	(98)	1,786
(1,072)	0	0	(2)	(181)	0	0	(8)	1,517
(907)	0	0	16	33	0	0	(6)	727
(668)	0	0	35	(47)	0	0	4	467
0	778	(3,085)	22	2,436	0	0	30	9,588
0	133	(599)	13	266	0	0	(10)	2,547
0	272	(184)	(21)	455	0	0	42	2,732
0	86	(2,051)	31	1,452	0	0	(19)	2,172
(2,300)	0	(43)	(7)	(68)	0	0	30	2,195
(14,146)	778	(3,128)	51	1,854	0	0	18	22,191
(18)	0	(4)	0	0	0	0	(5)	102
(4,605)	0	0	0	30	0	1,255	(65)	6,899
(83)	0	0	0	116	0	0	13	1,968
(4,688)	0	0	0	146	0	1,255	(52)	8,867
(978)	2,483	(2,338)	18	(122)	0	0	(5)	6,842
(521)	1,984	(1,494)	2	(2)	0	0	27	4,559
(353)	371	(608)	(1)	(143)	0	0	(27)	2,179
0	0	0	0	0	0	(19)	0	70
(5,534)	1,570	(1,442)	(105)	(161)	0	1	(53)	7,469
(5,180)	1,569	(1,443)	(105)	(255)	0	0	(58)	6,901
(25,364)	4,886	(6,964)	(37)	1,719	0	1,237	(93)	46,938
0	0	(199)	(4)	0	0	0	(11)	0
0	0	(7)	0	0	0	0	(1)	193
(290)	502	(1,929)	203	259	0	0	(31)	7,343
0	2	(194)	(4)	383	0	0	13	1,588
0	17	(704)	7	655	0	0	8	2,836
0	153	(348)	181	(1,236)	0	0	(64)	1,022
0	136	(414)	19	622	0	0	25	1,520
0	320	(229)	1	(24)	0	0	4	236
0	6,253	(8,383)	(166)	(490)	0	0	(121)	12,715
0	2,921	(3,566)	(55)	(932)	0	0	(80)	7,576
0	2,609	(4,393)	(117)	(215)	0	0	(98)	3,585
(437)	17	(245)	(45)	181	0	128	(12)	3,890
(403)	0	0	(11)	(20)	0	0	(4)	1,909
(727)	7,092	(10,992)	(11)	(74)	0	128	(172)	24,377
(24,637)	(2,206)	4,028	(26)	1,793	0	1,109	79	22,561

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	2012			2011		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	(1,019)	322	(697) ¹	1,767	1,109	2,876 ¹
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(1,209)	(23)	(1,232)	546	(116)	430

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Quantitative information about level 3 assets at fair value

2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Debt	5,830				
of which corporates	3,192				
of which	754	Option model	Correlation, in %	(87)	97
			Buyback probability, in % ¹	50	100
of which	797	Market comparable	Price, in %	0	146
of which	1,231	Discounted cash flow	Credit spread, in bp	0	2,439
of which RMBS	724	Discounted cash flow	Discount rate, in %	2	50
			Prepayment rate, in %	0	55
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which CMBS	1,023	Discounted cash flow	Capitalization rate, in %	5	12
			Internal rate of return, in %	9	15
			Discount rate, in %	2	35
			Prepayment rate, in %	0	10
			Default rate, in %	0	40
			Loss severity, in %	0	90
of which CDO	447				
of which	193	Vendor price	Price, in %	0	102
of which	123	Discounted cash flow	Discount rate, in %	2	35
			Prepayment rate, in %	0	40
			Default rate, in %	0	25
			Loss severity, in %	0	100
of which	78	Market comparable	Price, in %	80	93

¹ Estimate of the probability of corporate bonds being called by the issuer at its option over the remaining life of the financial instrument.

Quantitative information about level 3 assets at fair value (continued)

2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Equity	485				
of which	237	Market comparable	EBITDA multiple	3	12
of which	26	Discounted cash flow	Capitalization rate, in %	7	7
Derivatives	6,650				
of which interest rate products	1,859	Option model	Correlation, in %	17	100
			Prepayment rate, in %	2	45
			Volatility, in %	(5)	31
			Credit spread, in bp	34	157
of which equity/index-related products	1,920	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
of which credit derivatives	1,294	Discounted cash flow	Credit spread, in bp	1	5,843
			Recovery rate, in %	0	75
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Loss severity, in %	0	100
			Correlation, in %	30	97
			Prepayment rate, in %	0	40
Other	2,486				
of which	1,891	Market comparable	Price, in %	0	103
of which	564	Discounted cash flow	Life expectancy, in years	4	20
Trading assets	15,451				
Investment securities	170	–	–	–	–
Private equity	3,855	– ¹	– ¹	– ¹	– ¹
Hedge funds	165	– ¹	– ¹	– ¹	– ¹
Other equity investments	2,244				
of which private	2,245				
of which	759	Discounted cash flow	Credit spread, in bp	1,070	2,049
			Contingent probability, in %	50	50
of which	903	Market comparable	EBITDA multiple	2	13
Life finance instruments	1,818	Discounted cash flow	Life expectancy, in years	1	23
Other investments	8,082				
Loans	6,619				
of which commercial and industrial loans	4,778	Discounted cash flow	Credit spread, in bp	0	2,763
of which financial institutions	1,530	Discounted cash flow	Credit spread, in bp	0	888
Other intangible assets (mortgage servicing rights)	43	–	–	–	–
Other assets	5,164				
of which loans held-for-sale	4,463				
of which	2,031	Vendor price	Price, in %	0	103
of which	328	Discounted cash flow	Credit spread, in bp	20	1,458
of which	2,009	Market comparable	Price, in %	0	115
Total level 3 assets at fair value	35,529				

¹ Disclosure not required as balances are carried at unadjusted net asset value. Refer to "Fair value, unfunded commitments and term of redemption conditions" for further information.

Quantitative information about level 3 assets at fair value (continued)

2012	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value
CHF million, except where indicated					
Customer deposits	25	–	–	–	–
Trading liabilities	5,356				
of which interest rate derivatives	1,357	Option model	Basis spread, in bp	(28)	54
			Correlation, in %	17	100
			Mean reversion, in % ¹	(33)	5
			Prepayment rate, in %	4	45
of which foreign exchange derivatives	1,648	Option model	Correlation, in %	(10)	70
			Prepayment rate, in %	4	22
of which equity/index-related derivatives	1,003	Option model	Correlation, in %	(87)	97
			Skew, in %	56	128
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	4
of which credit derivatives	819	Discounted cash flow	Credit spread, in bp	0	5,843
			Discount rate, in %	2	35
			Default rate, in %	0	25
			Recovery rate, in %	0	77
			Loss severity, in %	0	100
			Correlation, in %	0	47
			Prepayment rate, in %	0	40
Short-term borrowings	124	–	–	–	–
Long-term debt	10,098				
of which structured notes over two years	6,189	Option model	Correlation, in %	(87)	97
			Volatility, in %	2	157
			Buyback probability, in % ²	50	100
			Gap risk, in % ³	0	12
of which non-recourse liabilities	2,551				
of which	2,255	Vendor price	Price, in %	0	103
of which	230	Market comparable	Price, in %	0	87
Other liabilities	2,847				
of which failed sales	1,160				
of which	646	Market comparable	Price, in %	0	100
of which	290	Discounted cash flow	Credit spread, in bp	0	1,532
Total level 3 liabilities at fair value	18,450				

¹ Management's best estimate of the speed at which interest rates will revert to the long-term average. ² Estimate of the probability of structured notes being put back to the Bank at the option of the investor over the remaining life of the financial instruments. ³ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Fair value, unfunded commitments and term of redemption conditions

end of 2012	Non- redeemable	Redeemable	Total fair value	Unfunded commit- ments
Fair value and unfunded commitments (CHF million)				
Debt funds	127	38	165	0
Equity funds	52	3,810 ¹	3,862	0
Equity funds sold short	0	(111)	(111)	0
Total funds held in trading assets and liabilities	179	3,737	3,916	0
Debt funds	68	365	433	157
Equity funds	3	43	46	0
Others	4	152	156	46
Hedge funds	75	560 ²	635	203
Debt funds	97	0	97	17
Equity funds	2,530	0	2,530	723
Real estate funds	382	0	382	131
Others	846	0	846	198
Private equity	3,855	0	3,855	1,069
Equity method investments	385	0	385	0
Total funds held in other investments	4,315	560	4,875	1,272
Total fair value	4,494 ³	4,297 ⁴	8,791	1,272 ⁵

¹ 57% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 17% is redeemable on an annual basis with a notice period primarily of more than 60 days, 13% is redeemable on a monthly basis with a notice period primarily of less than 30 days and 13% is redeemable on a quarterly basis with a notice period primarily of more than 45 days. ² 66% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 19% is redeemable on demand with a notice period primarily of less than 30 days and 11% is redeemable on an annual basis with a notice period of more than 60 days. ³ Includes CHF 1,958 million attributable to noncontrolling interests. ⁴ Includes CHF 107 million attributable to noncontrolling interests. ⁵ Includes CHF 418 million attributable to noncontrolling interests.

Fair value, unfunded commitments and term of redemption conditions (continued)

end of 2011	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)				
Debt funds	45	61	106	0
Equity funds	40	4,864 ¹	4,904	0
Equity funds sold short	0	(78)	(78)	0
Total funds held in trading assets and liabilities	85	4,847	4,932	0
Debt funds	58	268	326	219
Equity funds	4	50	54	0
Others	5	113	118	55
Hedge funds	67	431 ²	498	274
Debt funds	9	0	9	18
Equity funds	2,973	0	2,973	952
Real estate funds	338	0	338	200
Others	823	0	823	231
Private equity	4,143	0	4,143	1,401
Equity method investments	360	0	360	0
Total funds held in other investments	4,570	431	5,001	1,675
Total fair value	4,655 ³	5,278 ⁴	9,933	1,675 ⁵

¹ 46% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period of less than 30 days, 19% is redeemable on a quarterly basis with a notice period primarily of more than 45 days, 18% is redeemable on an annual basis with a notice period primarily of more than 60 days and 17% is redeemable on a monthly basis with a notice period primarily of less than 30 days. ² 72% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 17% is redeemable on an annual basis with a notice period of more than 60 days and 10% is redeemable on demand with a notice period primarily of less than 30 days. ³ Includes CHF 2,248 million attributable to noncontrolling interests. ⁴ Includes CHF 91 million attributable to noncontrolling interests. ⁵ Includes CHF 540 million attributable to noncontrolling interests.

Nonrecurring fair value changes

end of	2012	2011
Assets held-for-sale recorded at fair value on a nonrecurring basis (CHF billion)		
Assets held-for-sale recorded at fair value on a nonrecurring basis	0.5	0.7
of which level 3	0.5	0.7

Difference between the aggregate fair value and the aggregate unpaid principal balances of loans and financial instruments

end of	2012			2011		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-interest-earning loans	920	3,810	(2,890)	807	3,277	(2,470)
Financial instruments (CHF million)						
Interest-bearing deposits with banks	627	615	12	405	404	1
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	113,664	113,196	468	158,673	157,889	784
Loans	20,000	20,278	(278)	20,693	21,381	(688)
Other assets ¹	22,060	29,787	(7,727)	20,511	30,778	(10,267)
Due to banks and customer deposits	(531)	(493)	(38)	(610)	(620)	10
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(108,784)	(108,701)	(83)	(136,483)	(136,396)	(87)
Short-term borrowings	(4,513)	(4,339)	(174)	(3,547)	(3,681)	134
Long-term debt	(64,774)	(66,434)	1,660	(68,036)	(77,000)	8,964
Other liabilities	(3,683)	(6,186)	2,503	(5,730)	(8,210)	2,480

¹ Primarily loans held-for-sale.

Gains and losses on financial instruments

	2012	2011	2010
in	Net gains/ (losses)	Net gains/ (losses)	Net gains/ (losses)
Financial instruments (CHF million)			
Cash and due from banks	(13) ²	–	–
of which related to credit risk	(13)	–	–
Interest-bearing deposits with banks	12 ¹	0	11 ¹
of which related to credit risk	3	0	0
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,183 ¹	1,698 ¹	1,901 ¹
Other trading assets	10 ²	10 ²	46 ²
Other investments	144 ³	196 ²	(225) ³
of which related to credit risk	34	(14)	(2)
Loans	925 ¹	(1,105) ²	1,065 ¹
of which related to credit risk	318	(256)	707
Other assets	2,641 ¹	476 ¹	5,896 ²
of which related to credit risk	355	(332)	589
Due to banks and customer deposits	(22) ¹	(2) ¹	(27) ²
of which related to credit risk	8	45	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(114) ¹	(575) ¹	(471) ¹
Short-term borrowings	(350) ²	91 ²	(51) ²
of which related to credit risk ⁴	0	(2)	1
Long-term debt	(7,709) ²	2,301 ²	(6,313) ²
of which related to credit risk ⁴	(2,365)	1,769	166
Other liabilities	826 ²	(286) ²	(232) ²
of which related to credit risk	912	(348)	(97)

¹ Primarily recognized in net interest income. ² Primarily recognized in trading revenues. ³ Primarily recognized in other revenues. ⁴ Changes in fair value related to credit risk are due to the change in the Bank's own credit spreads. Other changes in fair value are attributable to changes in foreign currency exchange rates and interest rates, as well as movements in the reference price or index for structured notes.

Carrying value and fair value of financial instruments not carried at fair value

end of 2012	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets (CHF million)					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	69,783	0	69,755	27	69,782
Loans	204,551	0	206,214	4,482	210,696
Other financial assets ¹	133,498	63,519	68,568	1,680	133,767
Financial liabilities (CHF million)					
Due to banks and deposits	320,208	193,288	126,798	9	320,095
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	23,937	0	23,939	0	23,939
Short-term borrowings	10,325	0	10,328	0	10,328
Long-term debt	82,223	0	79,032	4,546	83,578
Other financial liabilities ²	89,275	0	88,035	1,170	89,205

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities. ² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

Carrying value and fair value of financial instruments not carried at fair value (continued)

end of 2011	Carrying value	Fair value
Financial assets (CHF million)		
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	78,262	78,262
Loans	195,813	199,657
Other financial assets ¹	188,755	188,793
Financial liabilities (CHF million)		
Due to banks and deposits	336,887	336,809
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	40,076	40,076
Short-term borrowings	22,569	22,570
Long-term debt	93,317	90,017
Other financial liabilities ²	96,497	96,497

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities. ² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

33 Assets pledged and collateral

Assets pledged

The Bank pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be

encumbered, meaning they have the right to be sold or repledged. The encumbered assets are parenthetically disclosed on the consolidated balance sheet.

end of **2012** 2011

Assets pledged (CHF million)

Total assets pledged or assigned as collateral	145,598	152,527
of which encumbered	90,745	96,922

Collateral

The Bank receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A substantial portion of the collateral and securities received by the Bank was sold

or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

end of **2012** 2011

Collateral (CHF million)

Fair value of collateral received with the right to sell or repledge	402,784	373,794
of which sold or repledged	292,531	332,878

Other information

end of **2012** 2011

Other information (CHF million)

Cash and securities restricted under foreign banking regulations	14,340	17,943
Swiss National Bank required minimum liquidity reserves	2,312	2,178

- ▶ Refer to "Note 34 – Assets pledged and collateral" in V – Consolidated financial statements – Credit Suisse Group for further information.

34 Capital adequacy

The Bank is subject to regulation by FINMA. The capital levels of the Bank are subject to qualitative judgments by regulators, including FINMA, about the components of capital, risk weightings and other factors. Since 2008, the Bank operated under the international capital adequacy standards known as ◉Basel II set forth by the BCBS. These standards affected the measurement of both total eligible capital and ◉risk-weighted assets. In January 2011, as required by FINMA, the Bank implemented BCBS's "Revisions to the Basel II market risk framework" (◉Basel II.5) for FINMA regulatory capital purposes. The Bank has based its capital adequacy calculations on US GAAP, as permitted by FINMA Circular 2008/34.

FINMA has advised the Bank that it may continue to include as tier 1 capital CHF 1.6 billion and CHF 3.2 billion of equity from SPEs which are deconsolidated under US GAAP as of December 31, 2012 and 2011, respectively.

As of December 31, 2012 and 2011, the Bank was adequately capitalized under the regulatory provisions outlined under both FINMA and the Bank for International Settlements (BIS) guidelines.

