CHENIERE ENERGY INC
Form SC 13G/A
February 14, 2012

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

CHENIERE ENERGY, INC.

(Name of Issuer)

Common Stock, Par Value $0.003 Per Share

(Title of Class of Securities)

16411R208
(CUSIP Number)

December 31, 2011
(Date of Event which Requires Filing
of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

o Rule 13d-1(b)
x Rule 13d-1(c)
o Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 16411R208 | 13G | Page 2 of 9 Pages

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON S.A.C. Capital Advisors, L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o (b) x	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	5	SOLE VOTING POWER 0
	6	SHARED VOTING POWER 5,630,567 (see Item 4)
	7	SOLE DISPOSITIVE POWER 0
	8	SHARED DISPOSITIVE POWER 5,630,567 (see Item 4)
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 5,630,567 (see Item 4)	
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES o	
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 4.5% (see Item 4)	
12	TYPE OF REPORTING PERSON* PN	

*SEE INSTRUCTION BEFORE FILLING OUT

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

S.A.C. Capital Advisors, Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) o
(b) x

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	5 SOLE VOTING POWER 0
	6 SHARED VOTING POWER 5,630,567 (see Item 4)
	7 SOLE DISPOSITIVE POWER 0
	8 SHARED DISPOSITIVE POWER 5,630,567 (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,630,567 (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

4.5% (see Item 4)

12 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTION BEFORE FILLING OUT

CUSIP No. 16411R208 | 13G | Page 4 of 9 Pages

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

CR Intrinsic Investors, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) o
(b) x

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	5 SOLE VOTING POWER 0
	6 SHARED VOTING POWER 1,581,575 (see Item 4)
	7 SOLE DISPOSITIVE POWER 0
	8 SHARED DISPOSITIVE POWER 1,581,575 (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,581,575 (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.3% (see Item 4)

12 TYPE OF REPORTING PERSON*

OO

*SEE INSTRUCTION BEFORE FILLING OUT

CUSIP No. 16411R208 13G Page 5 of 9 Pages

1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Steven A. Cohen

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) o
(b) x

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	5 SOLE VOTING POWER 0
	6 SHARED VOTING POWER 7,212,142 (see Item 4)
	7 SOLE DISPOSITIVE POWER 0
	8 SHARED DISPOSITIVE POWER 7,212,142 (see Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,212,142 (see Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

5.7% (see Item 4)

12 TYPE OF REPORTING PERSON*

IN

*SEE INSTRUCTION BEFORE FILLING OUT

Item 1(a)	Name of Issuer:
	Cheniere Energy, Inc.
Item 1(b)	Address of Issuer's Principal Executive Offices:
	700 Milam Street, Suite 800, Houston Texas 77002
Item 2(a)	Name of Person Filing:
	This statement is filed by: (i) S.A.C. Capital Advisors, L.P. ("SAC Capital Advisors LP") with respect to shares of Common Stock, par value $0.003 per share ("Shares") of the Issuer beneficially owned by S.A.C. Capital Associates, LLC ("SAC Capital Associates") and S.A.C. MultiQuant Fund, LLC ("SAC MultiQuant Fund"); (ii) S.A.C. Capital Advisors, Inc. ("SAC Capital Advisors Inc.") with respect to Shares beneficially owned by SAC Capital Advisors LP, SAC Capital Associates and SAC MultiQuant Fund; (iii) CR Intrinsic Investors, LLC ("CR Intrinsic Investors") with respect to Shares beneficially owned by CR Intrinsic Investments, LLC ("CR Intrinsic Investments"); and (iv) Steven A. Cohen with respect to Shares beneficially owned by SAC Capital Advisors LP, SAC Capital Advisors Inc., SAC Capital Associates, SAC MultiQuant Fund, CR Intrinsic Investors and CR Intrinsic Investments.
Item 2(b)	Address or Principal Business Office:
	The address of the principal business office of SAC Capital Advisors LP, SAC Capital Advisors Inc., CR Intrinsic Investors, and Mr. Cohen is 72 Cummings Point Road, Stamford, Connecticut 06902.
Item 2(c)	Citizenship:
	SAC Capital Advisors LP is a Delaware limited partnership. SAC Capital Advisors Inc. is a Delaware corporation. CR Intrinsic Investors is a Delaware limited liability company. Mr. Cohen is a United States citizen.
Item 2(d)	Title of Class of Securities:
	Common Stock, par value $0.003 per share
Item 2(e)	CUSIP Number:
	16411R208

Item 3	Not Applicable
Item 4	Ownership:

The percentages used herein are calculated based upon the Shares issued and outstanding as of December 5, 2011 as reported in the Issuer's Prospectus Supplement on Form 424B5 filed with the Securities and Exchange Commission by the Issuer on December 15, 2011 (the “Prospectus”), as amended to reflect the Issuer’s public offering of Shares which were expected to be delivered on or about December 19, 2011 as reported in the Prospectus.

As of the close of business on December 31, 2011:

1. S.A.C. Capital Advisors, L.P.
(a) Amount beneficially owned: 5,630,567
(b) Percent of class: 4.5%
(c)(i) Sole power to vote or direct the vote: -0-
(ii) Shared power to vote or direct the vote: 5,630,567
(iii) Sole power to dispose or direct the disposition: -0-
(iv) Shared power to dispose or direct the disposition: 5,630,567

2. S.A.C. Capital Advisors, Inc.
(a) Amount beneficially owned: 5,630,567
(b) Percent of class: 4.5%
(c)(i) Sole power to vote or direct the vote: -0-
(ii) Shared power to vote or direct the vote: 5,630,567
(iii) Sole power to dispose or direct the disposition: -0-
(iv) Shared power to dispose or direct the disposition: 5,630,567

3. CR Intrinsic Investors, LLC
(a) Amount beneficially owned: 1,581,575
(b) Percent of class: 1.3%
(c)(i) Sole power to vote or direct the vote: -0-
(ii) Shared power to vote or direct the vote: 1,581,575
(iii) Sole power to dispose or direct the disposition: -0-
(iv) Shared power to dispose or direct the disposition: 1,581,575

4. Steven A. Cohen
(a) Amount beneficially owned: 7,212,142
(b) Percent of class: 5.7%
(c)(i) Sole power to vote or direct the vote: -0-
(ii) Shared power to vote or direct the vote: 7,212,142
(iii) Sole power to dispose or direct the disposition: -0-
(iv) Shared power to dispose or direct the disposition: 7,212,142

SAC Capital Advisors LP, SAC Capital Advisors Inc., CR Intrinsic Investors, and Mr. Cohen own directly no Shares. Pursuant to an investment management agreement, SAC Capital Advisors LP maintains investment and voting power with respect to the securities held by SAC Capital Associates and SAC MultiQuant Fund. SAC Capital Advisors Inc. is the general partner of SAC Capital Advisors LP. Pursuant to an investment management agreement, CR Intrinsic Investors maintains investment and voting power with respect to the securities held by CR Intrinsic Investments. Mr. Cohen controls each of SAC Capital Advisors Inc. and CR Intrinsic Investors. CR Intrinsic Investments is a wholly owned subsidiary of SAC Capital Associates. As of December 31, 2011, by reason of the provisions of Rule 13d-3 of the Securities Exchange Act of 1934, as amended, each of (i) SAC Capital Advisors LP, SAC Capital Advisors Inc. and Mr. Cohen may be deemed to beneficially own 5,630,567 Shares (constituting approximately 4.5% of the Shares outstanding); and (ii) CR Intrinsic Investors and Mr. Cohen may be deemed to beneficially own 1,581,575 Shares (constituting approximately 1.3% of the Shares outstanding). Each of SAC Capital Advisors LP, SAC Capital Advisors Inc., CR Intrinsic Investors, and Mr. Cohen disclaims beneficial ownership of any of the securities covered by this statement.

Item 5	Ownership of Five Percent or Less of a Class:
	If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following. o
Item 6	Ownership of More than Five Percent on Behalf of Another Person:
	Not Applicable
Item 7	Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company:
	Not Applicable
Item 8	Identification and Classification of Members of the Group:
	Not Applicable
Item 9	Notice of Dissolution of Group:
	Not Applicable
Item 10	Certification:

By signing below the signatory certifies that, to the best of his knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2012

S.A.C. CAPITAL ADVISORS, L.P.

By: /s/ Peter Nussbaum
Name: Peter Nussbaum
Title: Authorized Person

S.A.C. CAPITAL ADVISORS, INC.

By: /s/ Peter Nussbaum
Name: Peter Nussbaum
Title: Authorized Person

CR INTRINSIC INVESTORS, LLC

By: /s/ Peter Nussbaum
Name: Peter Nussbaum
Title: Authorized Person

STEVEN A. COHEN

By: /s/ Peter Nussbaum
Name: Peter Nussbaum
Title: Authorized Person

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f;font-size:8pt">(1,246) 53 27 **Total 1,562 (950) (1,846) 49 32**
1
Amounts are reflected gross of tax.
Carrying value and fair value of financial instruments not carried at fair value

end of	Carrying value	Level 1	Level 2	Level 3	Fair value Total
2018 (CHF million)					
Financial assets					
	35,277	0	35,243	35	35,278

Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions					
Loans	274,440	0	275,105	7,047	282,152
Other financial assets [1]	117,002	99,238	17,139	796	117,173
Financial liabilities					
Due to banks and deposits	376,741	197,320	179,448	0	376,768
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	9,795	0	9,795	0	9,795
Short-term borrowings	14,351	0	14,352	0	14,352
Long-term debt	90,406	0	89,707	854	90,561
Other financial liabilities [2]	16,803	0	16,547	184	16,731
2017 (CHF million)					
Financial assets					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	37,848	0	37,848	0	37,848
Loans	264,181	0	268,380	3,212	271,592
Other financial assets [1,3]	170,687	109,414	60,518	1,108	171,040
Financial liabilities					
Due to banks and deposits	374,006	202,164	171,831	0	373,995
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	11,233	0	11,233	0	11,233
Short-term borrowings	15,359	0	15,359	0	15,359
Long-term debt	109,420	0	112,564	235	112,799
Other financial liabilities [2,3]	61,701	0	61,543	146	61,689

1
Primarily includes cash and due from banks, interest-bearing deposits with banks, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities.