► Refer to "Note 35 – Capital adequacy" in V – Consolidated financial statements – Credit Suisse Group for further information.

BIS statistics – Basel II.5

end of	2012	2011
Eligible capital (CHF million)		
Tier 1 capital	39,660	35,098
of which core tier 1 capital	30,879	24,210
Tier 2 capital	8,092	13,292
Total eligible capital	47,752	48,390
Risk-weighted assets (CHF million)		
Credit risk	134,760	148,378
Market risk	29,338	40,571
Non-counterparty risk	5,873	7,564
Operational risk	45,125	36,088
Risk-weighted assets	215,096	232,601
Capital ratios (%)		
Core tier 1 ratio	14.4	10.4
Tier 1 ratio	18.4	15.1
Total capital ratio	22.2	20.8

Broker-dealer operations

Certain Bank broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2012 and 2011, the Bank and its subsidiaries complied with all applicable regulatory capital adequacy requirements.

Dividend restrictions

Certain of the Bank's subsidiaries are subject to legal restrictions governing the amount of dividends they can pay (for example, pursuant to corporate law as defined by the Swiss Code of Obligations).

As of December 31, 2012 and 2011, the Bank was not subject to restrictions on its ability to pay the proposed dividends.

35 Litigation

- Refer to “Note 37 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for further information.

36 Significant subsidiaries and equity method investments

Significant subsidiaries

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
as of December 31, 2012				
Credit Suisse AG				
100	AJP Cayman Ltd.	George Town, Cayman Islands	JPY	8,025.6
100	Banco Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	53.6
100	Banco Credit Suisse (México), S.A.	Mexico City, Mexico	MXN	1,716.7
100	Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	164.8
100	Boston Re Ltd.	Hamilton, Bermuda	USD	2.0
100	CJSC Bank Credit Suisse (Moscow)	Moscow, Russia	USD	37.8
100	Column Financial, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1
100	Credit Suisse (Brasil) Distribuidora de Títulos e Valores Mobiliários S.A.	São Paulo, Brazil	BRL	5.0
100	Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários	São Paulo, Brazil	BRL	98.4
100	Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany	EUR	130.0
100	Credit Suisse (France)	Paris, France	EUR	52.9
100	Credit Suisse (Gibraltar) Limited	Gibraltar, Gibraltar	GBP	5.0
100	Credit Suisse (Guernsey) Limited	St. Peter Port, Guernsey	USD	6.1
100	Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	6,135.9
100	Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	109.6
100	Credit Suisse (Monaco) S.A.M.	Monte Carlo, Monaco	EUR	18.0
100	Credit Suisse (Poland) Sp. z o.o.	Warsaw, Poland	PLN	20.0
100	Credit Suisse (Qatar) LLC	Doha, Qatar	USD	20.0
100	Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	743.3
100	Credit Suisse (UK) Limited	London, United Kingdom	GBP	126.8
100	Credit Suisse (USA), Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Alternative Capital, LLC	Wilmington, United States	USD	81.6
100	Credit Suisse Asset Management Funds (UK) Limited	London, United Kingdom	GBP	15.5
100	Credit Suisse Asset Management Funds S.p.A. S.G.R.	Milan, Italy	EUR	5.0
100	Credit Suisse Asset Management (UK) Holding Limited	London, United Kingdom	GBP	144.2
100	Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft mbH	Frankfurt, Germany	EUR	6.1
100	Credit Suisse Asset Management International Holding Ltd	Zurich, Switzerland	CHF	20.0
100	Credit Suisse Asset Management Investments Ltd	Zurich, Switzerland	CHF	0.1
100	Credit Suisse Asset Management Limited	London, United Kingdom	GBP	45.0
100	Credit Suisse Asset Management, LLC	Wilmington, United States	USD	1,079.6
100	Credit Suisse Business Analytics (India) Private Limited	Mumbai, India	INR	40.0
100	Credit Suisse Capital (Guernsey) I Limited	St. Peter Port, Guernsey	USD	0.0
100	Credit Suisse Capital Funding, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Capital LLC	Wilmington, United States	USD	737.6

Significant subsidiaries (continued)

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
100	Credit Suisse Energy LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Equities (Australia) Limited	Sydney, Australia	AUD	62.5
100	Credit Suisse Finance (Guernsey) Limited	St. Peter Port, Guernsey	USD	0.2
100	Credit Suisse Finance (India) Private Limited	Mumbai, India	INR	1,050.1
100	Credit Suisse First Boston (Latin America Holdings) LLC	George Town, Cayman Islands	USD	23.8
100	Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	EUR	0.0
100	Credit Suisse First Boston Mortgage Capital LLC	Wilmington, United States	USD	356.6
100	Credit Suisse Fund Management S.A.	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Fund Services (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	1.5
100	Credit Suisse Funds AG	Zurich, Switzerland	CHF	7.0
100	Credit Suisse Hedging-Griffo Corretora de Valores S.A.	São Paulo, Brazil	BRL	29.6
100	Credit Suisse Holding Europe (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	32.6
100	Credit Suisse Holdings (Australia) Limited	Sydney, Australia	AUD	3.0
100 ¹	Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	4,184.7
100	Credit Suisse Leasing 92A, L.P.	New York, United States	USD	43.9
100	Credit Suisse Life & Pensions AG	Vaduz, Liechtenstein	CHF	15.0
100	Credit Suisse Life (Bermuda) Ltd.	Hamilton, Bermuda	USD	1.0
100	Credit Suisse Loan Funding LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Management LLC	Wilmington, United States	USD	894.5
100	Credit Suisse Principal Investments Limited	George Town, Cayman Islands	JPY	3,324.0
100	Credit Suisse Private Equity, LLC	Wilmington, United States	USD	42.2
100	Credit Suisse PSL GmbH	Zurich, Switzerland	CHF	0.0
100	Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4
100	Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	2,859.3
100	Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	530.9
100	Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.8
100	Credit Suisse Securities (Japan) Limited	Tokyo, Japan	JPY	78,100.0
100	Credit Suisse Securities (Johannesburg) (Proprietary) Limited	Johannesburg, South Africa	ZAR	0.0
100	Credit Suisse Securities (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR	100.0
100	Credit Suisse Securities (Moscow)	Moscow, Russia	RUB	97.1
100	Credit Suisse Securities (Singapore) Pte Limited	Singapore, Singapore	SGD	30.0
100	Credit Suisse Securities (Thailand) Limited	Bangkok, Thailand	THB	500.0
100	Credit Suisse Securities (USA) LLC	Wilmington, United States	USD	2,847.9
100	CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1
100	DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0
100	J O Hambro Investment Management Limited	London, United Kingdom	GBP	0.0
100	Merban Equity AG	Zug, Switzerland	CHF	0.1
100	SPS Holding Corporation	Wilmington, United States	USD	0.1
100	Whist Equity Trading LLC	Wilmington, United States	USD	140.4
99	PT Credit Suisse Securities Indonesia	Jakarta, Indonesia	IDR	235,000.0
98	Credit Suisse Hypotheken AG	Zurich, Switzerland	CHF	0.1
98 ²	Credit Suisse International	London, United Kingdom	USD	3,107.7
83	Asset Management Finance LLC	Wilmington, United States	USD	341.5
71	Credit Suisse Saudi Arabia	Riyadh, Saudi Arabia	SAR	300.0
58 ³	Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	150.0

¹ 43% of voting rights held by Credit Suisse Group AG, Guernsey Branch. ² Remaining 2% held directly by Credit Suisse Group AG. 80% of voting rights and 98% of equity interest held by Credit Suisse AG. ³ 42% of voting rights held directly by Credit Suisse Group AG.

Significant equity method investments

Equity interest in %	Company name	Domicile
as of December 31, 2012		
Credit Suisse AG		
33	Credit Suisse Founder Securities Limited	Beijing, China
25	E.L. & C. Baillieu Stockbroking (Holdings) Pty Ltd	Melbourne, Australia
20	ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China
5 ¹	York Capital Management Global Advisors, LLC	New York, United States

¹ The Bank holds a significant noncontrolling interest.

37 Significant valuation and income recognition differences between US GAAP and Swiss GAAP bank law (true and fair view)

- ▶ Refer to “Note 41 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP bank law (true and fair view)” in V – Consolidated financial statements – Credit Suisse Group for further information.

38 Risk assessment

During the reporting period the Board of Directors (Board) and its Risk Committee performed risk assessments in accordance with established policies and procedures.

The governance of the Bank and the Group, including risk governance, is fully aligned. Both the Board and the Executive Board are comprised of the same individuals.

- ▶ Refer to “Note 42 – Risk assessment” in V – Consolidated financial statements – Credit Suisse Group for information in accordance with the Swiss Code of Obligations on the risk assessment process followed by the Board.

Controls and procedures

Evaluation of disclosure controls and procedures

The Bank has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report under the supervision and with the participation of management, including the Bank Chief Executive Officer (CEO) and Chief Financial Officer (CFO), pursuant to Rule 13(a)-15(a) under the Securities Exchange Act of 1934 (the Exchange Act). There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives.

The CEO and CFO concluded that, as of December 31, 2012, the design and operation of the Bank's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in reports filed and submitted under the Exchange Act is recorded, processed, summarized and reported as and when required.

Management report on internal control over financial reporting

The management of the Bank is responsible for establishing and maintaining adequate internal control over financial reporting. The Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has made an evaluation and assessment of the Bank's internal control over financial reporting as of December 31, 2012 using the criteria issued by the Committee of Sponsoring Organizations of the Treadway Commission in "Internal Control – Integrated Framework".

Based upon its review and evaluation, management, including the Bank CEO and CFO, has concluded that the Bank's internal control over financial reporting is effective as of December 31, 2012.

KPMG AG, the Bank's independent auditors, have issued an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2012, as stated in their report, which follows.

Changes in internal control over financial reporting

There were no changes in the Bank's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect the Bank's internal control over financial reporting.



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Report of the Independent Registered Public Accounting Firm to the General Meeting of Shareholders of
Credit Suisse AG, Zurich

We have audited Credit Suisse AG and subsidiaries' (the "Bank") internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Bank's board of directors and management are responsible for maintaining effective internal control over financial reporting and the Bank's management is responsible for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

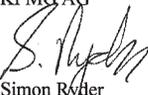
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

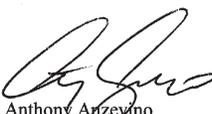
Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Swiss Auditing Standards, the consolidated balance sheets of the Bank as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in equity, comprehensive income and cash flows, and notes thereto, for each of the years in the three-year period ended December 31, 2012, and our report dated March 22, 2013 expressed an unqualified opinion on those consolidated financial statements.

KPMG AG


 Simon Ryder
 Licensed Audit Expert
 Auditor in Charge


 Anthony Anzevino
 Global Lead Partner

Zurich, Switzerland
 March 22, 2013

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of

Credit Suisse AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Credit Suisse AG (the "Bank"), which comprise the balance sheet, statements of income and notes for the year ended December 31, 2012.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Bank's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2012 comply with Swiss law and the Bank's articles of incorporation.



*Credit Suisse AG, Zurich
Report of the Statutory Auditor
on the Financial Statements
to the General Meeting*

Report on Other Legal and Regulatory Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) (Switzerland) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Bank's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Simon Ryder
*Licensed Audit Expert
Auditor in Charge*

Ralph Dicht
Licensed Audit Expert

Zurich, Switzerland
March 22, 2013

Financial review

The Credit Suisse AG (Bank) parent company (the Bank parent company) recorded net operating income of CHF 10,235 million in 2012, compared to CHF 9,467 million in 2011. After deduction of slightly increased operating expenses totaling CHF 7,110 million, gross operating profit increased CHF 564 million, or 22%, compared to 2011, and amounted to CHF 3,125 million.

Depreciation of noncurrent assets of CHF 3,267 million, which included a CHF 2,515 million impairment of participating interests, increased from CHF 602 million in 2011. Valuation adjustments, provisions and losses of CHF 526 million in 2012 was down CHF 160 million, or 23%, compared to 2011. The resulting operating loss in 2012 was CHF 668 million, compared to an operating profit of CHF 1,273 million in 2011. The Bank parent company recorded net profit of CHF 183 million in 2012, compared to a net profit of CHF 1,276 million in 2011.

Net interest income of CHF 2,991 million in 2012 increased CHF 944 million, or 46%, compared to 2011. Net commission and service fee activities of CHF 5,055 million increased CHF 490 million, or 11%. The Bank parent company reported net trading income of CHF 146 million, down 92% from CHF 1,790 million in 2011, mainly due to trading losses in credit products included in other trading losses, trading losses in equity instruments and a decrease in trading income from foreign exchange and banknote trading. These decreases were partially offset by higher income from trading in interest-related instruments. Net other ordinary income was CHF 2,043 million compared to CHF 1,065 million. The increase of CHF 978 million, or 92%, was mainly related to income from participating interests.

Operating expenses of CHF 7,110 million were up CHF 204 million, or 3%, compared to 2011. Personnel expenses were stable at CHF 5,089 million. Property, equipment and administrative costs increased CHF 191 million, or 10%, compared to 2011. Extraordinary income in 2012 of CHF 1,113 million reflected realized gains from the sale of real estate of CHF 687 million, the release of reserves for general banking risks and other provisions economically no longer required totaling CHF 234 million and realized gains from the disposal of participating interests of CHF 137 million, mainly related to the sale of the Bank's remaining ownership interest in Aberdeen. Extraordinary expenses were substantially all related to prior periods.

Changes in shareholder's equity and reserves for general banking risks included a capital contribution by the shareholder of CHF 3,500 million and the impact from the integration of Clariden Leu in the second quarter of 2012.

At the Annual General Meeting on April 26, 2013, the registered shareholders will be asked to approve the Board of Directors' proposed appropriation of retained earnings, which includes a dividend of CHF 10 million.

Parent company financial statements

Statements of income

	Reference to notes	2012	2011
Net interest income (CHF million)			
Interest and discount income		8,436	7,981
Interest and dividend income from trading portfolio		956	783
Interest and dividend income from financial investments		37	52
Interest expense		(6,438)	(6,769)
Net interest income	3	2,991	2,047
Net commission and service fee activities (CHF million)			
Commission income from lending transactions		749	572
Securities and investment commissions		4,193	3,941
Other commission and fee income		707	690
Commission expense		(594)	(638)
Net commission and service fee activities		5,055	4,565
Net trading income	3	146	1,790
Net other ordinary income (CHF million)			
Income from the disposal of financial investments		291	157
Income from participating interests		1,237	566
Income from real estate		33	30
Other ordinary income		775	594
Other ordinary expenses		(293)	(282)
Net other ordinary income		2,043	1,065
Net operating income		10,235	9,467
Operating expenses (CHF million)			
Personnel expenses		5,089	5,076
Property, equipment and administrative costs		2,021	1,830
Total operating expenses		7,110	6,906
Gross operating profit		3,125	2,561
Depreciation of noncurrent assets		3,267	602
Valuation adjustments, provisions and losses		526	686
Operating profit/(loss)		(668)	1,273
Extraordinary income	3	1,113	91
Extraordinary expenses	3	(106)	(287)
Taxes		(156)	199
Net profit		183	1,276

Balance sheets

	Reference to notes	2012	end of 2011
Assets (CHF million)			
Cash and other liquid assets		43,929	91,921
Money market instruments		5,384	4,881
Due from banks		164,754	165,899
Due from customers		188,085	167,712
Mortgages		107,601	99,544
Securities and precious metals trading portfolio		19,285	24,023
Financial investments		1,324	3,635
Participating interests		34,139	34,503
Tangible fixed assets		3,274	4,194
Intangible assets		261	290
Accrued income and prepaid expenses		2,539	2,462
Other assets	5	18,488	21,547
Total assets		589,063	620,611
of which subordinated amounts receivable		183	304
of which amounts receivable from group companies and qualified shareholders		242,136	227,593
Liabilities and shareholder's equity (CHF million)			
Liabilities from money market instruments	7	35,260	53,363
Due to banks		95,820	118,779
Due to customers, savings and investment deposits		52,534	46,576
Due to customers, other deposits		232,888	220,433
Medium-term notes		2,412	2,687
Bonds and mortgage-backed bonds	7	107,573	118,613
Accrued expenses and deferred income		3,745	3,965
Other liabilities	5	18,795	21,421
Valuation adjustments and provisions	9	1,028	838
Total liabilities		550,055	586,675
Share and participation capital	10	4,400	4,400
General reserves		6,644	5,543
Reserves from capital contributions		22,185	18,387
General legal reserves		28,829	23,930
Other reserves		610	610
Retained earnings carried forward		4,986	3,720
Net profit		183	1,276
Total shareholder's equity	12	39,008	33,936
Total liabilities and shareholder's equity		589,063	620,611
of which subordinated amounts payable		20,438	26,612
of which amounts payable to group companies and qualified shareholders		108,730	107,898

Off-balance sheet transactions

end of	2012	2011
Off-balance sheet transactions (CHF million)		
Contingent liabilities	247,827	233,238
Irrevocable commitments	77,406	60,607
Liabilities for calls on shares and other equity instruments	42	27
Fiduciary transactions	5,810	5,916
Derivative financial instruments (CHF million)		
Gross positive replacement values	54,088	74,403
Gross negative replacement values	53,437	73,907
Contract volume	4,885,466	5,398,390

The company belongs to the Swiss value-added tax group of Credit Suisse Group, and thus carries joint liability to the Swiss federal tax authority for value-added tax debts of the entire Group.

Contingent liabilities to other Bank entities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the Bank parent company's exposure is not defined as an amount but relates to specific circumstances as the solvency of subsidiaries or the performance of a service.

Further, as shareholder of Credit Suisse International, an unlimited company incorporated in England and Wales, the Bank parent company has a joint and several unlimited obligations to meet any insufficiency in the assets in the event of liquidation.

Notes to the financial statements

1 Description of business activities

The Bank parent company is a Swiss bank with total assets of CHF 589.1 billion and shareholder's equity of CHF 39.0 billion as of December 31, 2012.

The Bank parent company is a 100% subsidiary of Credit Suisse Group AG domiciled in Switzerland. With the integration of the Private Banking and Asset Management divisions into a single division effective November 30, 2012, the Bank parent company's business now consists of two divisions: Private Banking & Wealth Management and Investment Banking:

- Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Wealth Management Clients serves ultra-high-net-worth and high-net-worth individuals around the globe and private clients in Switzerland.

land. Corporate & Institutional Clients serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across asset classes and for all investment styles, serving governments, institutions, corporations and individuals worldwide.

- Investment Banking offers investment banking and securities products and services to corporate, institutional and government clients around the world. Its products and services include debt and equity underwriting, sales and trading, mergers and acquisitions advice, divestitures, corporate sales, restructuring and investment research.

The two divisions are complemented by Shared Services, which provides support in areas such as finance, operations, human resources, legal and compliance, risk management and information technology.

2 Accounting and valuation policies

Basis for accounting

The Bank parent company's stand-alone financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks, the respective Implementing Ordinance and the Swiss Financial Market Supervisory Authority (FINMA) Circular 2008/2, "Accounting – banks" (Swiss GAAP statutory).

The Bank's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the US (US GAAP), which differ in certain material respects from Swiss GAAP statutory.

- ▶ Refer to "Note 1 – Summary of significant accounting policies" in VII – Consolidated financial statements – Credit Suisse (Bank) for a detailed description of the Bank's accounting and valuation principles.
- ▶ Refer to "Note 37 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP bank law (true and fair view)" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on significant valuation and income recognition differences between US GAAP and Swiss GAAP bank law (true and fair view).

Additional differences between US GAAP and Swiss GAAP statutory are stated below and should be read in conjunction with Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank). Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation and had no impact on net profit or total shareholder's equity.

Foreign currency translations

Under US GAAP, foreign currency translation adjustments resulting from the consolidation of branches with functional currencies other than the Swiss franc are included in accumulated other comprehensive income/(loss) (AOCI) in shareholders' equity. Under Swiss GAAP, foreign currency translation adjustments from the consolidation of foreign branches is recognized in trading income.

Under US GAAP, foreign currency translation adjustments for available-for-sale securities are reported in AOCI, which is part of total shareholder's equity, whereas for Swiss GAAP statutory purposes they are included in the statements of income.

Share-based compensation

Under US GAAP, share-based compensation plans are treated as equity awards. Under Swiss GAAP, such plans are treated as liability awards with changes in fair value of unsettled awards recognized in the statements of income.

Treasury shares and derivatives on own shares

Under US GAAP, treasury shares are recognized at cost directly in equity. Under Swiss GAAP, own shares and derivatives on own shares are recognized as assets or liabilities. Treasury shares can be classified as trading assets and marked to market through the statements of income or as financial investment carried at lower of cost or market. Derivatives on own shares are reported at fair value in other assets or other liabilities.

Derivatives used for fair value hedging

Under US GAAP, the full amount of unrealized losses on derivatives classified as hedging instruments and the corresponding gains on the hedged available-for-sale securities are recognized in income. Under Swiss GAAP, the amount representing the portion exceeding historical cost of the hedged financial investments is recorded in the compensation account.

Deferred taxes

US GAAP allows the recognition of deferred tax assets on net operating loss carry-forwards. Such recognition is not allowed for Swiss GAAP statutory purposes.

Investments in equity securities

Under US GAAP, investments in equity securities where the Bank parent has the ability to significantly influence the operating and financial policies of an investee are accounted for under the equity method of accounting or the fair value option. Under the equity method of accounting, the Bank parent's share of the profit or loss, as well as any impairment on the investee, if applicable, are reported in other revenues. Under Swiss GAAP, neither the equity method of accounting nor the

fair value option is allowed for such investments. Investments in equity securities that are held with the intention of a permanent investment are recorded as participating interests irrespective of the percentage ownership of voting shares held. Equity securities held for trading purposes that meet the criteria for trading positions are recorded in the trading portfolio at fair value. Equity securities that are not held for permanent investment purposes and do not qualify as trading portfolio position are recorded as financial investments at lower of cost or market.

Participating interests

Participating interests are initially recognized at cost. For the purpose of testing the Bank parent company's participating interests for impairment, the portfolio method is applied. An impairment is recorded if the carrying value of a portfolio of participating interests exceeds its fair value.

Notes on risk management

- ▶ Refer to "Note 8 – Trading revenues" and "Note 29 – Derivatives and hedging activities" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on the Bank parent company's policy with regard to risk management and the use of financial derivatives.

Changes to accounting policies

Commission income from lending transactions

Effective January 1, 2012, non-refundable "front-loaded" credit commissions charged to borrowers for services provided in connection with the origination of loans are immediately recognized in the statements of income. Prior to this change in accounting policy, such credit commissions were deferred and amortized to interest income over the term of the loans. The cumulative pre-tax and post-tax effect of adopting this change was a release of CHF 139 million of unamortized deferred income, which was recognized in current year's commission income.

3 Additional information on the parent company statements of income

in	2012	2011
Net trading income (CHF million)		
Income from trading in interest-related instruments	771	226
Income/(loss) from trading in equity instruments	(527)	270
Income from foreign exchange and banknote trading	1,002	1,486
Income from precious metals trading	40	54
Other gains/(losses) from trading	(1,140)	(246)
Total net trading income	146	1,790
in	2012	2011
Extraordinary income and expenses (CHF million)		
Gains realized from the disposal of participating interests	137 ¹	16
Gains realized from the sale of real estate	687	0
Release of reserves for general banking risks and other provisions	234 ²	0
Other extraordinary income ³	55	75
Extraordinary income	1,113	91
Other extraordinary expenses ³	(106)	(287)
Extraordinary expenses	(106)	(287)
Total net extraordinary income and expenses	1,007	(196)

¹ Primarily related to the sale of the remaining participating interests in Aberdeen and the sale of a non-core business in Private Banking & Wealth Management. ² Includes release of reserves for general banking risks of CHF 165 million and other provisions economically no longer required of CHF 69 million. ³ Substantially all related to prior periods.

Net interest income

Negative interest income is debited to interest income and negative interest expense is credited to interest expense. In 2012 and 2011, negative interest income and negative interest expense were immaterial.

4 Pledged assets and assets under reservation of ownership

end of	2012	2011
Pledged assets and assets under reservation of ownership (CHF million)		
Assets pledged and assigned as collateral	27,098	24,921
Actual commitments secured	15,283	14,706

5 Other assets and other liabilities

end of	2012	2011
Other assets (CHF million)		
Net positive replacement values	17,331	20,633
Other	1,157	914
Total other assets	18,488	21,547
Other liabilities (CHF million)		
Net negative replacement values	17,389	20,365
Other	1,406	1,056
Total other liabilities	18,795	21,421

6 Securities borrowing and securities lending, repurchase and reverse repurchase agreements

end of	2012	2011
Securities borrowing and securities lending, repurchase and reverse repurchase agreements (CHF million)		
Due from banks	28,158	20,332
Due from customers	4,726	3,777
Cash collateral paid for securities borrowed and reverse repurchase agreements	32,884	24,109
Due to banks	12,492	14,144
Due to customers	1,188	372
Cash collateral received for securities lent and repurchase agreements	13,680	14,516
Carrying value of securities transferred under securities lending and borrowing and repurchase agreements	3,737	2,309
of which transfers with the right to resell or repledge	3,436	2,309
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to resell or repledge	73,486	66,939
of which resold or repledged	35,491	36,473

7 Balance sheet items that include issued structured products at fair value

end of	2012		2011	
	Total book value	Of which reported at fair value	Total book value	Of which reported at fair value
Balance sheet items that include issued structured products at fair value (CHF million)				
Liabilities from money market instruments	35,260	4,916	53,363	3,301
Bonds and mortgage-backed bonds	107,573	11,801	118,613	18,372
Total	142,833	16,717	171,976	21,673

8 Liabilities due to own pension plans

Liabilities due to the Bank parent company's own pension plans as of December 31, 2012 and 2011 of CHF 2,553 million and CHF 1,895 million, respectively, are reflected in various liability accounts in the Bank parent company's balance sheets.

9 Valuation adjustments and provisions

	Total 2011	Impact from Clariden Leu integration	Utilized for purpose	Recoveries, endangered interest, currency differences	New charges to income statement	Releases to income statement	Total 2012
Valuation adjustments and provisions (CHF million)							
Provisions for deferred taxes	102	0	0	26	17	(43)	102
Valuation adjustments and provisions for default risks	900	33	(114)	31	443	(203)	1,090
Valuation adjustments and provisions for other business risks ¹	49	7	(11)	7	6	(22)	36
Other provisions ^{2,3}	687	54	(44)	(1)	402	(208)	890
Subtotal	1,636	94	(169)	37	851	(433)	2,016
Total valuation adjustments and provisions	1,738	94	(169)	63	868	(476)	2,118
Less direct charge-offs against specific assets	(900)						(1,090)
Total valuation adjustments and provisions as shown in the balance sheet	838						1,028
Reserves for general banking risks (CHF million)							
Reserves for general banking risks	0	165	0	0	0	(165)	0

¹ Provisions are not discounted due to short-term nature. ² Includes provisions in respect of litigation claims of CHF 370 million and CHF 339 million as of December 31, 2012 and 2011, respectively. ³ Includes provisions for pension benefit obligations from international plans of CHF 4 million and CHF 3 million as of December 31, 2012 and 2011, respectively.

10 Composition of share and participation capital and conditional capital

	2012			2011		
	Quantity	Total nominal value in CHF million		Quantity	Total nominal value in CHF million	
Registered shares (at CHF 100)						
Share capital as of January 1	43,996,652	4,400		43,996,652	4,400	
Share capital as of December 31	43,996,652	4,400 ¹		43,996,652	4,400 ¹	
Participation certificates (at CHF 0.01)²						
Participation certificates as of January 1	1,500,000	0		1,500,000	0	
Participation certificates as of December 31	1,500,000	0 ³		1,500,000	0 ³	
Conditional capital⁴						
Conditional capital as of January 1	20,000,000	2,000		0	0	
Conditional capital as of December 31⁵	20,000,000	2,000		20,000,000	2,000	

¹ The dividend eligible capital equals the total nominal value. As of December 31, 2012 and 2011 the total nominal value of registered shares was CHF 4,399,665,200. ² For information on principal characteristics of participation certificates, refer to articles 4a, 4b and 4c in the Articles of Association of Credit Suisse AG. ³ The dividend eligible capital equals the total nominal value. As of December 31, 2012 and 2011 the total nominal value of participation certificates was CHF 15,000. ⁴ For information on principal characteristics of the conditional capital, refer to article 4d in the Articles of Association of Credit Suisse AG. ⁵ As of December 31, 2012 and 2011 none of the conditional capital was used for capital increases.

11 Major shareholders and groups of shareholders

end of	2012			2011		
	Quantity	Total nominal value in CHF million	Share %	Quantity	Total nominal value in CHF million	Share %
Major shareholders and groups of shareholders						
Credit Suisse Group AG	43,996,652	4,400	100%	43,996,652	4,400	100%

In a disclosure notification that the Group published on July 24, 2012, the Group was notified that as of July 18, 2012, The Olayan Group, through its registered entity Crescent Holding GmbH, held 78.4 million shares, or 6.1%, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification was received from The Olayan Group relating to holdings of registered Group shares in 2012.

In a disclosure notification that the Group published on April 30, 2011, the Group was notified that as of April 21, 2011, Qatar Holding LLC held 73.2 million shares, or 6.2%, of the registered Group shares issued as of the date of the notified transaction. No disclosure notifications were received from Qatar Holding LLC relating to holdings of registered Group shares in 2012.

12 Shareholder's equity

	2012	2011
Shareholder's equity (CHF million)		
Share and participation capital	4,400	4,400
General reserves	5,543	5,543
Reserves from capital contributions	18,387 ¹	18,387 ¹
General legal reserves	23,930	23,930
Other reserves	610	610
Retained earnings	4,996	3,730
of which carried forward from previous year	3,720	6,404
of which net profit/(loss)	1,276	(2,674)
Total shareholder's equity as of January 1	33,936	32,670
Capital contribution	3,500	0
Other changes	1,399 ²	0
Dividend	(10)	(10)
Net profit	183	1,276
Total shareholder's equity as of December 31 (before profit allocation)	39,008	33,936
Share and participation capital	4,400	4,400
General reserves	6,644	5,543
Reserves from capital contributions	22,185 ¹	18,387 ¹
General legal reserves	28,829	23,930
Other reserves	610	610
Retained earnings	5,169	4,996
of which carried forward from previous year	4,986	3,720
of which net profit	183	1,276
Total shareholder's equity as of December 31 (before profit allocation)	39,008	33,936

¹ Subject to approval by the Swiss Federal Tax Administration. ² Substantially all related to Clariden Leu integration.

13 Amounts receivable from and payable to affiliated companies and loans to members of the Bank parent company's governing bodies

end of	2012	2011
Amounts receivable from and amounts payable to affiliated companies and loans to members of the Bank parent company's governing bodies (CHF million)		
Amounts receivable from affiliated companies	6,341	9,326
Amounts payable to affiliated companies	2,917	15,030
Loans to members of the Bank parent company's governing bodies	49	55

14 Significant transactions with related parties

Transactions (such as securities transactions, payment transfer services, borrowings and compensation for deposits) with related parties are carried out on an arm's length basis.

15 Fire insurance value of tangible fixed assets

end of	2012	2011
Fire insurance value of tangible fixed assets (CHF million)		
Real estate	2,735	3,587
Other fixed assets	328	324

16 Liabilities for future payments in connection with operating leases

end of	2012	2011
Liabilities for future payments in connection with operating leases (CHF million)		
Total	2,343	881

17 Fiduciary transactions

end of	2012	2011
Fiduciary transactions (CHF million)		
Fiduciary placements with third-party institutions	5,749	5,857
Fiduciary placements with affiliated and associated banks	61	59
Total fiduciary transactions	5,810	5,916

18 Number of employees

end of	2012	2011
Number of employees (full-time equivalents)		
Switzerland	18,400	18,100
Abroad	4,800	5,000
Total number of employees	23,200	23,100

19 Foreign currency translation rates

	End of		Average in	
	2012	2011	2012	2011
1 USD / 1 CHF	0.92	0.94	0.93	0.88
1 EUR / 1 CHF	1.21	1.22	1.20	1.23
1 GBP / 1 CHF	1.48	1.45	1.48	1.42
100 JPY / 1 CHF	1.06	1.21	1.17	1.11

20 Outsourcing of services

Where the outsourcing of services through agreements with external service providers is considered significant under the terms of FINMA Circular 2008/7 "Outsourcing banks" those agreements comply with all regulatory requirements with

respect to business and banking secrecy, data protection and customer information. At the Bank, outsourcing of services is in compliance with Circular 2008/7.