2
Primarily includes cash collateral on derivative instruments and interest and fee payables.

3
2017 balances included brokerage receivables and payables, which, effective January 1, 2018, were no longer included due to the adoption of ASU 2016-01.

35 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	2018	2017
CHF million		
Total assets pledged or assigned as collateral	117,895	130,038
of which encumbered	58,672	73,189

Collateral

The Bank receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A significant 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	2018	2017
CHF million		
Fair value of collateral received with the right to sell or repledge	406,389	433,190
of which sold or repledged	193,267	212,155

Other information		
end of	2018	2017
CHF million		
Swiss National Bank required minimum liquidity reserves	2,042	2,043
Other cash and securities restricted under Swiss and foreign regulations for financial institutions	24,681	26,928

> Refer to “Note 36 – Assets pledged and collateral” in VI – Consolidated financial statements – Credit Suisse Group for further information.

36 Capital adequacy

The Bank is subject to the Basel III framework, as implemented in Switzerland, as well as Swiss legislation and regulations for systemically important banks (Swiss Requirements). The Bank, which is subject to regulation by FINMA, has based its capital adequacy calculations on US GAAP financial statements, as permitted by FINMA Circular 2013/1.

> Refer to “Note 37 – Capital adequacy” in VI – Consolidated financial statements – Credit Suisse Group for further information.

As of December 31, 2018 and 2017, the Bank’s capital position exceeded its capital requirements under the regulatory provisions outlined under Swiss Requirements.

Broker-dealer operations

Certain of the Bank’s broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2018 and 2017, 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, 2018 and 2017, Credit Suisse AG was not subject to restrictions on its ability to pay the proposed dividends.

Swiss metrics

end of	2018	Phase-in 2017
Swiss capital (CHF million)		
Swiss CET1 capital	38,810	38,288
Going concern capital	51,634	53,995
Gone concern capital	35,683	35,771
Total loss-absorbing capacity (TLAC)	87,317	89,766
Swiss risk-weighted assets and leverage exposure (CHF million)		
Swiss risk-weighted assets	286,682	273,332
Leverage exposure	885,854	921,793
Swiss capital ratios (%)		
Swiss CET1 ratio	13.5	14.0
Going concern capital ratio	18.0	19.8
Gone concern capital ratio	12.4	13.1
TLAC ratio	30.5	32.8
Swiss leverage ratios (%)		
Swiss CET1 leverage ratio	4.4	4.2
Going concern leverage ratio	5.8	5.9
Gone concern leverage ratio	4.0	3.9
TLAC leverage ratio	9.9	9.7
Swiss capital ratio requirements (%)		
Swiss CET1 ratio requirement	9.46	9.0
Going concern capital ratio requirement	12.86	12.0
Gone concern capital ratio requirement	8.9	6.2
TLAC ratio requirement	21.76	18.2
Swiss leverage ratio requirements (%)		
Swiss CET1 leverage ratio requirement	2.9	2.6
Going concern leverage ratio requirement	4.0	3.5
Gone concern leverage ratio requirement	3.0	2.0
TLAC leverage ratio requirement	7.0	5.5

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37 Assets under management

The following disclosure provides information regarding client assets, assets under management and net new assets as regulated by FINMA.

> Refer to "Note 38 – Assets under management" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Assets under management

end of	2018	2017
CHF billion		
Assets in collective investment instruments managed by Credit Suisse	178.3	177.4
Assets with discretionary mandates	256.5	267.3
Other assets under management	904.4	923.6
Assets under management (including double counting)	**1,339.2**	**1,368.3**
of which double counting	42.4	44.6

Changes in assets under management

	2018	2017
Assets under management (CHF billion)		
Balance at beginning of period [1]	**1,368.3**	**1,243.9**
Net new assets/(net asset outflows)	56.0	36.2
Market movements, interest, dividends and foreign exchange	(68.0)	87.6
of which market movements, interest and dividends [2]	(54.8)	89.8
of which foreign exchange	(13.2)	(2.2)
Other effects	(17.1)	0.6
Balance at end of period	**1,339.2**	**1,368.3**

1

Including double counting.

2

Net of commissions and other expenses and net of interest expenses charged.

38 Litigation

> Refer to "Note 39 – Litigation" in VI – Consolidated financial statements – Credit Suisse Group for further information.

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39 Significant subsidiaries and equity method investments
Significant subsidiaries

Company name	Domicile	Currency	Nominal capital in million	Equity interest in %
End of 2018				
Credit Suisse AG				
Alpine Securitization LTD	George Town, Cayman Islands	USD	0.0	100
Asset Management Finance LLC	Wilmington, United States	USD	167.8	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
BANK-now AG	Horgen, Switzerland	CHF	30.0	100
Boston Re Ltd.	Hamilton, Bermuda	USD	2.0	100
Casa de Bolsa Credit Suisse (México), S.A. de C.V.	Mexico City, Mexico	MXN	274.0	100
Column Financial, Inc.	Wilmington, United States	USD	0.0	100
Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1	100
Credit Suisse (Brasil) S.A. Corretora de Titulos e Valores Mobiliários	São Paulo, Brazil	BRL	98.4	100
Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany	EUR	130.0	100
Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	13,758.0	100
Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	170.0	100
Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	230.9	100
Credit Suisse (Qatar) LLC	Doha, Qatar	USD	29.0	100
Credit Suisse (Schweiz) AG	Zurich, Switzerland	CHF	100.0	100
Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	743.3	100
Credit Suisse (UK) Limited	London, United Kingdom	GBP	245.2	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 Atlas I Investments (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	USD	0.0	100
Credit Suisse Brazil (Bahamas) Limited	Nassau, Bahamas	USD	70.0	100
Credit Suisse Business Analytics (India) Private Limited	Mumbai, India	INR	40.0	100
Credit Suisse Capital LLC	Wilmington, United States	USD	937.6	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 (India) Private Limited	Mumbai, India	INR	1,050.1	100
Credit Suisse First Boston (Latam 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

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Significant subsidiaries (continued)

Company name	Domicile	Currency	Nominal capital in million	Equity interest in %
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 Group Finance (U.S.) Inc.	Wilmington, United States	USD	100.0	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
Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	550.0	100
Credit Suisse InvestLab AG	Zurich, Switzerland	CHF	1.0	100
Credit Suisse Istanbul Menkul Degerler A.S.	Istanbul, Turkey	TRY	6.8	100
Credit Suisse Leasing 92A, L.P.	Wilmington, 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	896.4	100
Credit Suisse Prime Securities Services (USA) LLC	Wilmington, United States	USD	263.3	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 Saudi Arabia	Riyadh, Saudi Arabia	SAR	625.0	100
Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4	100
Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	3,859.3	100
Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	2,080.9	100
Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.7	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	1,131.7	100
Credit Suisse Services (India) Private Limited	Pune, India	INR	0.1	100
Credit Suisse Services (USA) LLC	Wilmington, United States	USD	0.0	100
CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1	100
CSAM Americas Holding Corp.	Wilmington, United States	USD	0.0	100
DLJ Merchant Banking Funding, Inc	Wilmington, United States	USD	0.0	100
DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0	100
Fides Treasury Services AG	Zurich, Switzerland	CHF	2.0	100
JSC "Bank Credit Suisse (Moscow)"	Moscow, Russia	USD	37.8	100
Lime Residential Ltd	Nassau, Bahamas	USD	100.0	100
Merban Equity AG	Zug, Switzerland	CHF	0.1	100
Merchant Holding, LLC	Wilmington, United States	USD	0.0	100
Neue Aargauer Bank AG	Aarau, Switzerland	CHF	134.1	100
Solar Investco II Ltd.	George Town, Cayman Islands	USD	0.0	100
SPS Holding Corporation	Wilmington, United States	USD	0.0	100
SVC - AG für KMU Risikokapital	Zurich, Switzerland	CHF	15.0	100

PT Credit Suisse Sekuritas Indonesia	Jakarta, Indonesia	IDR	235,000.0	99
Credit Suisse Hypotheken AG	Zurich, Switzerland	CHF	0.1	98
Credit Suisse International	London, United Kingdom	USD	12,366.1	98[1]

1
Remaining 2% held directly by Credit Suisse Group AG. 98% of voting rights and 98% of equity interest held by Credit Suisse AG.

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Significant equity method investments

Company name	Domicile	Equity interest in %
End of 2018		
Credit Suisse AG		
Swisscard AECS GmbH	Horgen, Switzerland	50
Credit Suisse Founder Securities Limited	Beijing, China	33
E.L. & C. Baillieu Stockbroking (Holdings) Pty Ltd	Melbourne, Australia	23
ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China	20
York Capital Management Global Advisors, LLC	New York, United States	5[1]
Holding Verde Empreendimentos e Participações S.A.	São Paulo, Brazil	0[1]

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The Bank holds a significant noncontrolling interest.

40 Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)

> Refer to "Note 43 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in VI – Consolidated financial statements – Credit Suisse Group for further information.

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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, 2018, 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, 2018 using the criteria issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 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, 2018.