21 Risk assessment

- ▶ Refer to "Note 38 – Risk assessment" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on the Bank parent company's risk assessment in accordance with the Swiss Code of Obligations.

Proposed appropriation of retained earnings

Proposed appropriation of retained earnings

end of	2012
Retained earnings (CHF million)	
Retained earnings carried forward	4,986
Net profit	183
Retained earnings available for appropriation	5,169
Dividend	10
To be carried forward	5,159
Total	5,169

IX

Additional information

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Statistical information

Statistical information – Group

Set forth below is statistical information for the Group required under the US Securities and Exchange Commission's (SEC) specialized industry guide for bank holding companies – Industry Guide 3. Certain reclassifications have been made to the prior year's statistical information to conform to the current year's presentation. The tables are based on information in *V – Consolidated financial statements – Credit Suisse Group*.

Average balances and interest rates

in	2012			2011			2010		
	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate	Average balance	Interest income	Average rate
Assets (CHF million, except where indicated)									
Cash and due from banks									
Switzerland	432	3	0.69%	553	5	0.90%	393	5	1.27%
Foreign	57,142	241	0.42%	60,520	304	0.50%	45,687	220	0.48%
Interest-bearing deposits with banks									
Switzerland	18	0	0.00%	44	0	0.00%	70	0	0.00%
Foreign	2,336	14	0.60%	1,912	24	1.26%	1,739	45	2.59%
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions ¹									
Switzerland	2,382	33	1.39%	4,312	46	1.07%	6,404	59	0.92%
Foreign	216,504	2,907	1.34%	211,031	3,219	1.53%	239,584	2,607	1.09%
Trading assets									
Switzerland	2,740	159	5.80%	5,143	161	3.13%	5,149	271	5.26%
Foreign	258,069	11,786	4.57%	261,510	11,534	4.41%	298,864	13,916	4.66%
Investment securities									
Switzerland	2,061	20	0.97%	1,770	25	1.41%	1,791	29	1.62%
Foreign	2,435	45	1.85%	4,042	72	1.78%	7,810	66	0.85%
Loans									
Switzerland	145,061	2,866	1.98%	139,034	2,973	2.14%	136,458	2,993	2.19%
Foreign	93,740	2,010	2.14%	86,131	1,916	2.22%	91,416	2,276	2.49%
Other interest-earning assets									
Switzerland	2,632	25	0.95%	3,714	29	0.78%	3,322	35	1.05%
Foreign	114,733	1,996	1.74%	108,693	2,694	2.48%	117,382	3,011	2.57%
Interest-earning assets	900,285	22,105	2.46%	888,409	23,002	2.59%	956,069	25,533	2.67%
Specific allowance for losses	(3,523)			(2,963)			(3,793)		
Non-interest-earning assets	228,408			217,913			254,607		
Total assets	1,125,170			1,103,359			1,206,883		
Percentage of assets attributable to foreign activities									
	84.08%			83.07%			84.95%		

Average balances and interest rates exclude discontinued operations.

¹ Average balances of central bank funds sold, securities purchased under resale agreements and securities borrowing transactions are reported net in accordance with ASC Topic 210 – Balance sheet, while interest income excludes the impact of ASC Topic 210 – Balance sheet.

Average balances and interest rates (continued)

in	2012			2011			2010		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
Liabilities (CHF million, except where indicated)									
Deposits of banks									
Switzerland	2,655	12	0.45%	3,405	21	0.62%	3,425	17	0.50%
Foreign	33,579	236	0.70%	33,885	310	0.91%	28,062	311	1.11%
Deposits of non-banks									
Switzerland	188,414	494	0.26%	136,067	529	0.39%	127,083	490	0.39%
Foreign	112,315	611	0.54%	144,143	834	0.58%	150,478	783	0.52%
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions ¹									
Switzerland	3,433	73	2.13%	4,406	76	1.72%	5,752	124	2.16%
Foreign	178,325	1,603	0.90%	152,065	1,545	1.02%	193,652	1,513	0.78%
Trading liabilities									
Switzerland	689	73	10.60%	1,254	47	3.75%	1,642	49	2.98%
Foreign	78,744	6,760	8.58%	89,353	7,078	7.92%	102,501	8,962	8.74%
Short-term borrowings									
Switzerland	1,188	(3)	-0.25%	2,066	(12)	-0.58%	2,393	(18)	-0.75%
Foreign	21,912	188	0.86%	22,170	81	0.37%	14,972	81	0.54%
Long-term debt									
Switzerland	20,058	326	1.63%	19,059	334	1.75%	17,880	370	2.07%
Foreign	142,842	4,320	3.02%	156,288	5,330	3.41%	176,409	5,963	3.38%
Other interest-bearing liabilities									
Switzerland	1,245	2	0.16%	2,563	(18)	-0.70%	2,784	5	0.18%
Foreign	111,798	260	0.23%	98,037	414	0.42%	110,954	342	0.31%
Interest-bearing liabilities	897,197	14,955	1.67%	864,761	16,569	1.92%	937,987	18,992	2.02%
Non-interest-bearing liabilities	193,227			206,100			233,462		
Total liabilities	1,090,424			1,070,861			1,171,449		
Shareholders' equity	34,746			32,498			35,434		
Total liabilities and shareholders' equity	1,125,170			1,103,359			1,206,883		
Percentage of liabilities attributable to foreign activities	78.70%			82.82%			84.84%		

Average balances and interest rates exclude discontinued operations.

¹ Average balances of central bank funds purchased, securities sold under repurchase agreements and securities lending transactions are reported net in accordance with ASC Topic 210 – Balance sheet, while interest expense excludes the impact of ASC Topic 210 – Balance sheet.

Net interest income and interest rate spread

in	2012		2011		2010	
	Net interest income in CHF million	Interest rate spread in %	Net interest income in CHF million	Interest rate spread in %	Net interest income in CHF million	Interest rate spread in %
Net interest income and interest rate spread						
Switzerland	2,129	1.60	2,262	1.50	2,355	1.60
Foreign	5,021	0.50	4,171	0.50	4,186	0.50
Total net	7,150	0.80	6,433	0.70	6,541	0.70

The average rates earned and paid on related assets and liabilities can fluctuate within wide ranges and are influenced by several key factors. The most significant factor is changes in global interest rates. Additional factors include changes in the

geographic and product mix of the Group's business and foreign exchange rate movements between the Swiss franc and the currency of the underlying individual assets and liabilities.

Selected margin information

in	2012	2011	2010
Selected margin information (average rate in %)			
Switzerland	1.37	1.46	1.53
Foreign	0.67	0.57	0.52
Net interest margin	0.79	0.72	0.68

The US Federal Reserve set the federal funds rate, which was a target band of 0.00% to 0.25% throughout 2012.

The Swiss National Bank set the three-month Swiss franc London Interbank Offered Rate, which was 0.00% to 0.25% throughout 2012.

The European Central Bank set the fixed rate tenders, which stood at 0.75% at the end of 2012.

The Bank of England set the bank rate at 0.50% in early 2009 and it remained at this level throughout 2012.

Analysis of changes in net interest income

in	2012 vs 2011			2011 vs 2010		
	Average volume	Average rate	Net change	Increase/(decrease) due to changes in		Net change
				Average volume	Average rate	
Assets (CHF million)						
Cash and due from banks						
Switzerland	(1)	(1)	(2)	2	(2)	0
Foreign	(17)	(46)	(63)	71	13	84
Interest-bearing deposits with banks						
Switzerland	0	0	0	0	0	0
Foreign	5	(15)	(10)	4	(25)	(21)
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions						
Switzerland	(21)	8	(13)	(19)	6	(13)
Foreign	84	(396)	(312)	(311)	923	612
Trading assets						
Switzerland	(75)	73	(2)	0	(110)	(110)
Foreign	(152)	404	252	(1,741)	(641)	(2,382)
Investment securities						
Switzerland	4	(9)	(5)	0	(4)	(4)
Foreign	(29)	2	(27)	(32)	38	6
Loans						
Switzerland	129	(236)	(107)	56	(76)	(20)
Foreign	169	(75)	94	(132)	(228)	(360)
Other interest-earning assets						
Switzerland	(8)	4	(4)	4	(10)	(6)
Foreign	150	(848)	(698)	(223)	(94)	(317)
Interest-earning assets						
Switzerland	28	(161)	(133)	43	(196)	(153)
Foreign	210	(974)	(764)	(2,364)	(14)	(2,378)
Change in interest income	238	(1,135)	(897)	(2,321)	(210)	(2,531)

Average balances and interest rates exclude discontinued operations.

Analysis of changes in net interest income (continued)

in	2012 vs 2011			2011 vs 2010		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Liabilities (CHF million)						
Deposits of banks						
Switzerland	(5)	(4)	(9)	0	4	4
Foreign	(3)	(71)	(74)	65	(66)	(1)
Deposits of non-banks						
Switzerland	204	(239)	(35)	35	4	39
Foreign	(185)	(38)	(223)	(33)	84	51
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions						
Switzerland	(17)	14	(3)	(29)	(19)	(48)
Foreign	268	(210)	58	(324)	356	32
Trading liabilities						
Switzerland	(21)	47	26	(12)	10	(2)
Foreign	(840)	522	(318)	(1,149)	(735)	(1,884)
Short-term borrowings						
Switzerland	5	4	9	2	4	6
Foreign	(1)	108	107	39	(39)	0
Long-term debt						
Switzerland	17	(25)	(8)	24	(60)	(36)
Foreign	(459)	(551)	(1,010)	(680)	47	(633)
Other interest-bearing liabilities						
Switzerland	9	11	20	0	(23)	(23)
Foreign	58	(212)	(154)	(40)	112	72
Interest-bearing liabilities						
Switzerland	192	(192)	0	20	(80)	(60)
Foreign	(1,162)	(452)	(1,614)	(2,122)	(241)	(2,363)
Change in interest expense	(970)	(644)	(1,614)	(2,102)	(321)	(2,423)
Change in interest income						
Switzerland	(164)	31	(133)	23	(116)	(93)
Foreign	1,372	(522)	850	(242)	227	(15)
Total change in net interest income	1,208	(491)	717	(219)	111	(108)

Average balances and interest rates exclude discontinued operations.

Carrying value of financial investments

end of	2012	2011	2010
Carrying value of financial investments (CHF million)			
Debt securities issued by the Swiss federal, cantonal or local governmental entities	483	348	282
Debt securities issued by foreign governments	1,605	3,322	6,658
Corporate debt securities	845	791	984
Collateralized debt obligations	470	607	383
Total debt securities	3,403	5,068	8,307

As of December 31, 2012, no aggregate investment in debt securities of a specific counterparty was in excess of 10% of consolidated shareholders' equity.

Maturities and weighted-average yields of debt securities included in financial investments

	Within 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total	
	Amount in CHF million	Yield in %								
end of 2012										
Debt securities										
Debt securities issued by the Swiss federal, cantonal or local governmental entities	60	1.88	111	2.29	169	1.66	112	1.37	452	1.77
Debt securities issued by foreign governments	628	3.22	780	3.14	80	2.77	35	1.07	1,523	3.10
Corporate debt securities	384	1.47	317	3.86	122	0.74	0	–	823	2.28
Collateralized debt obligations	37	3.12	244	1.63	130	1.69	37	6.00	448	2.14
Total debt securities	1,109	2.54	1,452	2.98	501	1.62	184	2.26	3,246	2.58

Since substantially all investment securities are taxable securities, the yields presented above are on a tax-equivalent basis.

The values above are based upon amortized cost, whereas certain financial investments are carried at fair value in the consolidated balance sheets.

Details of the loan portfolio

end of	2012	2011	2010
Loan portfolio (CHF million, except where indicated)			
Mortgages	89,733	86,514	83,228
Loans collateralized by securities	3,935	4,205	4,495
Consumer finance	4,502	4,598	4,088
Consumer	98,170	95,317	91,811
Real estate	23,717	21,971	20,071
Commercial and industrial loans	24,505	24,032	21,835
Financial institutions	3,718	4,306	4,279
Governments and public institutions	1,116	1,111	993
Corporate & institutional	53,056	51,420	47,178
Switzerland	151,226	146,737	138,989
Mortgages	2,139	1,741	1,397
Loans collateralized by securities	23,428	22,256	20,057
Consumer finance	2,399	2,097	1,620
Consumer	27,966	26,094	23,074
Real estate	3,008	3,214	3,291
Commercial and industrial loans	38,204	35,966	32,838
Financial institutions	21,187	21,067	20,485
Governments and public institutions	1,613	1,279	1,214
Corporate & institutional	64,012	61,526	57,828
Foreign	91,978	87,620	80,902
Gross loans	243,204	234,357	219,891
of which held at amortized cost	223,204	213,663	201,339
of which held at fair value	20,000	20,694	18,552
Net (unearned income)/deferred expenses	(59)	(34)	(32)
Allowance for loan losses	(922)	(910)	(1,017)
Net loans	242,223	233,413	218,842
Percentage of allowance for loan losses ¹	0.4%	0.4%	0.5%

¹ Calculated based on net loans which are not carried at fair value.

Details of the loan portfolio (continued)

end of	2009	2008
Loan portfolio (CHF million, except where indicated)		
Banks	95	1
Commercial	43,893	44,370
Consumer	89,045	86,911
Public authorities	1,036	1,092
Lease financings	2,620	2,532
Switzerland	136,689	134,906
Banks	7,836	8,440
Commercial	69,036	70,384
Consumer	19,765	20,116
Public authorities	4,161	2,319
Lease financings	1,113	1,298
Foreign	101,911	102,557
Gross loans	238,600	237,463
of which held at amortized cost	202,354	205,149
of which held at fair value	36,246	32,314
Net (unearned income)/deferred expenses	(25)	(27)
Allowance for loan losses	(1,395)	(1,639)
Net loans	237,180	235,797
Percentage of allowance for loan losses ¹	0.7%	0.8%

¹ Calculated based on net loans which are not carried at fair value.

Loan portfolio by industry

end of	2012	2011
Loan portfolio by industry (CHF million)		
Banks	5,518	5,311
Other financial services	19,387	20,062
Real estate companies	26,725	25,185
Other services	20,277	17,658
Manufacturing	9,554	10,032
Wholesale and retail trade	9,540	8,716
Construction	2,954	2,560
Transportation	12,235	11,318
Health and social services	1,834	1,421
Hotels and restaurants	1,182	1,143
Agriculture and mining	4,292	5,499
Telecommunications	554	1,380
Governments, public institutions and non-profit organizations	3,016	2,661
Corporate & institutional	117,068	112,946
Consumer	126,136	121,411
Gross loans	243,204	234,357
Net (unearned income)/deferred expenses	(59)	(34)
Allowance for loan losses	(922)	(910)
Net loans	242,223	233,413

Details of the loan portfolio by time remaining until contractual maturity by category

end of 2012	1 year or less	1 year to 5 years	After 5 years	Loans with no stated maturity ¹	Self- amortizing loans ²	Total
Loan portfolio (CHF million)						
Mortgages	24,432	45,251	18,023	2,027	0	89,733
Loans collateralized by securities	2,642	710	103	480	0	3,935
Consumer finance	2,346	1,915	81	160	0	4,502
Consumer	29,420	47,876	18,207	2,667	0	98,170
Real estate	10,488	8,526	4,285	384	34	23,717
Commercial and industrial loans	10,660	4,996	3,506	3,155	2,188	24,505
Financial institutions	1,968	322	164	458	806	3,718
Governments and public institutions	469	390	152	67	38	1,116
Corporate & institutional	23,585	14,234	8,107	4,064	3,066	53,056
Switzerland	53,005	62,110	26,314	6,731	3,066	151,226
Mortgages	855	1,195	63	26	0	2,139
Loans collateralized by securities	18,490	2,285	1,360	1,293	0	23,428
Consumer finance	1,496	271	360	272	0	2,399
Consumer	20,841	3,751	1,783	1,591	0	27,966
Real estate	907	1,904	159	38	0	3,008
Commercial and industrial loans	23,977	8,326	2,085	654	3,162	38,204
Financial institutions	9,691	6,481	3,791	451	773	21,187
Governments and public institutions	55	607	90	0	861	1,613
Corporate & institutional	34,630	17,318	6,125	1,143	4,796	64,012
Foreign	55,471	21,069	7,908	2,734	4,796	91,978
Gross loans	108,476	83,179	34,222	9,465	7,862	243,204
of which fixed rate	95,290	68,780	29,407	0	3,088	196,565
of which variable rate	13,186	14,399	4,815	9,465	4,774	46,639
Net (unearned income)/deferred expenses						(59)
Allowance for loan losses						(922)
Net loans						242,223

¹ Loans with no stated maturity include primarily certain loan products within Switzerland without a stated maturity within the original loan agreement. ² Self-amortizing loans include loans with monthly or quarterly interest and principal payments and are primarily related to lease financings.