The Bank's independent auditors, KPMG AG, have issued an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2018, 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

Report of the Independent Registered Public Accounting FirmTo the shareholders and Board of DirectorsCredit Suisse AG,
Zurich____Opinion on Internal Control Over Financial Reporting We have audited Credit Suisse AG and subsidiaries' (the “Bank”) internal control over financial reporting as of December 31, 2018, based oncriteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control Integrated Framework (2013) 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) (“PCAOB”), the consolidated balance sheets of the Bank as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the threeyear period ended December31, 2018, and the related notes (collectively, the “consolidated financial statements”), and our report dated March 22, 2019 expressed an unqualified opinion on those consolidated financial statements. Basis for Opinion 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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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. Definition and Limitations of Internal Control Over Financial Reporting 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. KPMG AG Nicholas Edmonds Anthony Anzevino Licensed Audit Expert Global Lead Partner Auditor in Charge Zurich, Switzerland March 22, 2019

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Report of the Statutory Auditor

Report of the Statutory AuditorTo the General Meeting of Credit Suisse AG, ZurichReport of the Statutory Auditor on the Financial StatementsAs statutory auditor, we have audited the accompanying financial statements of Credit Suisse AG, which comprise the balance sheet, statement of income, statement of changes in equity and notes for the year ended December 31, 2018.Board of Directors' ResponsibilityThe Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and Credit Suisse AG's articles of association. 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 ResponsibilityOur 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 about 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.OpinionIn our opinion, the financial statements for the year ended December 31, 2018, comply with Swiss law and Credit Suisse AG's articles of association.Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight AuthorityValuation of financial instruments reported at fair valueProvisions for litigation and regulatory actionsValuation of the allowance for loan lossesValuation of participationsControls over IT systems impacting financial reporting Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.Valuation of financial instruments reported at fair valueKey Audit MatterOur responseCredit Suisse AG reports financial assets reported at fair value of CHF 80.8 billion and financial liabilities reported at fair value of CHF 102.1 billion as of December 31, 2018. These financial assets represented 15% of total assets and these financial liabilities represented 21% of total liabilities as of December 31, 2018.The fair value of the majority of Credit Suisse AG's financial instruments is based on quoted prices in active markets or observable inputs.In addition, Credit Suisse AG holds financial instruments for which no prices are available and which have little or no observable inputs. For these financial instruments, fair value is determined through the application of valuation techniques, which often involve the exercise of judgment by management including the use of assumptions and estimates. In particular, for financial instruments which do not have directly observable market prices, judgment is often required to determine modelling assumptions that are used in the determination of fair value. Credit Suisse AG also has certain financial instruments that utilize significant, judgmental inputs with varying degrees of observability for purposes of determining fair value. Further, Credit Suisse AG applies significant judgment in calculating certain valuation adjustments including credit, debit and funding valuation adjustments.We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to the valuation of financial instruments reported at fair value. This included controls over independent price verification, valuation model approval and the calculation, validation and recording of valuation adjustments.For a sample of financial instruments, we examined the appropriateness of models used and valuation inputs or data. We compared observable inputs and data against independent sources and externally available market data.For a sample of instruments which do not have directly observable market prices, we critically examined and challenged the assumptions and models used or re-performed an independent valuation assessment, by reference to what we considered to be available alternative methods and sensitivities to key factors.We also evaluated the methodology and inputs used in determining key judgmental valuation adjustments (including credit, debit, and funding valuation adjustments) by critically examining and challenging these assumptions and models, and performing recalculations for a sample of these adjustments.We made use of our own valuation specialists in performing the above procedures, in particular in relation to the most judgmental financial instruments, models, methodologies and assumptions.For further information on the valuation of financial instruments reported at fair value refer to the following:Note 2 Accounting and valuation principles, “Trading assets and liabilities”Note 12 Trading assets and liabilities and other financial instruments held at fair valueNote 13 Derivative financial instrumentsProvisions for litigation and regulatory actionsKey Audit MatterOur responseCredit Suisse AG is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. The outcome of such cases is dependent on the future outcome of continuing legal and regulatory processes. Consequently, the calculations of the provisions are subject to inherent uncertainty as they rely on management judgment about the likelihood and amount of liabilities arising from litigation and regulatory claims.We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to provisions for litigation and regulatory actions. This included controls over the valuation of the litigation provisions and their approval, review and disclosure.We evaluated Credit Suisse AG’s assessment of the nature and status of litigation, claims and regulatory actions. We considered the legal advice received by Credit Suisse AG from in-house counsel, as well as external counsel, when relevant, for certain of the more significant cases.We examined Credit Suisse AG’s conclusions with respect to the provisions and disclosures made for significant cases, considering the results of corroborative information obtained from management. In view of the significance of the judgments required, we examined the more significant provisions in detail. For the significant cases, we obtained correspondence directly from Credit Suisse AG’s outside attorneys and, where appropriate, performed corroborative inquiry of outside counsel and tested data and inputs used by management in determining their litigation provisions.For further information on provisions for litigation and regulatory actions refer to the following:Note 2 Accounting and valuation principles, “Provisions”Note 20 Provisions and valuation adjustmentsValuation of the allowance for loan lossesKey Audit MatterOur responseCredit Suisse AG reports gross loans held at amortized cost of CHF 183.2 billion and has recorded an allowance for loan losses of CHF 0.9 billion as of December 31, 2018.The valuation of the allowance for loan losses relies on the application of significant management judgment and the use of different modelling techniques and assumptions. The specific allowance for loan losses involves judgment to estimate the recoverable amount and the collateral value. The collective allowance for loan losses involves judgment in determining the methodology and parameters in calculating the allowance at a portfolio level.We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to the valuation of the allowance for loan losses. This included controls over the calculation, approval, recording and monitoring of the allowance for loan losses. This also included controls over model approval, validation and approval of key data inputs and the qualitative considerations for potential impairment that were not captured by management’s models.For a sample of loan loss allowances calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. We also examined a sample of loans which had not been identified by management as impaired and formed our own opinion about collectability.For a sample of loan loss allowances calculated on a collective basis we tested the underlying models including the model approval and validation process. We also tested the reasonableness of the inputs to those models, such as recovery rates, by comparing data and assumptions made to external benchmarks, when available. For further information on the valuation of allowance for loan losses refer to the following:Note 2 Accounting and valuation principles, “Due from customers and mortgage loans”Note 3 Risk management, “Credit Risk”Note 11 Collateral and impaired loansValuation of participationsKey Audit MatterOur responseCredit Suisse AG reports participations of CHF 74.4 billion as of December 31, 2018. The participations portfolio consists of investments in subsidiary entities mainly operating in the banking and finance industry.Participations are valued at acquisition cost less impairment. For the purpose of impairment testing, the portfolio valuation method is applied, and therefore impairment is assessed on the level of the entire portfolio of participations and not individually for each participation. The valuation of participations involves judgment in the projections and assumptions used, which are sensitive to the expected future market developments that could affect the profitability of these entities.We assessed and tested the design and implementation of the key controls over financial reporting with respect to the valuation of participations. This included controls over the identification and measurement of impairments, the evaluation of the valuation methodology, key inputs and assumptions used in the determination of the participation value, and management’s annual comparison of legal entity plans to past performance.For a sample of participations, we evaluated key assumptions applied in performing the valuation. We used our own valuation specialists to critically examine and challenge the key assumptions applied by benchmarking them against independent data.For further information on the valuation of participations refer to the following:Note 2 Accounting and valuation principles, “Participations” Controls over IT systems impacting financial reportingKey Audit MatterOur responseCredit Suisse AG is dependent on technology due to the significant number of transactions that are processed daily across Credit Suisse AG’s businesses. Credit Suisse AG’s IT infrastructure and applications are an integral component of its operations and financial reporting framework. Appropriate IT controls are required to ensure transactions are processed correctly and to mitigate the risk of fraud and error.We assessed the design of the general IT controls for Credit Suisse AG’s key systems relevant to financial reporting.We tested the operating effectiveness of Credit Suisse AG’s general IT controls including user access and provisioning (including system enforced segregation of duties), physical access, change management, information security, incident management, and back-up and restoration protocols. Our work included testing whether access requests were appropriately authorised in line with Credit Suisse AG’s general IT controls framework and, where required, the effective operation of compensating IT or business controls. Additionally, our work included testing selected system interface controls to confirm the completeness and accuracy of data transfers between systems.In performing our work, we included IT specialists as part of our audit team.Report on Other Legal Requirements We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) 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 Credit Suisse AG’s articles of association. We recommend that the financial statements submitted to you be approved.KPMG AGNicholas EdmondsRalph DichtLicensed Audit ExpertLicensed Audit ExpertAuditor in ChargeZurich, SwitzerlandMarch 22, 2019

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Parent company financial statements
Statements of income

	Note	2018	in 2017
Statements of income (CHF million)			
Interest and discount income		10,940	8,038
Interest and dividend income from trading activities		1,683	592
Interest and dividend income from financial investments		185	20
Interest expense		(10,158)	(6,415)
Gross income from interest activities		**2,650**	**2,235**
(Increase)/release of allowance for default risks and losses from interest activities		(257)	(453)
Net income from interest activities	4	**2,393**	**1,782**
Commission income from securities trading and investment activities		2,168	2,397
Commission income from lending activities		901	753
Commission income from other services		119	244
Commission expense		(588)	(637)
Net income from commission and service activities		**2,600**	**2,757**
Net income/(loss) from trading activities and fair value option	5	**(867)**	**(199)**
Income/(loss) from the disposal of financial investments		16	(11)
Income from participations		2,299	772
Income from real estate		18	20
Other ordinary income		1,198	1,687
Other ordinary expenses		(106)	(333)
Net income from other ordinary activities		**3,425**	**2,135**
Personnel expenses	6	2,064	2,548
General and administrative expenses	7	3,711	3,070
Total operating expenses		**5,775**	**5,618**
Impairment of participations, depreciation and amortization of tangible fixed assets and intangible assets		2,126	432
Increase/(release) of provisions and other valuation adjustments, and losses	8	69	156
Operating profit/(loss)		**(419)**	**269**
Extraordinary income	8	38	364
Extraordinary expenses	8	0	(5)
Taxes	9	(266)	(403)
Net profit/(loss)		**(647)**	**225**

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Balance sheets

	Note	2018	end of 2017
Assets (CHF million)			
Cash and other liquid assets		35,127	55,149
Due from banks		82,924	96,652
Securities borrowing and reverse repurchase agreements	10	69,768	66,677
Due from customers	11	177,104	193,106
Mortgage loans	11	5,162	5,051
Trading assets	12	42,781	48,629
Positive replacement values of derivative financial instruments	13	8,023	9,046
Other financial instruments held at fair value		0	322
Financial investments	14	30,773	18,591
Accrued income and prepaid expenses		2,803	2,810
Participations		74,380	75,439
Tangible fixed assets		2,149	2,370
Intangible assets		1	2
Other assets	15	1,821	2,374
Total assets		**532,816**	**576,218**
Total subordinated receivables		4,505	1,906
of which receivables subject to contractual mandatory conversion and/or cancellation		3,155	550
Liabilities and shareholders' equity			
Due to banks		61,136	74,992
Securities lending and repurchase agreements	10	55,806	61,064
Customer deposits		175,109	161,745
Trading liabilities	12	5,949	6,366
Negative replacement values of derivative financial instruments	13	7,215	8,373
Liabilities from other financial instruments held at fair value	12, 18	54,645	60,945
Bonds and mortgage-backed bonds		121,793	149,831
Accrued expenses and deferred income		3,870	4,617
Other liabilities	15	318	564
Provisions	20	459	548
Total liabilities		**486,300**	**529,045**
Share capital	21	4,400	4,400
Legal capital reserves		38,477	38,477
of which capital contribution reserves		37,913	37,913
Legal income reserves		3,461	3,461
Voluntary income reserves		610	610
Retained earnings		215	0
Net profit/(loss)		(647)	225
Total shareholders' equity		**46,516**	**47,173**
Total liabilities and shareholders' equity		**532,816**	**576,218**
Total subordinated liabilities		15,318	22,461
of which liabilities subject to contractual mandatory conversion and/or cancellation		11,210	15,976

Off-balance sheet transactions end of	2018	2017
CHF million		
Contingent liabilities	32,441	74,877
Irrevocable commitments	98,749	85,539
Obligations for calls on shares and additional payments	97	57

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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 exposure of Credit Suisse AG (Bank parent company) is not defined as an amount but relates to specific circumstances such as the solvency of subsidiaries or the performance of a service.

Joint and several liability

On November 20, 2016, the Bank parent company transferred its universal bank business for Swiss customers, comprising a significant part of the division Swiss Universal Bank and parts of the former Sales and Trading Services (STS), a business area providing sales and trading services and which became part of International Trading Solutions, to Credit Suisse (Schweiz) AG. This business transfer was executed through a transfer of assets and liabilities in accordance with the Swiss Merger Act. By operation of the Swiss Merger Act, the Bank parent company assumed a three-year statutory joint and several liability for obligations existing at the transfer date on November 20, 2016 and which were transferred to Credit Suisse (Schweiz) AG. With the exception of certain claims of employees becoming due up to the date upon which the employment relationship could ordinarily have been terminated, or was terminated by the employee if the employee declined to transfer to Credit Suisse (Schweiz) AG, the Bank parent company has no liability for obligations incurred by Credit Suisse (Schweiz) AG after the asset transfer date.

The Bank parent company entered into a contractual arrangement under which it assumed joint and several liability with respect to liabilities of Credit Suisse (Schweiz) AG arising in connection with Credit Suisse (Schweiz) AG’s roles under the covered bonds program.

The Bank parent company is a member of Credit Suisse Group AG’s Swiss VAT group and therefore subject to joint and several liability according to the Swiss VAT Act.

Deposit insurance guarantee programs

Deposit-taking banks and securities dealers in Switzerland are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank, and they 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 parent company’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 parent company, the Bank’s share in the deposit insurance guarantee program for the period July 1, 2018 to June 30, 2019 is CHF 48 million. This deposit insurance guarantee was reflected in contingent liabilities.

> Refer to “Note 24 – Amounts receivable from and amounts payable to related parties” for further information off-balance sheet transactions.

Statement of changes in equity

	Share capital	Legal capital reserves	Legal income reserves	Voluntary income reserves	Retained earnings	Net profit/(loss)	Total share-holder's equity
2018 (CHF million)							
Balance at beginning of period	**4,400**	**38,477**[1]	**3,461**	**610**	**0**	**225**	**47,173**
Appropriation of net profit	–	–	–	–	225	(225)	–
Dividends and other distributions	–	–	–	–	(10)	–	(10)
Net profit/(loss)	–	–	–	–	–	(647)	(647)
Balance at end of period	**4,400**	**38,477**[1]	**3,461**	**610**	**215**	**(647)**	**46,516**

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Includes capital contribution reserves of CHF 37,913 million at the beginning and at the end of the period. Distributions from capital contribution reserves are free of Swiss withholding tax.

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Notes to the financial statements

1 Company details, business developments and subsequent events

Company details

Credit Suisse AG (Bank parent company) is a Swiss bank incorporated as a joint stock corporation (public limited company) with its registered office in Zurich, Switzerland.

The Bank parent company is a 100% subsidiary of Credit Suisse Group AG (Group parent company) domiciled in Switzerland.

Number of employees

end of	2018	2017
Full-time equivalents		
Switzerland	5,700	5,850
Abroad	3,700	4,770
Total	**9,400**	**10,620**

Business developments

In connection with the evolution of the legal entity structure of Credit Suisse Group AG and its consolidated subsidiaries (the Group), the Bank parent company transferred certain central functions and related employees from its Singapore branch to the Singapore branch of Credit Suisse Services AG, which became operational in January 2018.

Subsequent events

There were no subsequent events from the balance sheet date until March 22, 2019, the publishing date of these financial statements.

2 Accounting and valuation principles

Summary of significant accounting and valuation principles

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 (Bank Law), the corresponding Implementing Ordinance and FINMA circular 2015/1, "Accounting rules for banks, securities dealers, financial groups and conglomerates" (Swiss GAAP statutory) as applicable for the preparation of reliable assessment statutory single-entity financial statements *(Statutarischer Einzelabschluss mit zuverlässiger Darstellung)*. Supplemental information on unsecured senior debt and structured notes as provided by Note 19 is not a required disclosure under these rules.

The consolidated financial statements of Credit Suisse AG and its subsidiaries (Bank) 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 VIII – Consolidated financial statements – Credit Suisse (Bank) for a detailed description of the Bank's accounting and valuation principles.

> Refer to "Note 39 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in VIII – 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).

The financial year for the Bank parent company ends on December 31.

Certain changes were made to the prior year's financial statements to conform to the current year's presentation and had no impact on net profit/(loss) or total shareholders' equity.

Recording of transactions

Transactions are generally recognized on a trade date basis at the point in time when they become legally binding unless specific guidance is provided for settlement date accounting, such as for issuances of debt and structured notes.

Foreign currency translations

The Bank parent company's functional currency is Swiss francs (CHF). Transactions denominated in currencies other than the functional currency are recorded using the foreign exchange rates at the date of the transaction.

Receivables and payables denominated in foreign currency are translated to Swiss francs using spot rates as of the balance sheet date. Gains and losses from foreign exchange rate differences are recorded in the statements of income in net income/(loss) from trading activities and fair value option. Participations, tangible fixed assets and intangible

assets denominated in foreign currency are translated to Swiss francs using the historical exchange rates.
Assets and liabilities of foreign branches are translated to Swiss francs using spot rates as of the balance sheet date. Income and expense items of foreign branches are translated at weighted-average exchange rates for the year. All foreign exchange translation effects are recognized in the statements of income in net income/(loss) from trading activities and fair value option.

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The following table provides the foreign exchange rates applied for the preparation of the Bank parent company's stand-alone financial statements.

Foreign exchange rates

		End of
	2018	2017
1 USD / 1 CHF	0.99	0.98
1 EUR / 1 CHF	1.13	1.17
1 GBP / 1 CHF	1.26	1.32
100 JPY / 1 CHF	0.89	0.87

Cash and other liquid assets

Cash and other liquid assets are recognized at their nominal value.

Due from banks

Amounts due from banks, including interest due but not paid, are recognized at their nominal value less any necessary valuation adjustments.

Due from customers and mortgage loans

Amounts due from customers and mortgage loans, including interest due but not paid, are recognized at their nominal value less any necessary valuation adjustments.

All customer loans are assessed individually for default risks and, where necessary, valuation adjustments are recorded in accordance with internal policies. These valuation adjustments take into account the value of the collateral and the financial standing of the borrower (counterparty risk). The Bank parent company evaluates many factors when determining valuation adjustments, including the volatility of default probabilities, rating changes, the magnitude of potential loss, internal risk ratings, and geographic, industry and other economic factors.

Valuation adjustments are netted with the corresponding assets.

Trading assets and liabilities

In order to qualify as trading activity, positions (assets and liabilities) have to be actively managed with the objective of realizing gains from fluctuations in market prices which includes an ongoing willingness to increase, decrease, close or hedge risk positions. Trading positions also include positions held with the intention of generating gains from arbitrage. The designation as trading position has to be made, and documented accordingly, upon conclusion of the transaction.

Trading securities are carried at fair value with changes in fair value recorded in the statements of income in net income/(loss) from trading activities and fair value option. The fair value is determined using either the price set on a price-efficient and liquid market or a price calculated using a valuation model.

Interest and dividend income resulting from trading positions is recorded in gross income from interest activities. Refinancing costs are not charged to net income from trading activities and fair value option.

Reclassifications between trading assets, financial investments and participations are allowed. Such reclassifications are recorded at the fair value valid at the time when the decision to reclassify is made. Resulting gains or losses are recognized applying the same accounting principles as for the recognition of results from the disposal of such assets.

Derivative financial instruments and hedge accounting

Derivative financial instruments consist of trading and hedging instruments.