Non-performing and non-interest-earning loans

in / end of						Interest income which would have been recognized		Interest income which was recognized	
	2012	2011	2010	2009	2008	2012	2011	2012	2011
Non-performing and non-interest-earning loans (CHF million)									
Switzerland	409	427	463	518	607	18	16	2	4
Foreign	450	331	498	779	1,029	23	19	6	10
Non-performing loans ¹	859	758	961	1,297	1,636	41	35	8	14
Switzerland	113	100	143	186	242	8	7	0	0
Foreign	200	162	197	150	34	12	7	0	0
Non-interest-earning loans ¹	313	262	340	336	276	20	14	0	0
Total non-performing and non-interest-earning loans	1,172	1,020	1,301	1,633	1,912	61	49	8	14

¹ Refer to "Impaired loans" in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality for a definition of these terms.

Potential problem loans

end of	2012	2011	2010	2009	2008
Potential problem loans (CHF million)					
Switzerland	181	323	222	277	265
Foreign	346	357	288	381	538
Total potential problem loans	527	680	510	658	803

Restructured loans

in / end of						Interest income which would have been recognized		Interest income which was recognized	
	2012	2011	2010	2009	2008	2012	2011	2012	2011
Restructured loans (CHF million)									
Switzerland	0	4	4	0	2	0	1	0	0
Foreign	30	14	48	6	8	4	2	4	3
Total restructured loans	30	18	52	6	10	4	3	4	3

Movements in the allowance for loan losses

	2012	2011
Allowance for loan losses (CHF million, except where indicated)		
Balance at beginning of period	910	1,017
Allowances acquired/(deconsolidated)	(18)	0
Change in scope of consolidation	(18)	0
Switzerland	87	51
Foreign	72	90
Net movements recognized in the consolidated statements of operations	159	141
Mortgages	(7)	(10)
Loans collateralized by securities	(2)	(4)
Consumer finance	(75)	(79)
Consumer	(84)	(93)
Real estate	(1)	(9)
Commercial and industrial loans	(63)	(45)
Financial institutions	(1)	0
Corporate & institutional	(65)	(54)
Switzerland	(149)	(147)
Mortgages	(3)	(4)
Loans collateralized by securities	(7)	(15)
Consumer finance	(11)	(12)
Consumer	(21)	(31)
Real estate	(1)	0
Commercial and industrial loans	(14)	(116)
Financial institutions	(10)	(5)
Governments and public institutions	(6)	0
Corporate & institutional	(31)	(121)
Foreign	(52)	(152)
Gross write-offs	(201)	(299)
Consumer finance	21	33
Consumer	21	33
Commercial and industrial loans	12	3
Corporate & institutional	12	3
Switzerland	33	36
Consumer finance	1	5
Consumer	1	5
Commercial and industrial loans	10	0
Corporate & institutional	10	0
Foreign	11	5
Recoveries	44	41
Net write-offs	(157)	(258)
Provisions for interest	29	14
Foreign currency translation impact and other adjustments, net	(1)	(4)
Balance at end of period	922	910
Average loan balance	238,801	225,165
Ratio of net write-offs to average loans	0.07%	0.11%

Movements in the allowance for loan losses (continued)

	2010	2009	2008
Allowance for loan losses (CHF million, except where indicated)			
Balance at beginning of period	1,395	1,639	1,234
Allowances acquired/(deconsolidated)	0	0	0
Change in scope of consolidation	0	0	0
Switzerland	(3)	85	23
Foreign	(90)	230	562
Net movements recognized in the consolidated statements of operations	(93)	315	585
Commercial	(64)	(63)	(108)
Consumer	(90)	(80)	(64)
Lease financings	(8)	(8)	(6)
Switzerland	(162)	(151)	(178)
Commercial	(109)	(503)	(48)
Consumer	(23)	(20)	(4)
Foreign	(132)	(523)	(52)
Gross write-offs	(294)	(674)	(230)
Commercial	28	18	31
Consumer	15	23	20
Lease financings	1	1	1
Switzerland	44	42	52
Commercial	17	21	33
Consumer	1	0	4
Lease financings	1	0	0
Foreign	19	21	37
Recoveries	63	63	89
Net write-offs	(231)	(611)	(141)
Provisions for interest	2	43	19
Foreign currency translation impact and other adjustments, net	(56)	9	(58)
Balance at end of period	1,017	1,395	1,639
Average loan balance	227,874	241,892	239,803
Ratio of net write-offs to average loans	0.10%	0.25%	0.06%

Analysis of the allowance for loan losses by Switzerland, foreign and category

	2012		2011	
	CHF million	% of allowance in each category to total loans	CHF million	% of allowance in each category to total loans
end of				
Analysis of the allowance for loan losses				
Mortgages	48	0.0%	54	0.0%
Loans collateralized by securities	3	0.0%	11	0.0%
Consumer finance	131	0.1%	107	0.0%
Consumer	182	0.1%	172	0.1%
Real estate	69	0.0%	63	0.0%
Commercial and industrial loans	200	0.1%	230	0.1%
Financial institutions	2	0.0%	2	0.0%
Corporate & institutional	271	0.1%	295	0.1%
Switzerland	453	0.2%	467	0.2%
Mortgages	12	0.0%	14	0.0%
Loans collateralized by securities	50	0.0%	38	0.0%
Consumer finance	44	0.0%	65	0.0%
Consumer	106	0.0%	117	0.1%
Real estate	5	0.0%	8	0.0%
Commercial and industrial loans	242	0.1%	215	0.1%
Financial institutions	116	0.1%	97	0.0%
Governments and public institutions	0	0.0%	6	0.0%
Corporate & institutional	363	0.2%	326	0.1%
Foreign	469	0.2%	443	0.2%
Total allowance for loan losses	922	0.4%	910	0.4%
of which on principal	842	0.4%	837	0.4%
of which on interest	80	0.0%	73	0.0%

Analysis of the allowance for loan losses by Switzerland, foreign and category (continued)

end of	2010		2009		2008	
	CHF million	% of allowance in each category to total loans	CHF million	% of allowance in each category to total loans	CHF million	% of allowance in each category to total loans
Analysis of the allowance for loan losses						
Commercial	348	0.2%	445	0.2%	489	0.2%
Consumer	178	0.1%	215	0.1%	219	0.1%
Lease financings	23	0.0%	25	0.0%	25	0.0%
Switzerland	549	0.3%	685	0.3%	733	0.3%
Banks	41	0.0%	47	0.0%	7	0.0%
Commercial	320	0.1%	549	0.2%	814	0.3%
Consumer	90	0.0%	97	0.0%	69	0.0%
Public authorities	7	0.0%	6	0.0%	3	0.0%
Lease financings	10	0.0%	11	0.0%	13	0.0%
Foreign	468	0.2%	710	0.3%	906	0.4%
Total allowance for loan losses	1,017	0.5%	1,395	0.6%	1,639	0.7%
of which on principal	905	0.4%	1,235	0.5%	1,483	0.6%
of which on interest	112	0.1%	160	0.1%	156	0.1%

Gross write-offs of loans by industry

in	2012	2011
Gross write-offs of loans (CHF million)		
Banks	0	5
Other financial services	11	1
Real estate companies	2	9
Other services	15	12
Manufacturing	30	63
Wholesale and retail trade	13	25
Construction	4	11
Transportation	8	4
Health and social services	1	0
Hotels and restaurants	4	3
Agriculture and mining	0	42
Telecommunications	1	0
Governments, public institutions and non-profit organizations	7	0
Corporate & institutional	96	175
Consumer	105	124
Total gross write-offs	201	299

Gross write-offs of loans by industry (continued)

in	2010	2009	2008
Gross write-offs of loans by industry (CHF million)			
Financial services	21	274	30
Real estate companies	24	151	9
Other services	3	15	16
Manufacturing	85	41	33
Wholesale and retail trade	22	9	39
Construction	4	62	9
Transportation	5	4	3
Health and social services	4	0	7
Hotels and restaurants	2	4	5
Agriculture and mining	0	0	0
Telecommunications	3	6	5
Non-profit and international organizations	0	0	0
Commercial	173	566	156
Consumer	113	100	68
Lease financings	8	8	6
Total gross write-offs	294	674	230

Cross-border outstandings

end of	Banks	Private	Public	Subtotal	Net local country assets over liabilities	Commit- ments	Total
2012 (CHF million)							
United States	11,217	49,107	8,667	68,991	41,925	76,115	187,031
United Kingdom	5,166	5,946	81	11,193	14,198	36,600	61,991
Cayman Islands	310	24,097	0	24,407	0	901	25,308
France	3,734	11,426	2,662	17,822	72	6,875	24,769
Germany	6,541	6,576	6,481	19,598	0	4,135	23,733
Brazil	2,163	3,627	2,660	8,450	7,710	1,685	17,845
Luxembourg	2,150	8,779	1,805	12,734	3,552	624	16,910
Japan	5,764	2,816	1,557	10,137	1,151	4,098	15,386
The Netherlands	2,530	6,844	1,745	11,119	51	2,305	13,475
Italy	1,309	3,427	5,700	10,436	0	1,025	11,461
Hong Kong	626	1,628	1	2,255	6,814	196	9,265
Canada	1,519	3,833	852	6,204	0	1,730	7,934
Singapore	268	1,526	124	1,918	0	5,359	7,277
Russian Federation	1,258	1,579	4,177	7,014	158	47	7,219
Ireland	800	5,165	60	6,025	0	992	7,017
2011 (CHF million)							
United States	12,015	51,736	6,868	70,619	11,238	59,548	141,405
United Kingdom	4,673	4,666	49	9,388	23,693	28,383	61,464
Luxembourg	2,307	9,072	1,180	12,559	20,129	1,223	33,911
Germany	9,696	8,500	4,682	22,878	699	4,877	28,454
France	7,647	12,367	3,384	23,398	100	3,349	26,847
Cayman Islands	231	22,587	0	22,818	67	808	23,693
Japan	6,642	3,827	605	11,074	4,377	4,969	20,420
The Netherlands	3,338	6,936	2,464	12,738	6	2,632	15,376
Brazil	1,715	3,217	2,095	7,027	7,445	264	14,736
Canada	1,766	6,520	1,061	9,347	0	1,456	10,803
Italy	1,687	2,287	5,251	9,225	0	471	9,696
2010 (CHF million)							
United States	17,239	49,135	8,564	74,938	40,396	52,068	167,402
United Kingdom	7,900	5,288	64	13,252	0	42,533	55,785
Germany	12,650	14,141	10,058	36,849	767	3,224	40,840
Japan	8,114	5,247	1,663	15,024	5,025	14,189	34,238
France	7,435	12,836	6,350	26,621	163	3,259	30,043
The Netherlands	3,846	11,754	2,082	17,682	0	2,048	19,730
Cayman Islands	1,563	14,242	427	16,232	584	640	17,456
Luxembourg	2,184	9,909	745	12,838	0	436	13,274
Brazil	1,451	2,247	2,051	5,749	5,106	275	11,130
Italy	1,768	2,729	4,537	9,034	0	1,232	10,266
Canada	2,544	3,946	798	7,288	0	1,324	8,612
South Korea	953	3,255	1,096	5,304	2,586	209	8,099

Cross-border outstandings represent net claims against non-local country counterparties for countries where the aggregate amount outstanding to borrowers exceeds 0.75% of total assets. Monetary assets are loans (including accrued interest), acceptances, interest-bearing deposits with other banks, other interest-bearing investments and any other monetary asset with a fixed exchange value for cash. To the extent local currency outstandings are hedged or funded by local currency borrowings, such amounts are excluded from cross-border outstandings.

Deposits in Switzerland and foreign offices

in	2012			2011			2010		
	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate	Average balance	Interest expense	Average rate
Deposits (CHF million, except where indicated)									
Non-interest-bearing demand	9,344	–	–	11,813	–	–	11,197	–	–
Interest-bearing demand	128,172	160	0.1%	105,590	244	0.2%	99,951	225	0.2%
Savings deposits	58,078	296	0.5%	54,424	312	0.6%	52,225	309	0.6%
Time deposits	13,325	76	0.6%	19,116	95	0.5%	21,409	93	0.4%
Switzerland	208,919	532	0.3%	190,943	651	0.3%	184,782	627	0.3%
Non-interest-bearing demand	4,600	–	–	3,655	–	–	3,495	–	–
Interest-bearing demand	21,713	24	0.1%	18,921	41	0.2%	17,863	25	0.1%
Savings deposits	41	0	0.0%	34	0	0.0%	36	0	0.0%
Time deposits	115,634	797	0.7%	119,415	1,002	0.8%	117,565	949	0.8%
Foreign	141,988	821	0.6%	142,025	1,043	0.7%	138,959	974	0.7%
Total deposits	350,907	1,353	0.4%	332,968	1,694	0.5%	323,741	1,601	0.5%

Deposits by foreign depositors in Swiss offices amounted to CHF 68.2 billion, CHF 60.7 billion and CHF 55.6 billion as of December 31, 2012, 2011 and 2010, respectively.

Aggregate of individual time deposits in Switzerland and foreign offices

in 2012	Switzerland	Foreign	Total
Time deposits (CHF million)			
3 months or less	–	13,170	13,170
Over 3 through 6 months	–	5,057	5,057
Over 6 through 12 months	–	4,410	4,410
Over 12 months	–	243	243
Certificates of deposit	–	22,880	22,880
3 months or less	6,609	65,030	71,639
Over 3 through 6 months	685	4,323	5,008
Over 6 through 12 months	2,387	1,800	4,187
Over 12 months	1,074	4,099	5,173
Other time deposits	10,755	75,252	86,007
Total time deposits	10,755	98,132	108,887

Balances shown are the Swiss franc equivalent of amounts greater than USD 100,000 together with their remaining maturities.

Selected information on short-term borrowings

in	2012	2011	2010
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions (CHF million)			
Outstanding as of December 31	132,721	176,559	168,394
Maximum amount outstanding at any month-end during the year	219,447	176,559	223,370
Approximate average amount outstanding during the year	181,758	156,472	199,404
Interest expense for the year ended December 31	1,677	1,621	1,637
Approximate weighted-average interest rate during the year	0.9%	1.0%	0.8%
Approximate weighted-average interest rate at year-end	0.7%	0.8%	1.2%
Commercial paper (CHF million)			
Outstanding as of December 31	10,882	21,444	15,216
Maximum amount outstanding at any month-end during the year	18,144	21,444	15,270
Approximate average amount outstanding during the year	13,876	16,232	8,746
Interest expense for the year ended December 31	54	52	32
Approximate weighted-average interest rate during the year	0.4%	0.3%	0.4%
Approximate weighted-average interest rate at year-end	0.3%	0.4%	0.6%
Other short-term borrowings (CHF million)			
Outstanding as of December 31	7,759	4,671	6,467
Maximum amount outstanding at any month-end during the year	9,444	9,218	9,797
Approximate average amount outstanding during the year	9,224	8,004	8,619
Interest expense for the year ended December 31	130	17	31
Approximate weighted-average interest rate during the year	1.4%	0.2%	0.4%
Approximate weighted-average interest rate at year-end	1.7%	1.2%	0.7%

Generally, original maturities of central bank funds purchased, securities sold under repurchase agreements and securities lending transactions are less than six months, commercial paper are less than six months and other short-term borrowings are one year or less.

Statistical information – Bank

Statistical information for the Group is required under the SEC's specialized industry guide for bank holding companies – Industry Guide 3. Certain statistical information is also included in VII – Consolidated financial statements – Credit Suisse (Bank), including Notes 6 – Net interest income, 15 – Investment securities, 17 – Loans, allowance for loan losses and credit quality, 22 – Deposits, 23 – Long-term debt, 29 – Derivatives and hedging activities, 30 – Guarantees and commitments and 32 – Financial instruments. Except to the extent described below, such statistical information for the Bank is not materially different, either in absolute amount or in terms of trends, from such statistical information for the Group. The principal differences described below relate to the banking businesses of the Group that are not included in the Bank's consolidated financial statements and intercompany eliminations.