Positive and negative replacement values of outstanding derivative financial instruments arising from transactions for the Bank parent company's own account are disclosed as separate line items in the balance sheet, with related fair value changes recorded in net income from trading activities and fair value option.

Replacement values of derivative financial instruments arising from transactions for the account of customers are recognized only if a risk exists that a customer or other counterparty (e.g., exchange, exchange member, issuer of the instrument, broker) of a transaction is no longer able to meet its obligations resulting in an exposure to loss for the Bank parent company during the remaining term of the contract.

Hedge accounting is determined, tested for effectiveness and disclosed in accordance with US GAAP as allowed under Swiss GAAP statutory accounting rules. Derivative financial instruments used as hedging instruments in hedging relationships are always recorded at fair value.

For fair value hedges, to the extent these hedges are effective, the gains and losses resulting from the valuation of the hedging instruments are recorded in the same statements of income line items in which gains and losses from the hedged items are recognized. Gains and losses resulting from fair valuing the risk being hedged of the hedged items are not recorded as an adjustment to the carrying value of the hedged items but are recorded in the compensation account included in other assets or other liabilities. Any changes in fair value representing hedging ineffectiveness are recorded in net income from trading activities and fair value option.

For cash flow hedges, to the extent these hedges are effective, gains and losses resulting from the valuation of the hedging instruments are deferred and recorded in the compensation account included in other assets or other liabilities. The deferred amounts are released and recorded in the statements of income in the same period when the cash flows from the hedged transactions or hedged items are recognized in earnings. Any changes in fair value representing hedging ineffectiveness are recorded in net income from trading activities and fair value option.

Other financial instruments held at fair value and liabilities from other financial instruments held at fair value

Financial instruments which are not part of the trading portfolio may be measured at fair value and classified in other financial instruments held at fair value or liabilities from other financial instruments held at fair value if all of the following conditions are met:

The financial instruments are valued at fair value and are subject to risk management corresponding to that for trading positions including a documented risk management and investment strategy which ensures appropriate recognition, measurement and limitation of the miscellaneous risks.

An economic hedging relationship between the financial instruments on the asset side and the financial instruments on the liability side exists and gains and losses from the fair valuation of these financial instruments are largely offset (avoidance of an accounting mismatch).

Impacts of changes in own credit spreads on the fair value of an issued debt instrument following initial recognition cannot be reflected in the statements of income. Impacts of changes in own credit spreads are recognized in the compensation account.

Changes in fair value are recorded in net income from trading activities and fair value option.

Participations

Equity securities in a company, which are owned by the Bank parent company, qualify as a participation if these securities are held for the purpose of permanent investment, irrespective of the percentage of voting shares held, or, if these equity securities are in a banking and financial market infrastructure enterprise, in particular participations in joint organizations. Participations can be held by the Bank parent company in Switzerland and its foreign branches.

Participations are measured at acquisition cost less any impairments. Goodwill and intangible assets related to the acquisition of a participation are part of the participation's historical cost under Swiss GAAP statutory and not separately identified and recorded. For the purpose of impairment testing, the portfolio valuation method is applied. Impairment is assessed at each balance sheet date or at any point in time when facts and circumstances would indicate that an event has occurred which triggers an impairment review. The amount of impairment, if any, is assessed on the level of the entire portfolio of participations and not individually for each participation. An impairment is recorded if the carrying value exceeds the fair value of the participation portfolio. If the fair value of participations recovers significantly and is considered sustainable, a prior period impairment can be reversed up to the historical cost value of the participations.

Other assets and other liabilities

Other assets and other liabilities are generally recorded at cost or nominal value. Other assets and other liabilities include the net balance of the compensation accounts. The compensation account assets and liabilities include changes in the book values of assets and liabilities that are not recognized in the statement of income of a reporting period. In particular, the compensation accounts are used to record the hedge effectiveness, impacts from changes in own credit spreads and deferred gains or losses from the sale of debt securities held-to-maturity. The gross amounts of compensation account assets and liabilities are offset and reported net on the balance sheet either in other assets or in other liabilities.

Due to banks

Amounts due to banks are recognized at their nominal value.

Customer deposits

Amounts due in respect of customer deposits are recognized at their nominal value.

Bonds and mortgage-backed bonds

Bonds and mortgage-backed bonds are carried at amortized cost. Debt issuance costs are recorded in other assets and other liabilities, respectively.

Provisions

Provisions are recorded to cover specific risks related to a past event prior to the balance sheet date. Provisions represent a probable obligation for which amount and/or due date are uncertain but can be reasonably estimated. Where the time factor has a material impact, the amount of the provision is discounted.

Provisions which are no longer economically necessary and which are not used in the same reporting period to cover probable obligations of the same nature are released to income:

tax provisions through line item taxes;

provisions for pension benefit obligations and staff-related restructuring provisions through personnel expenses; and provisions for off-balance sheet related default risks and other provisions including litigation provisions through line item increase/(release) of provisions and other value adjustments, and losses.

Commission income

Commission income is recognized when arrangements exist, services have been rendered, the revenue is fixed or determinable and collectability is reasonably assured. As applicable, commissions and fees are recognized ratably over the service period and either accrued or deferred in the balance sheet in the line items accrued income and prepaid expenses and accrued expenses and deferred income, respectively.

Commission income and commission expense are generally recorded on a gross basis in the statements of income.

Income tax accounting

Income taxes are based on the tax laws of each tax jurisdiction and are expensed in the period in which the taxable profits are made.

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Tax provisions are recognized in the statements of income in line item taxes and included in provisions on the balance sheet.
In line with the accounting rules for single-entity statutory financial statements, deferred tax assets on net operating losses are not recognized. Deferred taxation items for temporary differences between the carrying value of an asset or a liability under Swiss GAAP statutory and the respective value for tax reporting, i.e., its tax base, are also not recognized.
Extraordinary income and expense
The recognition of extraordinary income or expense is limited to transactions which are non-recurring and non-operating, such as the disposal of fixed assets or participations, or income and expense related to other reporting periods if they account for the correction of errors with regard to non-operating transactions of prior periods.
Contingent liabilities and irrevocable commitments
Contingent liabilities are recorded as off-balance sheet transactions at their maximum potential payment amounts. Irrevocable commitments are recorded as off-balance sheet transactions at their nominal values, except for irrevocable commitments with a remaining maturity of less than six weeks which are excluded from the disclosure. As necessary, related provisions are recorded on the balance sheet in line item provisions.
Capital adequacy disclosures
Capital adequacy disclosures for the Group and the Bank parent company are presented in the publications "Pillar 3 and regulatory disclosures – Credit Suisse Group AG" and "Regulatory disclosures – Subsidiaries", respectively, which will be available on the Group's website *credit-suisse.com/regulatorydisclosures*.
New accounting policies to be adopted in future periods
Individual valuation of participations
Under the revised Banking Ordinance of April 30, 2014, which entered into force on January 1, 2015, certain regulations, such as the individual valuation of participations, tangible fixed assets and intangible assets are subject to transitional provisions until the full implementation of the regulation effective January 1, 2020. The requirements regarding individual valuation of tangible fixed assets and intangible assets are met by the Bank parent company's current accounting policies. For participations, the Bank parent company is currently assessing the impact of a change in valuation principle from the portfolio valuation method to the individual valuation method. It has not yet elected the adoption date for this new valuation principle.
As of December 31, 2018, the carrying value of participations included total unrealized losses on certain participations of CHF 9,034 million, which were netted with unrealized gains on other participations of the same amount in accordance with the portfolio method applied under the current accounting policy.
Prior period information
The number of employees for 2017 has been corrected from 12,090 to 10,620 to adjust for employees who were transferred to other Group entities during the course of 2017.
In connection with the transfer of several businesses and related inventories from Credit Suisse Securities (USA) LLC to the New York branch of the Bank parent company in 2017, trading assets transferred under securities lending and borrowing and repurchase agreements were disclosed in "Note 16 – Pledged assets" instead of "Note 10 – Assets and liabilities from securities lending and borrowing, repurchase and reverse repurchase agreements". Prior year numbers have been corrected to reflect a disclosure reclassification of these trading assets in the amount of CHF 25.6 billion.
In "Note 6 – Personnel expenses", the disclosure of variable compensation expenses for 2018 has been changed to include deferred variable compensation expenses. For the purpose of comparison, variable compensation expenses disclosed for 2017 has been corrected by CHF 291 million.
In "Note 7 – General and administrative expenses", occupancy expenses for 2018 included an amount of CHF 23 million related to prior periods reflecting a change in accounting for lease expenses.
3 Risk management, derivatives and hedging activities
Risk management
Prudent risk taking in line with the strategic priorities of the Bank parent company and its consolidated subsidiaries (the Bank) is fundamental to its business. The primary objectives of risk management are to protect the Bank's financial strength and reputation, while ensuring that capital is well deployed to support business growth and activities. The Bank's risk management framework is based on transparency, management accountability and independent oversight. Risk management is an integral part of the Bank's business planning process with strong senior

management and Board of Directors (Board) involvement.
On February 26, 2019, an organizational change relating to the compliance functions was announced, effective immediately. The regulatory affairs function was separated from the compliance organization and integrated into the office of the CEO with the Global Head of Regulatory Affairs now reporting directly to the CEO. The remaining functions within the compliance organization are managed by the Chief Compliance Officer (CCO), and
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that office continues to be represented on the Group's Executive Board.
Risk governance
The Bank's risk governance framework is based on a "three lines of defense" governance model, where each line has a specific role with defined responsibilities and works in close collaboration to identify, assess and mitigate risks.
The first line of defense is the front office, which is responsible for pursuing suitable business opportunities within the strategic risk objectives and compliance requirements of the Bank. Its primary responsibility is to ensure compliance with relevant legal and regulatory requirements and maintain effective internal controls.
The second line of defense includes functions such as risk management, compliance, legal and product control. It articulates standards and expectations for the effective management of risk and controls, including advising on applicable legal and regulatory requirements and publishing related policies, and monitors and assesses compliance with regulatory and internal standards. The second line of defense is separate from the front office and includes independent control functions responsible for reviewing, measuring and challenging front office activities and producing independent assessments and risk management reporting for senior management and regulatory authorities.
The third line of defense is the internal audit function, which monitors the effectiveness of controls across various functions and operations, including risk management and governance practices.
Risk management of the Bank is aligned to the overall risk management governance of the Group. All members of the Board and the Executive Board of the Bank are also members of the Board and the Executive Board of the Group. The Bank's governance includes a committee structure and a comprehensive set of corporate policies which are developed, reviewed and approved by the Board, the Executive Board, their respective committees, the Group Chief Risk Officer (CRO) and the Group Chief Compliance and Regulatory Affairs Officer (CCRO), or the CCO since the organizational change on February 26, 2019, and the board of directors of significant subsidiaries, in accordance with their respective responsibilities and levels of authority.
Board of Directors
The Board is responsible for the Bank's strategic direction, supervision and control, and for defining the Bank's overall tolerance for risk. For this purpose, the Board approves the risk management framework and sets overall risk appetite in consultation with its Risk Committee.
The **Risk Committee** is responsible for assisting the Board in fulfilling its oversight responsibilities by periodically reviewing the Bank's risk management function, its resources and key risks.
The **Audit Committee** is 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 performance of internal and external auditors.
In 2018, the Board decided to establish the **Conduct and Financial Crime Control Committee**, which became effective in 2019. The Conduct and Financial Crime Control Committee assists the Board in fulfilling its oversight duties with respect to the Bank's exposure to financial crime risk. It is tasked with monitoring and assessing the effectiveness of financial crime compliance programs and initiatives.
Executive Board
The Executive Board is responsible for developing and implementing the Bank's strategic business plans, subject to approval by the Board. It further reviews and coordinates significant initiatives for the risk management function and establishes Bank-wide risk policies. The Group CRO and CCRO, or the CCO since the organizational change on February 26, 2019, are members of the Executive Board and represent the risk management and compliance functions, respectively, reporting to the Group Chief Executive Officer (CEO) and, at least annually, to the Board.
Executive Board committees
The Capital Allocation & Risk Management Committee (CARMC) is responsible for overseeing and directing the Bank's risk profile, recommending risk limits at the Bank level to the Risk Committee and the Board, establishing and allocating risk appetite among the various businesses, reviewing new significant business strategies or changes in business strategies including business migrations, making risk-related decisions on escalations, and for applying measures, methodologies and tools to monitor and manage the risk portfolio. CARMC meets monthly and conducts reviews according to the following three rotating cycles. The asset & liability management cycle reviews the funding and balance sheet trends and activities, plans and monitors regulatory and business liquidity requirements and internal and regulatory capital adequacy, provides governance and oversight over all material business migrations and ensures

that legal entity strategic initiatives are within the Group's risk appetite and appropriately supported and controlled. The market & credit risks cycle defines and implements risk management strategies for the Bank businesses, sets and approves risk appetite within Board-approved limits and other appropriate measures to monitor and manage the risk profile of the Bank and allocates liquidity resources and sets liquidity risk limits. The internal control system cycle monitors and analyzes significant legal and compliance risks, reviews and approves the business continuity program's alignment with the corporate strategy on an annual basis, sets limits, caps and triggers on specific businesses to control significant operational risk exposure, and reviews and assesses the appropriateness and efficiency of the internal control systems.

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The Valuation Risk Management Committee (VARMC) is responsible for establishing policies regarding the valuation of certain material assets and the policies and calculation methodologies applied in the valuation process. Further, VARMC is responsible for monitoring and assessing valuation risks, reviewing inventory valuation conclusions and directing the resolution of significant inventory valuation issues.

The Risk Processes & Standards Committee (RPSC) reviews major risk management processes, issues general instructions, standards and processes concerning risk management, approves material changes in market, credit and operational risk management standards, policies and related methodologies, and approves the standards of the Bank's internal models used for calculating regulatory capital.

The Reputational Risk & Sustainability Committee (RRSC) sets policies and reviews processes and significant cases relating to reputational risks and sustainability issues. It also ensures adherence to the Bank's reputational and sustainability policies and oversees their implementation.

Risk appetite framework

The Bank maintains a comprehensive Bank-wide risk appetite framework, which is governed by a global policy and provides a robust foundation for risk appetite setting and management across the Bank. A key element of the framework is a detailed statement of the Board-approved risk appetite which is aligned to the Bank's financial and capital plans. The framework also encompasses the processes and systems for assessing the appropriate level of risk appetite required to constrain the Bank's overall risk profile.

The Bank risk appetite framework is governed by an overarching global policy that encompasses the suite of specific policies, processes and systems with which the risk constraints are calibrated and the risk profile is managed. The framework is guided by the following strategic risk objectives:

maintaining Bank-wide capital adequacy above minimum regulatory requirements under both normal and stressed conditions;

promoting stability of earnings to support performance in line with financial objectives;

ensuring sound management of liquidity and funding risk in normal and stressed conditions;

proactively controlling concentration risks;

managing operational and compliance risk within the Bank's enterprise risk and control framework (ERCF) to ensure sustainable performance;

minimizing reputational risk; and

managing and mitigating conduct risk.

Bank-wide risk appetite is determined in partnership with the financial and capital planning process on an annual basis, based on bottom-up forecasts that reflect planned risk-usage by the businesses and top-down, Board-driven strategic risk objectives and risk appetite. Scenario stress testing of financial and capital plans is an essential element in the risk appetite calibration process as a key means through which the Bank's strategic risk objectives, financial resources and business plans are aligned. The capital plans are also analyzed using the Bank's economic capital coverage ratio, which provides a further means of assessing bottom-up risk plans with respect to available capital resources. The risk appetite is approved through a number of internal governance forums, including joint approval by the Group CRO and the Chief Financial Officer (CFO), the Risk Appetite Review Committee (a sub-committee of CARMC), CARMC and, subsequently, by the Board.

The risk appetite statement is the formal plan, approved by the Board, for Bank-wide risk appetite. Key divisional allocations are cascaded from the Bank and approved in divisional risk management committees. Legal entity risk appetites are set by the local legal entity board of directors within the limits established by the Bank.

A core aspect of the Bank's risk appetite framework is a sound system of integrated risk constraints to maintain the Bank's risk profile within its overall risk appetite. The Bank's risk appetite framework utilizes a suite of different types of risk constraints to reflect the aggregate risk appetite of the Bank and to further cascade risk appetite across its organization, including among business divisions and legal entities. The risk constraints restrict the Bank's maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

Risk coverage and management

The Bank uses a wide range of risk management practices to address the variety of risks that arise from its business activities. Policies, processes, standards, risk assessment and measurement methodologies, risk appetite constraints, and risk monitoring and reporting are key components of its risk management practices. The Bank's risk management

practices complement each other in the Bank’s analysis of potential loss, support the identification of interdependencies and interactions of risks across the organization and provide a comprehensive view of its exposures. The Bank regularly reviews and updates its risk management practices to ensure consistency with its business activities and relevance to its business and financial strategies. The Bank’s key risk types, their definitions and key risk evaluation methods are summarized in the table “Key risk types overview”.
It is important to both evaluate each risk type separately and assess the risk types’ combined impact on the Bank, which helps ensure that the Bank’s overall risk profile remains within the Bank-wide risk appetite.
The primary evaluation methods used to assess Bank-wide quantifiable risks include economic risk capital and stress testing.
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Economic risk capital

Economic risk capital is used as a consistent and comprehensive tool for capital management, limit monitoring and performance management. Economic risk capital is the core Bank-wide risk management tool for measuring and reporting the combined impact from quantifiable risks such as market, credit, operational, pension and expense risks, each of which has an impact on the Bank's capital position.

Under the Basel framework, the Bank is required to maintain a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with its overall risk profile and the current operating environment. The Bank's economic risk capital model represents its internal view of the amount of capital required to support its business activities.

With effect from January 1, 2018, the Bank implemented a revised economic risk capital framework. The Bank redeveloped the position risk methodology by introducing new and enhancing previously used credit and market risk models. The redesigned credit risk model is based on a multi-factor Monte-Carlo-simulation, compared to the single-factor model used previously.

During 2018, the Bank further embedded the new economic risk capital framework into its risk appetite and risk management framework. The new framework should enable the Bank to better assess, monitor and manage capital adequacy and solvency risk in both "going concern" and "gone concern" scenarios.

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Stress testing

Stress testing or scenario analysis provides an additional approach to risk management and formulates hypothetical questions, including what would happen to the Bank's portfolio if, for example, historic or adverse forward-looking events were to occur.

Stress testing is a fundamental element of the Bank-wide risk appetite framework included in overall risk management to ensure that the Bank's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic conditions. Stress testing results are monitored against limits, and are used in risk appetite discussions and strategic business planning and to support the Bank's internal capital adequacy assessment. Within the risk appetite framework, CARMC sets Bank-wide and divisional stressed position loss limits to correspond to minimum post-stress capital ratios.

Liquidity and funding risks

The Bank's liquidity and funding profile reflects its strategy and risk appetite and is driven by business activity levels and the overall operating environment. The liquidity and funding strategy is approved by CARMC and overseen by the Board. The implementation and execution of the funding and liquidity strategy is managed within the Group's CFO division by Treasury and the global liquidity group. The global liquidity group was established in the second quarter of 2018 to centralize control of liability and collateral management with the aim of optimizing liquidity sourcing, funding costs and high quality liquid assets portfolio on behalf of Treasury. Treasury ensures adherence to the Bank's funding policy and the global liquidity group is focused on the efficient coordination of the short-term unsecured and secured funding desks. This approach enhances the Bank's ability to manage potential liquidity and funding risks and to promptly adjust its liquidity and funding levels to meet stress situations. The Bank's liquidity and funding profile is regularly reported to CARMC and the Board, who define the Bank's risk tolerance, including liquidity risk, and set parameters for the balance sheet and funding usage of its businesses.