The short-term borrowings of the Bank and the Group may differ from period to period. As of December 31, 2012, 2011 and 2010, the Bank had short-term borrowings of CHF 14.8 billion, CHF 26.1 billion and CHF 21.7 billion compared to short-term borrowings of CHF 18.6 billion, CHF 26.1 billion and CHF 21.7 billion at the Group, respectively. The lower level of short-term borrowings at the Bank compared to the Group at year-end 2012 was related to the mandatory and contingent convertible securities issued by the Group.

In addition, certain elements of the Group's and the Bank's investment portfolio may differ from period to period. As of December 31, 2012, the carrying value of the Group's debt securities was CHF 3.4 billion compared to CHF 1.8 billion for the Bank. The higher value of debt securities at the Group compared to the Bank primarily related to debt securities issued by Swiss federal, cantonal or local government entities, foreign governments and corporates, and collateralized debt obligations held by Neue Aargauer Bank, principally for liquidity management purposes.

The Bank's loan portfolio constitutes substantially all of the Group's consolidated loan portfolio. As of December 31, 2012, 2011 and 2010, the Bank's total loans were CHF 227.5 billion, CHF 219.4 billion and CHF 207.2 billion or 93.9%, 94.0% and 94.7% of the Group's total loans of CHF 242.2 billion, CHF 233.4 billion and CHF 218.8 billion, respectively. Differences between the Bank and the Group in the composition and maturity profile of the loan portfolio, allowance for loan losses, write-offs and impaired loans as of December 31, 2012, December 31, 2011 and December 31, 2010 principally related to Neue Aargauer Bank and BANKnow, primarily in the Swiss consumer segment.

- ▶ Refer to "Note 17 – Loans, allowance for loan losses and credit quality" in VII – Consolidated financial statements – Credit Suisse (Bank) for additional information on the Bank's loan portfolio and related allowances.

Ratio of earnings to fixed charges – Group

in	2012	2011	2010	2009	2008
Ratio of earnings to fixed charges (CHF million)					
Income/(loss) from continuing operations before taxes, noncontrolling interests, extraordinary items and cumulative effect of accounting changes	2,181	3,461	7,487	8,077	(14,902)
Income from equity method investments	(160)	(138)	(164)	(56)	82
Pre-tax earnings/(loss) from continuing operations	2,021	3,323	7,323	8,021	(14,820)
Fixed charges:					
Interest expense	14,955	16,569	18,992	18,397	39,403
Interest portion of rentals ¹	652	606	601	590	574
Preferred dividend requirements	231	216	162	131	60
Total fixed charges	15,838	17,391	19,755	19,118	40,037
Pre-tax earnings before fixed charges	17,859	20,714	27,078	27,139	25,217
Noncontrolling interests	336	837	822	(313)	(2,619)
Earnings before fixed charges and provision for income taxes	17,523	19,877	26,256	27,452	27,836
Ratio of earnings to fixed charges	1.11	1.14	1.33	1.44	0.70 ²

¹ Amounts reflect a portion of premises and real estate expenses deemed representative of the interest factor. ² The deficiency in the coverage of fixed charges by earnings before fixed charges was CHF 12,201 million for the year ended December 31, 2008.

Ratio of earnings to fixed charges – Bank

in	2012	2011	2010	2009	2008
Ratio of earnings to fixed charges (CHF million)					
Income/(loss) from continuing operations before taxes, noncontrolling interests, extraordinary items and cumulative effect of accounting changes	1,973	2,501	6,536	7,771	(15,561)
Income from equity method investments	(146)	(134)	(148)	(31)	98
Pre-tax earnings/(loss) from continuing operations	1,827	2,367	6,388	7,740	(15,463)
Fixed charges:					
Interest expense	14,742	16,423	18,795	18,148	39,286
Interest portion of rentals ¹	635	587	584	572	559
Preferred dividend requirements	231	216	162	131	60
Total fixed charges	15,608	17,226	19,541	18,851	39,905
Pre-tax earnings before fixed charges	17,435	19,593	25,929	26,591	24,442
Noncontrolling interests	(600)	901	802	(697)	(3,379)
Earnings before fixed charges and provision for income taxes	18,035	18,692	25,127	27,288	27,821
Ratio of earnings to fixed charges	1.16	1.09	1.29	1.45	0.70 ²

¹ Amounts reflect a portion of premises and real estate expenses deemed representative of the interest factor. ² The deficiency in the coverage of fixed charges by earnings before fixed charges was CHF 12,084 million for the year ended December 31, 2008.

Other information

Exchange controls

There are no restrictions presently in force under our Articles of Association or Swiss law that limit the right of non-resident or foreign owners to hold our securities freely or, when entitled, to vote its securities freely. The Swiss federal government may from time to time impose sanctions, including exchange control restrictions, on particular countries, regimes, organizations or persons. A current list, in German, of such sanctions can be found at www.seco-admin.ch. Other than these sanctions, there are currently no Swiss exchange control laws or laws restricting the import or export of capital, including, but not limited to, the remittance of dividends, interest or other payments to non-resident holders of our securities.

American Depositary Shares

Under Swiss law, holders of American Depositary Shares (ADS) are not shareholders and are not recorded in our share register. A nominee for the ADS depository is the registered holder of the shares underlying the ADSs. Rights of ADS holders to exercise voting rights, receive dividends and other matters are governed by the deposit agreement pursuant to which the ADSs are issued. For further information relating to our ADSs, see the Registration Statement on Form F-6 filed with the SEC. Subject to any applicable law to the contrary, with respect to ADSs for which timely voting instructions are not received by the ADS depository in relation to any proposed resolution or for which voting instructions are received by the ADS depository but do not specify how the ADS depository shall vote in relation to any proposed resolution, the ADS depository shall, or shall instruct the nominee to, vote such shares underlying the ADSs in favor of such resolution if it has been proposed by the Board of Directors or otherwise in accordance with the recommendation of the Board of Directors.

Taxation

The following summary contains a description of the principal Swiss and US federal income tax consequences of the purchase, ownership and disposition of our shares or ADSs (Shares), but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to own or dispose of Shares. In particular, the summary is directed only to holders that hold Shares as capital assets and does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that actually or constructively own 10% or more of our voting stock, persons that hold Shares as a position in a “straddle” or “conversion” transaction, or as part of a “synthetic security” or other integrated financial transaction, or persons that have a “functional currency” other than the Swiss franc or US dollar.

This summary is based on the current tax laws of Switzerland and the US, including the current “Convention Between the United States of America and the Swiss Confederation for the Avoidance of Double Taxation with Respect to Taxes on Income” (Treaty), the US Internal Revenue Code of 1986, as amended (IR Code), existing and proposed regulations thereunder, published rulings and court decisions, all of which are subject to change, possibly with retroactive effect.

This discussion does not generally address any aspects of US taxation other than federal income taxation or any aspects of Swiss taxation other than income and capital taxation. Prospective investors are urged to consult their tax advisors regarding the US federal, state and local, Swiss and other tax consequences of owning and disposing of Shares.

Swiss taxation

Withholding tax on dividends and similar distributions

Dividends paid and other similar cash, in-kind taxable distributions made by us to a holder of Shares (including stock dividends) and taxable income resulting from partial liquidation as referred to below under “Capital gains tax realized on Shares” are subject to a federal withholding tax at a rate of 35%. The withholding tax will be withheld by us on the gross distributions and will be paid to the Swiss Federal Tax Administration. The repayment of nominal value of the Shares or repayment of capital contribution reserves (Kapitaleinlagen) is not subject to Swiss withholding tax.

Swiss recipients

Swiss resident individuals are generally entitled to a full refund or tax credit for the withholding tax if they are the beneficial owners of such distributions at the time the distribution is due and duly report the receipt thereof in the relevant Swiss income tax return. Swiss resident legal entities are generally entitled to a full refund for the withholding tax if they are the beneficial owners of such distributions at the time the distribution is due and duly book it as revenue in their profit and loss statement.

Non-resident recipients

The recipient of a taxable distribution who is an individual or a legal entity not resident in Switzerland for tax purposes may be entitled to a total or partial refund of the withholding tax if the country in which such recipient resides for tax purposes has entered into a bilateral treaty for the avoidance of double taxation with Switzerland and the further conditions of such treaty are met. Holders of Shares not resident in Switzerland should be aware that the procedures for claiming treaty benefits (and the time frame required for obtaining a refund) may differ from country to country. Holders of Shares not resident in Switzerland should consult their own legal, financial or tax advisors regarding receipt, ownership, purchases, sales or other dispositions of Shares and the procedures for claiming a refund of the withholding tax.

Residents of the US

A non-Swiss resident holder who is a resident of the US for purposes of the Treaty is eligible for a reduced rate of withholding tax on dividends equal to 15% of the dividend, provided that such holder: (i) qualifies for benefits under the Treaty; (ii) holds, directly or indirectly, less than 10% of our voting stock; and (iii) does not conduct business through a permanent establishment or fixed base in Switzerland to which Shares are attributable. Such an eligible US holder may apply for a refund of the amount of the withholding tax in excess of the 15% Treaty rate. The claim for refund must be filed on Swiss Tax Form 82 (82C for corporations; 82I for individuals; 82E for other entities), which may be obtained from any Swiss consulate general in the US or from the Federal Tax Administration of Switzerland at the address below, together with an instruction form. Four copies of the form must be duly completed, signed before a notary public of the US and sent to the Federal Tax Administration of Switzerland, Eigerstrasse 65, CH-3003, Bern, Switzerland. The form must be accompanied by suitable evidence of deduction of Swiss tax withheld at source, such as certificates of deduction, signed bank vouchers or credit slips. The form may be filed on no later than

December 31 of the third year following the calendar year in which the dividend became payable.

Income and profit tax on dividends and similar distributions

Individuals

An individual who is a Swiss resident for tax purposes, or who is a non-Swiss resident holding Shares as part of a Swiss business operation or Swiss permanent establishment, is required to report the receipt of taxable distributions received on the Shares in her or his relevant Swiss tax returns. An exemption from income tax applies with regard to distributions out of capital contribution reserves (Kapitaleinlagen).

Legal entities

Legal entities resident in Switzerland and non-Swiss resident legal entities holding Shares as part of a Swiss permanent establishment are required to include taxable distributions (including capital repayments or distributions out of capital contribution reserves) received on the Shares in their income subject to Swiss corporate income taxes. A Swiss corporation or co-operative or a non-Swiss corporation or co-operative holding Shares as part of a Swiss permanent establishment may, under certain circumstances, benefit from relief from taxation with respect to taxable distributions (Beteiligungsabzug).

Non-resident recipients

Recipients of dividends and similar distributions on Shares who are neither residents of Switzerland for tax purposes nor holders of Shares as part of a Swiss business operation or a Swiss permanent establishment are not subject to Swiss income taxes in respect of such distributions.

Capital gains tax realized on Shares

Individuals

Swiss resident individuals who hold Shares as part of their private property generally are exempt from Swiss federal, cantonal and communal taxes with respect to capital gains realized upon the sale or other disposal of Shares, unless such individuals are qualified as security trading professionals for income tax purposes. Gains realized upon a repurchase of Shares by us for the purpose of a capital reduction are characterized as a partial liquidation of the company. In this case, the difference between the nominal value and the distributed capital contribution, if any, of the shares and their repurchase price qualifies as taxable income to Swiss resident individuals holding Shares as part of their private property. Individuals who are Swiss residents for tax purposes and who hold the Shares as business assets (including security trading professionals for income tax purposes), or who are non-Swiss residents holding

Shares as part of a Swiss business operation or Swiss permanent establishment, are required to include capital gains realized upon the disposal of Shares in their income subject to Swiss income tax.

Legal entities

Legal entities resident in Switzerland or non-Swiss resident legal entities holding Shares as part of a Swiss permanent establishment are required to include capital gains realized upon the disposal of Shares in their income subject to Swiss corporate income tax.

Non-resident individuals and legal entities

Individuals and legal entities which are not resident in Switzerland for tax purposes and do not hold Shares as part of a Swiss business operation or a Swiss permanent establishment are not subject to Swiss income taxes on gains realized upon the disposal of the Shares.

Net worth and capital taxes

Individuals

Individuals who are Swiss residents for tax purposes or who are non-Swiss residents holding Shares as part of a Swiss business operation or Swiss permanent establishment are required to include their Shares in their assets that are subject to cantonal and communal net worth taxes.

Legal entities

Legal entities resident in Switzerland or non-Swiss resident legal entities holding Shares as part of a Swiss permanent establishment are required to include their Shares in their assets that are subject to cantonal and communal capital tax. In some cantons profit tax credits might be available for offsetting with the annual cantonal and communal capital tax.

Non-resident individuals and legal entities

Individuals and legal entities which are not resident in Switzerland for tax purposes and do not hold Shares as part of a Swiss business operation or a Swiss permanent establishment are not subject to Swiss cantonal and communal net worth and capital taxes.

Stamp duties upon transfer of securities

The transfer of Shares, whether by Swiss residents or non-resident holders, may be subject to a Swiss securities transfer duty of 0.15% (0.075% for each party to a transaction) of the transaction value if the transfer occurs through or with a Swiss bank or other Swiss or foreign securities dealer as defined in the Swiss Federal Stamp Duty Act. Newly issued shares distributed by way of a Stock or Scrip dividend are not subject to

the Swiss securities transfer duty. The stamp duty is paid by the securities dealer and may be charged to the parties in a taxable transaction who are not securities dealers. In addition to this stamp duty, the sale of Shares by or through a member of the SIX Swiss Exchange (SIX) may be subject to a minor SIX levy on the sale proceeds (this levy also includes the Swiss Financial Market Supervisory Authority surcharge).

Final foreign withholding taxes

On January 1, 2013, bilateral tax agreements between Switzerland and the United Kingdom and between Switzerland and Austria entered into force. The agreements, among other things, require a Swiss paying agent to levy a non-refundable (final) tax at specified rates in respect of an individual resident in the United Kingdom or resident in Austria, as applicable, on interest, dividends or capital gain paid, or credited to an account, relating to the Shares. The final withholding tax substitutes the United Kingdom or Austrian income tax, as applicable, on such interest, dividends or capital gain. Such a person may, however, opt for voluntary disclosure of the interest, dividends or capital gain to the tax authority of his or her country of residency rather than be subject to the final withholding tax specified in the agreements.

US federal income tax

For purposes of this discussion, a "US Holder" is any beneficial owner of Shares that is: (i) a citizen or resident of the US; (ii) a corporation organized under the laws of the US or any political subdivision thereof; or (iii) any other person that is subject to US federal income tax on a net income basis in respect of Shares. A "Non-US Holder" is any beneficial owner of Shares that is a foreign corporation or non-resident alien individual.

Taxation of dividends

US Holders

For US federal income tax purposes, a US Holder will be required to include the full amount (before reduction for Swiss withholding tax) of a dividend paid with respect to Shares, generally as ordinary income. Subject to certain exceptions for short-term and hedged positions, the US dollar amount of dividends received by an individual with respect to our Shares will be subject to taxation at a maximum rate of 20% if the dividends are "qualified dividends". Dividends paid on the Shares will be treated as qualified dividends if we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (PFIC). Based on our audited consolidated financial statements, we believe that the Group was not treated as a PFIC for US federal income tax purposes with respect to our 2011 or 2012 taxable years. In addition, based

on the audited consolidated financial statements of the Group and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not anticipate the Group becoming a PFIC for the 2013 taxable year. Holders of our Shares should consult their own tax advisors regarding the availability of the reduced dividend tax rate in light of the considerations discussed above and their own particular circumstances. For this purpose, a “dividend” will include any distribution paid by us with respect to Shares, but only to the extent such distribution is not in excess of our current and accumulated earnings and profits as defined for US federal income tax purposes. Such dividend will constitute income from sources outside of the US. Subject to the limitations and conditions provided in the IR Code, a US Holder may deduct from its US federal taxable income, or claim as a credit against its US federal income tax liability, the Swiss withholding tax withheld. Under the IR Code, dividend payments by us on Shares are not eligible for the dividends received deduction generally allowed to corporate shareholders. Any distribution that exceeds our earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder’s tax basis in Shares and thereafter as capital gain.