Market risk

Market risk is the risk of financial loss arising from movements in market risk factors. The movements in market risk factors that generate financial losses are considered to be adverse changes in interest rates, credit spreads, foreign exchange rates, equity and commodity prices and other factors, such as market volatility and the correlation of market prices across asset classes. A typical transaction or position in financial instruments may be exposed to a number of different market risk factors. The Bank's trading portfolios (trading book) and non-trading portfolios (banking book) have different sources of market risk.

The classification of assets and liabilities into trading book and banking book portfolios determines the approach for analyzing the Bank's market risk exposure. This classification reflects the business and risk management perspective with respect to trading intent, and may be different from the classification of these assets and liabilities for financial reporting purposes.

Market risks from the trading book relate to trading activities, primarily in the divisions Global Markets (which includes International Trading Solutions), Asia Pacific and the Strategic Resolution Unit.

Market risks from the banking book primarily relate to asset and liability mismatch exposures, equity participations and investments in bonds and money market instruments. The Bank's businesses and the treasury function have non-trading portfolios that carry market risks, mainly related to changes in interest rates but also to changes in foreign exchange rates, equity prices and, to a lesser extent, commodity prices.

The Bank uses market risk measurement and management methods capable of calculating comparable exposures across its many activities and employs 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. The Bank's principal market risk measurement for the trading book is value-at-risk (VaR). In addition, the Bank's market risk exposures are reflected in scenario analysis, as included in the stress testing framework, position risk, as included in economic risk capital, and sensitivity analysis. Each market risk measurement aims to estimate the potential loss that the Bank can incur due to an adverse market movement with varying degrees of severity. VaR, scenario analysis, position risk and sensitivity analysis complement each other in the Bank's market risk assessment and are used to measure market risk at the level of the Bank. For example, interest rate risk on banking book positions is measured by estimating the impact resulting from a one basis point parallel increase in yield curves on the present value of interest rate-sensitive banking book positions and other measures including the potential value change resulting from a significant change in yield curves.

In the banking book, savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-managed on a pooled basis using replication portfolios on behalf of the private banking, corporate and institutional businesses. The replication portfolios approximate the interest rate characteristics of the underlying products. This particular source of market risk is monitored on a daily basis.

The majority of non-trading foreign exchange risk is associated with the Bank's net investment in foreign branches, subsidiaries and affiliates denominated in currencies other than Swiss francs. This exposure is actively managed to hedge capital and leverage ratios and is governed within the Bank's risk appetite framework.

Credit risk

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

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Credit risk arises from the execution of the Bank’s business strategy in the divisions and reflects exposures directly held in the form of lending products (including loans and credit guarantees) or derivatives, shorter-term exposures such as underwriting commitments, and settlement risk related to the exchange of cash or securities outside of typical delivery versus payment structures.

The Bank uses a credit risk management framework which provides for the consistent evaluation, measurement, and management of credit risk across the Bank. Assessment of credit risk exposures for internal risk estimates and risk-weighted assets are calculated based on probability of default (PD), loss given default (LGD) and exposure at default (EAD) models approved by the Bank’s main regulators. The credit risk framework incorporates the following core elements:

counterparty and transaction assessments: application of internal credit ratings (PD), assignment of LGD and EAD values in relation to counterparties and transactions;

credit limits: establishment of credit limits, subject to approval by delegated authority holders, to serve as primary risk controls on exposures and to prevent risk concentrations;

risk mitigation: active management of risk mitigation provided in relation to credit exposures, including through the use of cash sales, participations, collateral or guarantees or hedging instruments; and

credit monitoring, impairments and provisions: processes to support the ongoing monitoring and management of credit exposures, supporting the early identification of deterioration and any subsequent impact.

Counterparty and transaction assessments

The Bank evaluates and assesses counterparties and clients to whom it has credit exposures, primarily using internal rating models that have been approved by the Bank’s main regulators. The Bank uses these models to determine internal credit ratings which are intended to reflect the PD of each counterparty. For a majority of counterparties and clients, internal ratings are based on internally developed statistical models which are backtested against internal experience, validated by a function independent of model development and approved by the Bank’s main regulators for application in the regulatory capital calculation under the A-IRB approach of the Basel framework. Findings from backtesting serve as a key input for any future rating model developments.

Internal statistical rating models are based on a combination of quantitative factors (e.g., financial fundamentals and market data) and qualitative factors (e.g., credit history and economic trends).

For the remaining counterparties where statistical rating models are not used, internal credit ratings are assigned on the basis of a structured expert approach using a variety of inputs such as peer analyses, industry comparisons, external ratings and research as well as the judgment of expert credit officers.

In addition to counterparty ratings, credit risk management also assesses the risk profile of individual transactions and assigns transaction ratings which reflect specific contractual terms such as seniority, security and collateral.

Internal credit ratings may differ from external credit ratings, where available, and are subject to periodic review. Internal ratings are mapped to a PD band associated with each rating which is calibrated to historical default experience using internal data and external data sources.

The Bank uses internal rating methodologies 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 risk capital measurement and allocation and financial accounting.

Credit limits

Credit exposures are managed at the counterparty and ultimate parent level in accordance with credit limits which apply in relation to current and potential future exposures. Credit limits to counterparties and groups of connected companies are subject to formal approval under delegated authority within the divisions where the credit exposures are generated, and, where significant in terms of size or risk profile, are subject to further escalation to the Group chief credit officer or Group CRO.

In addition to counterparty and ultimate parent exposures, credit limits and tolerances are also applied at the portfolio level to monitor and manage risk concentrations such as to specific industries, countries or products. In addition, credit risk concentration is regularly supervised by credit and risk management committees.

Risk mitigation

The Bank actively manages its credit exposure by taking financial and non-financial collateral supported by enforceable legal documentation, as well as by utilizing credit hedging techniques. Financial collateral in the form of cash, marketable securities (e.g., equities, bonds or funds) and guarantees serves to mitigate the inherent risk of credit

loss and to improve recoveries in the event of a default. Financial collateral is subject to controls on eligibility and is supported by frequent market valuation depending on the asset class to ensure exposures remain adequately collateralized. Depending on the quality of the collateral, appropriate haircuts are applied for risk management purposes.
Non-financial collateral such as residential and commercial real estate, tangible assets (e.g., ships or aircraft), inventories and commodities are valued at the time of credit approval and periodically thereafter depending on the type of credit exposure and collateral coverage ratio.
In addition to collateral, the Bank also utilizes credit hedging in the form of protection provided by single-name and index credit default swaps as well as structured hedging and insurance products. Credit hedging is used to mitigate risks arising from the loan portfolio, loan underwriting exposures and counterparty credit risk. Hedging is intended to reduce the risk of loss from a specific counterparty default or broader downturn in markets that impact the
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overall credit risk portfolio. Credit hedging contracts are typically bilateral or centrally cleared derivative transactions and are subject to collateralized trading arrangements. The Bank evaluates hedging risk mitigation to ensure that basis or tenor risk is appropriately identified and managed.

In addition to collateral and hedging strategies, the Bank also actively manages its loan portfolio and may sell or sub-participate positions in the loan portfolio as a further form of risk mitigation.

Credit monitoring, impairments and provisions

A rigorous credit quality monitoring 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.

In the event of a default, credit exposures are transferred to recovery management functions within credit risk management and are subject to formal reporting to the quarterly recovery review committee. Changes in the exposure profile and expectations for recovery form the basis to determine the allowance for credit losses which are discussed with the Group chief credit officer. Any decision to make full or partial write-offs require the approval of the Group chief credit officer.

The review of the credit quality of clients and counterparties does not depend on the accounting treatment of the asset or commitment. The appropriateness of allowances for credit losses is regularly reviewed by the Bank’s credit portfolio & provisions review committee.

The Bank maintains specific valuation allowances on loans valued at amortized cost, which are considered a reasonable estimate of losses identified in the existing credit portfolio. Provisions for loan losses are established based on a regular and detailed analysis of all counterparties, taking collateral value into consideration, where applicable. If uncertainty exists as to the repayment of either principal or interest, a specific valuation allowance is either created or adjusted accordingly. The specific allowance for loan losses is revalued by credit risk management at least annually or more frequently depending on the risk profile of the borrower or credit relevant events.

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. The method for determining the inherent loss in the lending portfolios of Global Markets and Investment Banking & Capital Markets is based on a market-implied model using long-term industry-wide historical default and recovery data taking into account the credit rating and industry of each counterparty. A separate component of the calculation reflects the current market conditions in the allowance for loan losses. Depending on the nature of the exposures, this method may also be applied for the lending portfolios in Swiss Universal Bank, International Wealth Management, Asia Pacific and the Strategic Resolution Unit. For all other exposures, inherent losses in the lending portfolios of these divisions are determined based on current internal risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. Qualitative adjustments to reflect current market conditions or any other factors not captured by the model are approved by management and reflected in the 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.

Model risk

Model risk is the risk of adverse consequences from decisions made based on model results that may be incorrect, misinterpreted or used inappropriately. All quantitative models are imperfect approximations that are subject to varying degrees of uncertainty in their output depending on, among other factors, the model’s complexity and its intended application. As a result, modeling errors are unavoidable and can result in inappropriate business decisions, financial loss, regulatory and reputational risk and incorrect or inadequate capital reporting. Model errors, intrinsic uncertainty and inappropriate use are the primary contributors to aggregate, Bank-wide model risk.