In general, a US Holder will be required to determine the amount of any dividend paid in Swiss francs by translating the Swiss francs into US dollar at the “spot rate” of exchange on the date of receipt. The tax basis of Swiss franc received by the US Holder generally will equal the US dollar equivalent of such Swiss franc, translated at the spot rate of exchange on the date such Swiss franc dividends are received. Upon a subsequent exchange of such Swiss franc for US dollar, or upon the use of such Swiss franc to purchase property, a US Holder will generally recognize ordinary income or loss in the amount equal to the difference between such US Holder’s tax basis for the Swiss franc and the US dollar received or, if property is received, the fair market value of the property. In addition, a US Holder may be required to recognize domestic-source foreign currency gain or loss on the receipt of a refund in respect of Swiss withholding tax to the extent the US dollar value of the refund differs from the US dollar equivalent of the amount on the date of receipt of the underlying dividend.

Non-US Holders

Dividends paid to a Non-US Holder in respect of Shares will generally not be subject to US federal income tax unless such dividends are effectively connected with the conduct of a trade or business within the US by such Non-US Holder.

Capital gains tax upon disposal of shares

US Holders

A gain or loss realized by a US Holder on the sale or other disposition of Shares will be subject to US federal income taxation as a capital gain or loss in an amount equal to the difference between the US Holder’s basis in Shares and the amount realized on the disposition. Such gain or loss will generally be a long-term capital gain or loss if the US Holder holds the Shares for more than one year. A long-term capital gain realized by a US Holder that is an individual generally is subject to taxation at reduced rates.

Non-US Holders

A Non-US Holder will generally not be subject to US federal income tax in respect of gains realized on a sale or other disposition of Shares unless the gain is effectively connected with a trade or business of the Non-US Holder in the US.

Backup withholding tax and information reporting requirements

Dividends paid on, and proceeds from the sale or other disposition of, Shares paid to a US Holder generally may be subject to the information reporting requirements of the IR Code and may be subject to backup withholding unless the holder: (i) establishes that it is a corporation or other exempt holder; or (ii) provides an accurate taxpayer identification number on a properly completed IRS Form W-9 and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a holder will be allowed as a credit against the US Holder’s US federal income tax liability and may entitle such holder to a refund, provided that certain required information is furnished to the IRS.

A Non-US Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

Listing details

Credit Suisse Group's shares are listed on the SIX under the symbol "CSGN". The Group's ADS are traded on the New York Stock Exchange under the symbol "CS".

The Group's shares are in registered form with a par value of CHF 0.04 per share.

Trading in our own shares

The Group buys and sells its own shares and derivatives on its own shares within its normal trading and market-making activities mainly through its Swiss broker-dealer operations. In the Swiss market, the Group buys and sells its shares and derivatives on these shares to facilitate customer orders, to provide liquidity as a market maker and to hedge derivative instruments.

The net long or short position held by the Group's Swiss bank subsidiaries in the Group's own shares has been at non-material levels relative to the number of the Group's outstanding shares, due in part to FINMA regulations requiring a 100% capital charge to the relevant legal entity for the entire net

position in the Group's shares. In addition to FINMA rules, the Group's trading in its own shares in the Swiss market is subject to regulation under the Swiss Federal Act of Stock Exchanges and Securities Trading, the rules of the SIX and the European Exchange electronic exchange, and the Swiss Bankers Association Code of Conduct for Securities Dealers. Trading is also limited by the Group's risk management limits, internal capital allocation rules, balance sheet requirements, counterparty restrictions and other internal regulations and guidelines. Swiss law further limits the Group's ability to hold or repurchase its own shares.

The Group may from time to time place orders for its own shares to satisfy obligations under various employee and management incentive share plans, and potentially for shares to be used as payment in acquisitions. In addition, the Group may purchase shares with the intent of cancellation. Typically in Switzerland, the purchase of shares for cancellation is done under a separate program from the repurchase of shares to be re-issued under employee and management incentive share plans.

- ▶ Refer to "Share repurchases" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information for further information on trading in the Group's shares and shares repurchases.

Closing prices and average daily trading volumes for shares and ADS

Period	Average trading volumes ¹	Shares in CHF (High) ¹	Shares in CHF (Low) ¹	Average trading volumes ²	Shares in USD (High) ²	Shares in USD (Low) ²
2013 (through March 15)	6,249,153	27.4	23.5	1,929,659	30.3	25.2
March (through March 15)	6,849,095	26.9	24.0	1,902,024	28.4	25.9
February	5,821,263	27.4	24.8	1,778,328	30.3	26.7
January	6,342,413	27.4	23.5	2,081,052	29.6	25.2
2012	6,955,208	27.2	16.0	2,347,395	29.7	16.2
Fourth quarter	5,202,582	23.1	20.6	1,743,249	25.3	21.7
December	4,783,101	23.1	21.9	1,482,308	25.3	23.6
November	4,833,810	22.8	20.7	1,375,772	24.2	21.9
October	5,865,371	22.6	20.6	2,359,240	24.2	21.7
Third quarter	7,977,420	21.9	16.0	2,506,018	23.4	16.2
Second quarter	8,527,010	25.9	16.6	2,787,803	28.7	17.4
First quarter	6,157,287	27.2	21.0	2,342,850	29.7	22.2
2011	7,145,763	45.0	19.7	2,027,558	47.6	21.2
Fourth quarter	6,462,140	27.1	19.7	2,721,944	32.0	21.2
Third quarter	8,936,583	33.5	19.8	2,648,451	39.8	22.9
Second quarter	5,667,844	41.0	31.6	1,187,631	45.5	38.0
First quarter	7,419,226	45.0	37.9	1,534,527	47.6	40.9
2010	7,140,826	56.4	37.0	1,251,186	54.6	36.5
2009	7,118,183	60.4	22.5	1,448,809	59.8	19.0
2008	11,564,353	67.0	24.9	1,404,764	59.8	19.0

¹ Closing prices for one share and average daily trading volume (SIX). ² Closing prices of ADSs and average daily trading volume (NYSE).

Property and equipment

Our principal executive offices, which we own, are located at Paradeplatz 8, Zurich, Switzerland. As of the end of 2012, we maintained 539 offices and branches worldwide, of which approximately 64% were located in Switzerland.

As of the end of 2012, approximately 27% of our worldwide offices and branches were owned directly by us, with the remainder being held under commercial leases, 57% of which expire after 2017. The book value of the ten largest owned

properties was approximately CHF 1.0 billion as of the end of 2012. Some of our principal facilities are subject to mortgages and other security interests granted to secure indebtedness to certain financial institutions. As of the end of 2012, the total amount of indebtedness secured by these facilities was not material to us.

We believe that our current facilities are adequate for existing operations. Management regularly evaluates our operating facilities for suitability, market presence, renovation and maintenance.

Foreign currency translation rates

The following tables set forth, for the periods indicated, certain information concerning the noon buying rate for the Swiss franc expressed as USD per CHF 1.00:

Year	End of	Average in ¹	High	Low
Exchange rate information – 5 years				
2012	1.0923	1.0713	1.1174	1.0043
2011	1.0668	1.1398	1.3706	1.0251
2010	1.0673	0.9628	1.0673	0.8610
2009	0.9710	0.9261	1.0016	0.8408
2008	0.9369	0.9305	1.0142	0.8171

¹ The average of the noon buying rates on the last business day of each month during the relevant period.

Month	High	Low
Exchange rate information – 6 months		
March 2013 (through March 15)	1.0643	1.0488
February 2013	1.1074	1.0711
January 2013	1.0997	1.0700
December 2012	1.0971	1.0715
November 2012	1.0794	1.0545
October 2012	1.0850	1.0638
September 2012	1.0811	1.0462

Appendix

A-2 Selected five-year information

A-4 List of abbreviations

A-6 Glossary

A-10 Investor information

A-12 Financial calendar and contacts

Selected five-year information

Selected information – Group

in / end of	2012	2011	2010	2009	2008
Condensed consolidated statements of operations (CHF million)					
Net revenues	23,966	26,225	31,386	33,294	9,268
Provision for credit losses	170	187	(79)	506	813
Total operating expenses	21,615	22,577	23,978	24,711	23,357
Income/(loss) from continuing operations before taxes and extraordinary items	2,181	3,461	7,487	8,077	(14,902)
Income tax expense/(benefit)	496	671	1,548	1,835	(4,596)
Income/(loss) from continuing operations before extraordinary items	1,685	2,790	5,939	6,242	(10,306)
Income/(loss) from discontinued operations, net of tax	0	0	(19)	169	(531)
Net income/(loss)	1,685	2,790	5,920	6,411	(10,837)
Less net income/(loss) attributable to noncontrolling interests	336	837	822	(313)	(2,619)
Net income/(loss) attributable to shareholders	1,349	1,953	5,098	6,724	(8,218)
of which from continuing operations	1,349	1,953	5,117	6,555	(7,687)
of which from discontinued operations	0	0	(19)	169	(531)
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	0.82	1.37	3.93	5.14	(7.51)
Basic earnings/(loss) per share	0.82	1.37	3.91	5.28	(8.01)
Diluted earnings/(loss) per share from continuing operations	0.81	1.36	3.91	5.01	(7.51)
Diluted earnings/(loss) per share	0.81	1.36	3.89	5.14	(8.01)
Consolidated balance sheet (CHF million)					
Total assets	924,280	1,049,165	1,032,005	1,031,427	1,170,350
Share capital	53	49	47	47	47
Shareholders' equity	35,498	33,674	33,282	37,517	32,302
Shares outstanding (million)					
Shares outstanding	1,293.8	1,220.3	1,173.9	1,169.2	1,163.9
Dividend per share (CHF)					
Dividend per share	0.75 ¹	0.75	1.30	2.00	0.10
Ratios (%)					
Return on assets ²	0.1	0.3	0.6	0.6	(0.6)
Return on equity attributable to shareholders	3.9	6.0	14.4	18.3	(21.1)
Dividend payout ratio	91.5 ¹	54.7	33.2	37.9	(1.2)
Equity to asset ratio	3.8	3.2	3.2	3.6	2.8

¹ Proposal of the Board of Directors to the Annual General Meeting on April 26, 2013. Refer to "Capital trends and capital distribution proposal" in II – Operating and financial review – Core Results – Information and developments for further information. ² Based on amounts attributable to shareholders.

Selected information – Group (continued)

in / end of	2012	2011	2010	2009	2008
Average utilized economic capital (CHF million)					
Private Banking & Wealth Management	9,981	10,115	9,934	9,398	9,220
Investment Banking	18,729	18,882	19,586	19,051	27,426
Credit Suisse	31,218	30,782	31,121	28,957	37,162
Pre-tax return on average utilized economic capital (%)					
Private Banking & Wealth Management	38.5	29.9	42.4	46.8	31.7
Investment Banking	11.4	(2.6)	19.0	37.0	(68.9)
Credit Suisse	7.6	11.8	24.7	28.6	(39.6)

Selected information – Bank

in / end of	2012	2011	2010	2009	2008
Condensed consolidated statements of operations (CHF million)					
Net revenues	23,533	25,187	30,533	32,869	8,650
Provision for credit losses	88	123	(121)	460	801
Total operating expenses	21,472	22,563	24,118	24,638	23,410
Income/(loss) from continuing operations before taxes and extraordinary items	1,973	2,501	6,536	7,771	(15,561)
Income tax expense/(benefit)	478	459	1,307	1,853	(4,878)
Income/(loss) from continuing operations before extraordinary items	1,495	2,042	5,229	5,918	(10,683)
Income/(loss) from discontinued operations, net of tax	0	0	(19)	170	(531)
Net income/(loss)	1,495	2,042	5,210	6,088	(11,214)
Less net income/(loss) attributable to noncontrolling interests	(600)	901	802	(697)	(3,379)
Net income/(loss) attributable to shareholders	2,095	1,141	4,408	6,785	(7,835)
of which from continuing operations	2,095	1,141	4,427	6,615	(7,304)
of which from discontinued operations	0	0	(19)	170	(531)
Consolidated balance sheet (CHF million)					
Total assets	908,160	1,034,787	1,019,586	1,020,226	1,163,849
Share capital	4,400	4,400	4,400	4,400	4,400
Shareholder's equity	34,767	29,403	29,769	33,294	28,666
Number of shares outstanding (million)					
Number of shares outstanding	44.0	44.0	44.0	44.0	44.0

List of abbreviations

A

ABO	Accumulated benefit obligation
ABS	Asset-backed securities
ADS	American Depositary Shares
AES®	Advanced Execution Services
AGM	Annual general meeting
AIG	American International Group, Inc.
A-IRB	Advanced Internal Ratings-Based Approach
AMA	Advanced measurement approach
AMF	Asset Management Finance LLC
AoA	Articles of Association
AOCI	Accumulated other comprehensive income/(loss)
APP	Adjustable Performance Plan
ASC	Accounting Standards Codification
ASU	Accounting Standards Updates

B

BBA	Bachelor of Business Administration
BCBS	Basel Committee on Banking Supervision
BCM	Business Continuity Management
BCN	Buffer capital notes
BIS	Bank for International Settlements
Board	Board of directors
BORO	Bank Operational Risk Oversight
bp	basis point

C

CARMC	Capital Allocation and Risk Management Committee
CDO	Collateralized debt obligation
CDS	Credit default swap
CET1	Common equity tier 1
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFTC	Commodity Futures Trading Commission
CMBS	Commercial mortgage-backed securities
CoE	Centers of excellence
COO	Chief Operating Officer
CP	Commercial paper
CPR	Constant prepayment rate
CRM	Credit Risk Management
CRO	Chief Risk Officer

D

DOJ	United States Department of Justice
DVA	Debit valuation adjustment

E

EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EMEA	Europe, Middle East and Africa
EMIR	European Market Infrastructure Regulation
ETF	Exchange-traded funds
EU	European Union

F

FASB	Financial Accounting Standards Board
Fed	US Federal Reserve
FINMA	Swiss Financial Market Supervisory Authority
FINRA	Financial Industry Regulatory Authority
FNMA	Federal National Mortgage Association (Fannie Mae)
FSA	UK Financial Services Authority
FSMA	Financial Services and Markets Act 2000

G

G-7	Group of seven leading industry nations
G-20	Group of Twenty Finance Ministers and Central Bank Governors
GAAP	Generally accepted accounting standards
G-SIB	Global Systemically Important Bank
GSE	Government-sponsored enterprise

I

ICS	Internal control system
IPO	Initial public offering
IRC	Incremental risk charge
IRS	Internal Revenue Service
ISU	Incentive Share Unit
IT	Information technology

J

JD	Doctor of Jurisprudence
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K

KPI	Key performance indicator
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L		S	
LCR	Liquidity coverage ratio	SEC	US Securities and Exchange Commission
LGD	Loss given default	SEI	Significant economic interest
LIBOR	London Interbank Offered Rate	SESTA	Swiss Federal Act of Stock Exchanges and Securities Trading
LTI	Long-term incentive	SISU	Scaled Incentive Share Unit
LTV	Loan-to-value	SIX	SIX Swiss Exchange
M		SNB	Swiss National Bank
M&A	Mergers and acquisitions	SOX	US Sarbanes-Oxley Act of 2002
MACCS	Mandatory and contingent convertible securities	SPE	Special purpose entity
MBA	Master of Business Administration	SPIA	Single premium immediate annuity
MiFID	Markets in Financial Instruments Directive	SRM	Strategic Risk Management
MSRB	Municipal Securities Rulemaking Board	STI	Short-term incentive
MRTC	Material risk takers and controllers	T	
N		TRM	Technology Risk Management
NAV	Net asset value	TRS	Total return swap
NCFE	National Century Financial Enterprises, Inc.	U	
NRV	Negative replacement value	UHNWI	Ultra-high-net-worth individuals
NSFR	Net stable funding ratio	UK	United Kingdom
NYSE	New York Stock Exchange	US	United States of America
O		US GAAP	Accounting principles generally accepted in the US
OGR	Organizational Guidelines and Regulations	V	
OTC	Over-the-counter	VaR	Value-at-risk
P		VIE	Variable interest entity
PAF	2008 Partner Asset Facility	VIX	Chicago Board of Options Exchange Market Volatility Index
PAF2	2011 Partner Asset Facility		
PBO	Projected benefit obligation		
PD	Probability of default		
PFIC	Passive foreign investment company		
PIP	Performance Incentive Plan		
PRV	Positive replacement value		
PSA	Prepayment speed assumption		
Q			
QIA	Qatar Investment Authority		
R			
RAR	Risk Analytics and Reporting		
RMBS	Residential mortgage-backed securities		
ROE	Return on equity		
RTSR	Relative total shareholder return		
RWA	Risk-weighted assets		

Glossary

A

Advanced Execution Services® (AES®) AES® is a suite of algorithmic trading strategies, tools, and analytics operated by Credit Suisse to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES® helps institutions and hedge funds reduce market impact. AES® provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

Advanced internal ratings-based approach (A-IRB) Under the A-IRB approach, risk weights are determined by using internal risk parameters. We have received approval from FINMA to use, and have fully implemented, the A-IRB approach whereby we provide our own estimates for probability of default (PD), loss given default (LGD) and exposure at default (EAD). We use the A-IRB approach to determine our institutional credit risk and most of our retail credit risk.

Advanced measurement approach (AMA) The AMA is used for measuring operational risk. The methodology is based upon the identification of a number of key risk scenarios that describe the major operational risks we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario parameters into an operational risk model that generates a loss distribution from which the level of capital required to cover operational risk is determined. We have received approval from FINMA to use an internal model for the calculation of operational risk capital, which is aligned with the requirements of the AMA under the Basel framework.

Affluent clients We define affluent clients as individuals having assets under management in excess of CHF 50,000.

American depositary shares (ADS) An American depositary receipt is a negotiable certificate evidencing an ADS, issued by a depositary bank, that represents all or part of an underlying share of a foreign-based company held in custody.

B

Backtesting Backtesting is a process used to evaluate the performance of VaR models. It consists of a comparison between actual trading revenues and 1-day, 99% VaR. Regulators also use backtesting to evaluate model performance. VaR models that experience less than five exceptions in a rolling 12-month period are deemed to be statistically correct and attract no additional regulatory capital charges.

Basel II In June 2006, the Basel Committee on Banking Supervision (BCBS) published its comprehensive version of the revised framework for the international convergence of capital measurement and capital standards known as Basel II. Basel II describes the framework for measuring capital adequacy and the minimum standards to be achieved by the adopting supervisory authorities. This framework is based on three pillars, which are viewed as mutually reinforcing.

Pillar 1: Minimum Capital Requirements – requires an institution to hold sufficient capital to cover its credit, market and operational risks.

Pillar 2: Supervisory Review Process – discusses the role of supervisors in ensuring that institutions have in place a proper process for assessing and maintaining their capital ratios above the minimum requirements.

Pillar 3: Market Discipline – sets out disclosure requirements, especially for those institutions seeking approval to use their own internal models to calculate their capital requirements.

Basel II.5 In June 2009, the BCBS published revisions to the Basel II market risk framework, commonly referred to as Basel II.5. The revisions require the trading book capital charge for a bank using the internal models approach for market risk to be subject to a general market risk capital charge. A bank that has approval to model specific risk will also be subject to an incremental risk capital charge. The BCBS required the implementation of Basel II.5 for BIS purposes no later than December 31, 2011.

Basel III In December 2010, the BCBS issued the Basel III framework, which is a comprehensive set of reform measures to strengthen the regulation, supervision and risk management of the banking sector. These measures aim to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source, improve risk management and governance and strengthen banks' transparency and disclosures. Phased-in from January 1, 2013 through January 1, 2019.

Basel Committee on Banking Supervision (BCBS) The Basel Committee on Banking Supervision (BCBS) provides a forum for regular cooperation on banking supervisory matters. Its objective is to enhance the understanding of key supervisory issues and improve the quality of banking supervision worldwide. It seeks to do so by exchanging information on national supervisory issues, approaches and techniques, with a view to promoting common understanding. At times, the Committee uses this common understanding to develop guidelines and supervisory standards in areas where they are considered desirable. In this regard, the Committee is best known for its international standards on capital adequacy; the Core Principles for Effective Banking Supervision; and the Concordat on cross-border banking supervision.

Booking center Part of a legal entity of Credit Suisse AG that is registered with a domestic banking license where client assets are administered and booked.

C

Collateralized debt obligation (CDO) A CDO is a type of structured asset-backed security whose value and payments are derived from a portfolio of underlying fixed-income assets.

Commercial mortgage-backed securities (CMBS) CMBS are a type of mortgage-backed security that is secured by loans on commercial property and can provide liquidity to real estate investors and commercial lenders.

Commercial paper (CP) Commercial paper is an unsecured money-market security with a fixed maturity of 1 to 364 days, issued by large banks and corporations to raise funds to meet short term debt obligations.

Constant prepayment rate (CPR) A loan prepayment rate that is equal to the proportion of the principal of a pool of loans that is assumed to be paid off prematurely in each period. The calculation of this estimate is based on a number of factors such as historical prepayment rates for previous loans that are similar to ones in the pool and on future economic outlooks.

Credit default swap (CDS) A CDS is a contractual agreement in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt or failure to meet payment obligations when due.

Credit valuation adjustment (CVA) The CVA represents the market value of counterparty credit risk for uncollateralized OTC derivative instruments.

D

Derivatives Derivatives are financial instruments or contracts that meets all of the following three characteristics: (1) their value changes in response to changes in an underlying price, such as interest rate, security price, foreign exchange rate, credit rating/price, or index; (2) they requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (3) their terms require or permit net settlement (US GAAP) or they settle at a future date (IFRS).

Debit valuation adjustment (DVA) The DVA represents the market value of our own credit risk for uncollateralized OTC derivative instruments.

F

Fair value The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Flow-based Flow-based businesses refer to products that are generally more liquid, less complex and less volatile and which tend to provide a more stable earnings base generated from fees and/or trading activity initiated by or in facilitation of client business. Flow-based businesses include foreign exchange, interest-rate products, cash equities, vanilla derivative products and prime services.

G

G-7 The G-7 represents the finance ministers from seven industrialized nations: the US, UK, France, Germany, Italy, Canada and Japan.

G-20 The G-20 represents the finance ministers and central bank governors from 19 countries plus the European Union.

H

Haircut The percentage by which an asset's market value is reduced for the purpose of calculating capital, margin requirements and collateral levels. This is used to provide a cushion when lending against collateral to account for possible adverse movements in the value of the collateral.

High-net-worth individuals We define high-net-worth individuals as individuals having assets under management in excess of CHF 1 million.

I

Incremental risk charge (IRC) The IRC represents an estimate of the issuer default and migration risk of positions in the trading book over a one-year capital horizon at a 99.9% confidence level, taking into account the liquidity horizons of individual positions. This includes sovereign debt, but excludes securitizations and correlation products.

L

Liquidity coverage ratio (LCR) The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows should be at least 100%.

London interbank offered rate (LIBOR) LIBOR is a daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market.

Loss given default (LGD) LGD parameters consider seniority, collateral, counterparty industry and, in certain cases, fair value markdowns. LGD estimates are based on an empirical analysis of historical loss rates and are calibrated to reflect time and cost of recovery as well as economic downturn conditions. For much of the Private Banking & Wealth Management loan portfolio, the LGD is primarily dependent upon the type and amount of collateral pledged. For other retail credit risk, predominantly loans secured by financial collateral, pool LGDs differentiate between standard and higher risks, as well as domestic and foreign transactions. The credit approval and collateral monitoring processes are based on loan-to-value limits. For mortgages (residential or commercial), recovery rates are differentiated by type of property.

M

Match funded Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and value so that the liquidity and funding generated or required by the positions are substantially equivalent.

Material risk takers and controllers (MRTC) MRTC are employees whose activities are considered to have a potentially material impact on the Group's risk profile.

N

Negative replacement value (NRV) NRV represents the negative fair value of a derivative financial instrument at a given financial reporting date. A negative replacement value reflects the amount payable to the counterparty if the derivative transaction would settle at the reporting date, or alternatively, the cost at a given reporting date to close an open derivative position with a fully offsetting transaction.

Net stable funding ratio (NSFR) The NSFR is intended to ensure banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. It is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The standard is defined as the ratio of available stable funding over the amount of required stable funding. The ratio should always be at least 100%.

Netting agreements Netting agreements are contracts between two parties where under certain circumstances, such as insolvency, bankruptcy or any other credit event, mutual claims from outstanding business transactions can be offset against each other. The inclusion of a legally binding netting agreement reduces the default risk from a gross to a net amount.

O

Over-the-counter (OTC) Over-the-counter securities and derivatives are not traded on an exchange but via private contracts between counterparties.

P

Position risk Component of the economic capital framework which is used to assess, monitor and report risk exposures throughout the Group. Position risk is the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes).

Positive replacement value (PRV) PRV represents the positive fair value of a derivative financial instrument at a given reporting date. A positive replacement value reflects the amount receivable from the counterparty if the derivative transaction would settle at the reporting date, or alternatively, the cost at a given reporting date to enter into the exact same transaction for the residual term, if the existing counterparty should default.

Probability of default (PD) PD parameters capture the risk of a counterparty defaulting over a one-year time horizon. PD estimates are based on time-weighted averages of historical default rates by rating grade, with low-default-portfolio estimation techniques applied for higher quality rating grades. Each PD reflects the internal rating for the relevant obligor.

R

Regulatory VaR Regulatory VaR is a version of VaR that uses an exponential weighting technique that automatically increases VaR where recent short-term market volatility is greater than long-term volatility in the two-year dataset. Regulatory VaR uses an expected shortfall calculation based on average losses, and a ten-day holding period adjusted to one day for presentation purposes. This results in a more responsive VaR model, as the overall increases in market volatility are reflected almost immediately in the regulatory VaR model.

Repurchase agreements Repurchase agreements are securities sold under agreements to repurchase substantially identical securities. These transactions normally do not constitute economic sales and are therefore treated as collateralized financing transactions and are carried in the balance sheet at the amount of cash received (liability) and cash disbursed (asset), respectively.

Residential mortgage-backed securities (RMBS) RMBS are a type of mortgage-backed security composed of a wide array of different non-commercial mortgage debts. It securitizes the mortgage payments of non-commercial real estate. Different residential mortgages with varying credit ratings are pooled together and sold in tranches to investors.

Reverse repurchase agreements Reverse repurchase agreements are purchases of securities under agreements to resell substantially identical securities. These transactions normally do not constitute economic sales and are therefore treated as collateralized financing transactions and are carried in the balance sheet at the amount of cash received (liability) and cash disbursed (asset), respectively.

Risk management VaR Risk management VaR is a version of VaR that uses an exponential weighting technique that automatically adjusts VaR where recent short-term market volatility differs from long-term volatility in the two-year dataset. Risk management VaR uses an expected shortfall calculation based on average losses, and a one-day holding period. This results in a more responsive VaR model, as the overall changes in market volatility are reflected almost immediately in the risk management VaR model.

Risk mitigation Risk mitigation refers to measures undertaken by the Group or the Bank to actively manage its risk exposure. For credit risk exposure, such measures would normally include utilizing credit hedges and collateral, such as cash and marketable securities. Credit hedges represent the notional exposure that can be transferred to other market counterparties, generally through the use of credit default swaps.

Risk-weighted assets (RWA) The value of the Group's assets weighted according to certain identified risks for compliance with regulatory provisions.

S

Stressed VaR Stressed VaR replicates a VaR calculation on the current portfolio of the Group or the Bank, taking into account a one-year observation period relating to significant financial stress; it helps reduce the pro-cyclicality of the minimum capital requirements for market risk.

Swiss Financial Supervisory Authority (FINMA) FINMA, as an independent supervisory authority, protects creditors, investors and policy holders, ensuring the smooth functioning of the financial markets and preserving their reputation.

In its role as state supervisory authority, FINMA acts as an oversight authority of banks, insurance companies, exchanges, securities dealers, collective investment schemes, distributors and insurance intermediaries. It is responsible for combating money laundering and, where necessary, conducts restructuring and bankruptcy proceedings and issues operating licenses for companies in the supervised sectors. Through its supervisory activities, it ensures that supervised institutions comply with the requisite laws, ordinances, directives and regulations and continues to fulfill the licensing requirements. FINMA also acts as a regulatory body; it participates in legislative procedures, issues its own ordinances and circulars where authorized to do so, and is responsible for the recognition of self-regulatory standards.

T

Too Big to Fail In 2011, the Swiss Parliament passed legislation relating to big banks. The legislation includes capital and liquidity requirements and rules regarding risk diversification and emergency plans designed to maintain systemically relevant functions even in the event of threatened insolvency.

Total return swap (TRS) A TRS is a swap agreement in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, which includes both the income it generates and any capital gains. In total return swaps, the underlying asset, referred to as the reference asset, is usually an equity index, loans, or bonds.

U

Ultra-high-net-worth individuals Ultra-high-net-worth individuals have assets under management in excess of CHF 50 million or total wealth exceeding CHF 250 million.

V

Value-at-Risk (VaR) VaR is a technique used to measure the potential loss in fair value of financial instruments based on a statistical analysis of historical price trends and volatilities. VaR as a concept is applicable for all financial risk types with valid regular price histories; the use of VaR allows the comparison of risk in different businesses, such as fixed income and equity.

Investor information

Share data

in / end of	2012	2011	2010
Share price (common shares, CHF)			
Average	21.23	31.43	45.97
Minimum	16.01	19.65	37.04
Maximum	27.20	44.99	56.40
End of period	22.26	22.07	37.67
Share price (American Depositary Shares, USD)			
Average	22.70	35.36	44.16
Minimum	16.20	21.20	36.54
Maximum	29.69	47.63	54.57
End of period	24.56	23.48	40.41
Market capitalization			
Market capitalization (CHF million)	29,402	27,021	44,683
Market capitalization (USD million)	32,440	28,747	47,933
Dividend per share (CHF)			
Dividend per share	0.75 ¹	0.75 ^{2,3}	1.30 ³

¹ Proposal of the Board of Directors to the Annual General Meeting on April 26, 2013. Refer to "Capital trends and capital distribution proposal" in II – Operating and financial review – Core Results – Information and developments for further information. ² The distribution was payable in cash or, subject to any legal restrictions applicable in shareholders' home jurisdictions, in new shares of Credit Suisse Group at the option of the shareholder. ³ Paid out of reserves from capital contributions.

Share performance



Ticker symbols / stock exchange listings

	Common shares	ADS ¹
Ticker symbols		
Bloomberg	CSGN VX	CS US
Reuters	CSGN.VX	CS.N
Telekurs	CSGN,380	CS,065
Stock exchange listings		
Swiss security number	1213853	570660
ISIN number	CH0012138530	US2254011081
CUSIP number	–	225 401 108

¹ One American Depositary Share (ADS) represents one common share.

Bond ratings

as of March 15, 2013	Moody's	Standard & Poor's	Fitch Ratings
Credit Suisse Group AG ratings			
Short term	–	–	F1
Long term	A2	A	A
Outlook	Stable	Negative	Stable
Credit Suisse AG ratings			
Short term	P-1	A-1	F1
Long term	A1	A+	A
Outlook	Stable	Negative	Stable

Foreign currency translation rates

	End of			Average in		
	2012	2011	2010	2012	2011	2010
1 USD / 1 CHF	0.92	0.94	0.94	0.93	0.88	1.04
1 EUR / 1 CHF	1.21	1.22	1.25	1.20	1.23	1.38
1 GBP / 1 CHF	1.48	1.45	1.45	1.48	1.42	1.61
100 JPY / 1 CHF	1.06	1.21	1.15	1.17	1.11	1.19

Financial calendar and contacts

Financial calendar

First quarter 2013 results	Wednesday, April 24, 2013
Annual General Meeting	Friday, April 26, 2013
Capital distribution payment – cash	Monday, May 6, 2013
Capital distribution payment – stock	Monday, May 13, 2013
Second quarter 2013 results	Thursday, July 25, 2013
Third quarter 2013 results	Thursday, October 24, 2013

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Results and financial information	www.credit-suisse.com/results
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US share register and transfer agent

ADS depository bank	Deutsche Bank Trust Company Americas
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Cautionary statement regarding forward-looking information

This report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market and interest rate fluctuations and interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries in 2013 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;

- the ability to achieve our strategic objectives, including improved performance, reduced risks, lower costs and more efficient use of capital;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, trade and tax policies, and currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- actions taken by regulators with respect to our business and practices in one or more of the countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting policies or practices;
- competition in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation and other contingencies;
- the ability to achieve our cost efficiency goals and cost targets; and
- our success at managing the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in *I – Information on the company – Risk factors*.

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