Through the global model risk management and governance framework the Bank seeks to identify, measure and mitigate all significant risks arising from the use of models embedded within the Bank’s global model ecosystem. Model risks can then be mitigated through a well-designed and robust model risk management framework, encompassing both model governance policies and procedures in combination with model validation best practices.

Operational, compliance and regulatory risk

Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events. Operational risk does not include strategic and reputational risks. However, some operational risks can lead to reputational issues and as such operational and reputational risks may be closely linked. Operational risk is inherent in most aspects of the Bank's business, including the systems and processes that support its activities. It comprises a large number of disparate risks that can manifest in a variety of ways. Examples of operational risk include the risk of damage to physical assets, business disruption, failures relating to third-party processes, data integrity and trade processing, cyber attacks and fraudulent or unauthorized transactions. Operational risk can arise from human error, inappropriate conduct, failures in systems, processes and controls, deliberate attack or natural and man-made disasters.

Compliance and regulatory risk is the risk from the failure to comply with laws, regulations, rules or market standards that may have a negative effect on the Bank's franchise and clients it serves. It includes the risk that changes in laws, regulations, rules or market standards may limit the Bank's activities and have a negative effect on the Bank's business or its ability to implement

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strategic initiatives, or can result in an increase in operating costs for the business or make its products and services more expensive for clients. Examples of sources of compliance risks include cross-border activities, the risk of money laundering, improper handling of confidential information, conflicts of interest, improper gifts and entertainment and failure in duties to clients.

To effectively manage operational and compliance risks, the Bank-wide ERCF was introduced in 2016 focusing on the early identification, recording, assessment, monitoring, prevention and mitigation of these risks, as well as timely and meaningful management reporting. Over the past three years, the Bank has further improved the integration of previously separate operational risk processes, providing a more coherent and systematic approach to managing all aspects of the operational risk landscape. Under the ERCF, the Bank integrated the operational risk framework and all of its components with the compliance risk components to further harmonize the Bank's approach to non-financial risk. The assessment processes for operational and compliance risks are closely coordinated, resulting in an enhanced risk and control self-assessment that covers both risk types in a more consistent manner. Also, standardized Bank-wide role descriptions define the responsibilities for identifying, assessing, reporting and managing risks across the organization. In 2018, continued progress was made in rolling out a systematic key control activities framework as part of the ERCF. This framework applies consistent standards and approaches to the identification, documentation and assessment of key controls across the Bank.

The ERCF provides a structured approach to managing operational and compliance risks. It seeks to apply consistent standards and techniques for evaluating risks across the Bank while providing individual businesses with sufficient flexibility to tailor specific components to their own needs, as long as they meet Bank-wide minimum standards.

The Bank has used an internal model to calculate the regulatory capital requirement for operational risk under the advanced measurement approach (AMA) since 2008. This model was replaced with an enhanced AMA internal model in 2014, which has been approved by FINMA. In 2018, the Bank updated the treatment of historic losses relating to divested businesses in the model, particularly those relating to its private banking business in the US. In addition, the Bank increased the coverage provided by its operational risk insurance policy.

In addition to managing and mitigating operational risks under the ERCF through business- and risk-related processes and organization, the Bank also transfers the risk of potential loss from certain operational risks to third-party insurance companies in certain instances.

Conduct risk

The Bank considers conduct risk to be the risk that improper behavior or judgment by the Bank's employees may result in a negative financial, non-financial or reputational impact to its clients, employees or the Bank or negatively impact the integrity of the financial markets. Conduct risk may arise from a wide variety of activities and types of behaviors. A Bank-wide definition of conduct risk supports the efforts of the Bank's employees to have a common understanding of and consistently manage, minimize and mitigate its conduct risk. Further, it promotes standards of responsible conduct and ethics in its employees. Managing conduct risk includes consideration of the risks generated by each business and the strength of the associated mitigating controls. Conduct risk is also assessed by reviewing and learning from past incidents within the Bank and at other firms in the financial services sector. Compliance oversees conduct risk for the Bank.

Technology risk

Technology risk deserves particular attention given the complex technological landscape that covers the Bank's business model. Ensuring that confidentiality, integrity and availability of information assets are protected is critical to the Bank's operations.

Technology risk is the risk that technology-related failures, such as service outages or information security incidents, may disrupt business. Technology risk is inherent not only in IT assets of the Bank, but also in the people and processes that interact with them including through dependency on third-party suppliers and the worldwide telecommunications infrastructure. The Bank seeks to ensure that the data used to support key business processes and reporting is secure, complete, accurate, available, timely and meets appropriate quality and integrity standards. The Bank requires its critical IT systems to be identified, secure, resilient and available and support its ongoing operations, decision-making, communications and reporting. The Bank's systems must also have the capability, capacity, scalability and adaptability to meet current and future business objectives, the needs of customers and regulatory and legal expectations.

Cyber risk, which is part of technology risk, is the risk that the Bank will be 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.

Technology risks are managed through the Bank's technology risk management program, business continuity management plan and business contingency and resiliency plans and feature in the Bank's overall operational risk assessment. Technology risks are included as part of the Bank's overall enterprise risk and control assessment based upon a forward-looking approach focusing on the most significant risks in terms of potential impact and likelihood.

Legal risk

Legal risk is the risk of loss or imposition of damages, fines, penalties or other liability or any other material adverse impact arising from circumstances including the failure to comply with legal obligations, whether contractual, statutory or otherwise, changes in enforcement practices, the making of a legal challenge or claim against the Bank, its inability to enforce legal rights or the failure to take measures to protect its rights.

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Reputational risk

Reputational risk is the risk that negative perception by the Bank's stakeholders, including clients, counterparties, employees, shareholders, regulators and the general public, may adversely impact client acquisition and damage the Bank's business relationships with clients and counterparties, affecting staff morale and reducing access to funding sources.

Reputational risk may arise from a variety of sources, including, but not limited to, the nature or purpose of a proposed transaction or service, the identity or activity of a 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. The risk may also arise from reputational damage in the aftermath of an operational risk incident, such as cyber crime or the failure by employees to meet expected conduct and ethical standards.

Reputational risk is included in the Bank's risk appetite framework to ensure that risk-taking is aligned with the approved risk appetite. The Bank highly values its reputation and is fully committed to protecting it through a prudent approach to risk-taking and a responsible approach to business. This is achieved through the use of dedicated processes, resources and policies focused on identifying, evaluating, managing and reporting potential reputational risks. This is also achieved by applying the highest standards of personal accountability and ethical conduct as set out in the Group's Code of Conduct and the Group's approach to conduct and ethics. Reputational risk potentially arising from proposed business transactions and client activity is assessed in the reputational risk review process. The Group's global policy on reputational risk requires employees to be conservative when assessing potential reputational impact and, where certain indicators give rise to potential reputational risk, the relevant business proposal or service must be submitted through the reputational risk review process.

The RRSC, on a global level, and the reputational risk committees, on a divisional or legal entity level, are the governing bodies responsible for the oversight and active discussion of reputational risk and sustainability issues. At the Board level, the Risk Committee and Audit Committee jointly assist the Board in fulfilling its reputational risk oversight responsibilities by reviewing and approving the Bank's risk appetite framework as well as assessing the adequacy of the management of reputational risks.

Fiduciary risk

Fiduciary risk is the risk of financial loss arising when the Bank or its employees, acting in a fiduciary capacity as trustee, investment manager or as mandated by law, do not act in the best interest of the client in connection with the advice and management of its client's assets including from a product-related market, credit, liquidity, counterparty and operational risk perspective.

Assessing investment performance and reviewing forward-looking investment risks in discretionary client portfolios and investment funds is central to the Bank's oversight program. This program targets daily, monthly or quarterly monitoring of all portfolio management activities with independent analysis provided to senior management. Formal review meetings are in place to ensure that investment performance and risks are in line with expectations and adequately supervised.

Strategic risk

Strategic risk is the risk of financial loss or reputational damage arising from inappropriate strategic decisions, ineffective implementation of business strategies or an inability to adapt business strategies in response to changes in the business environment. A wide variety of financial, risk, client and market analyses are used by the Bank to monitor the effectiveness of its strategies and the performance of its businesses against their strategic objectives. These include an analysis of current and expected operating conditions, an analysis of current and target market positioning, and detailed scenario planning.

Strategic plans are developed by each division annually and aggregated into a Bank plan, which is reviewed by the CRO, CFO and Chief Executive Officer (CEO) before presentation to the full Executive Board. Following approval by the Executive Board, the Bank plan is submitted for review and approval to the Board. In addition, there is an annual strategic review at which the Board evaluates the Bank's performance against strategic objectives and sets the overall strategic direction for the Bank. From time to time, the Board and the Executive Board conduct more fundamental in-depth reviews of the Bank's strategy.

> Refer to "Strategy" in I – Information on the company for further information.

Climate-related risks

In response to the recommendations from the FSB's Task Force on Climate-related Financial Disclosures (TCFD), the Bank has established a climate change program with the overall goal of addressing recommendations related to external disclosures of climate-linked risks and opportunities. The program team has worked to formalize climate-related governance and definitions in the Bank's key policies and to define the principles for climate risk strategy and management.

Use of derivative financial instruments and hedge accounting

Business policy for use of derivative financial instruments

Derivatives are generally either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The Bank parent company'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.

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On the date a derivative contract is entered into, the Bank parent company 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; or a hedge of the variability of cash flows to be received or paid relating to a recognized asset or liability or a forecasted transaction.

Economic hedges

Economic hedges arise when the Bank parent company enters into derivative contracts for its own risk management purposes, but the contracts entered into do not qualify for hedge accounting. 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, core banking business assets and liabilities; as well as selected foreign participations against adverse movements in foreign exchange rates;

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 balance sheets.

Hedge accounting

Hedge accounting for the Bank parent company is determined, recorded and disclosed in accordance with US GAAP as allowed under Swiss GAAP statutory accounting rules.

> Refer to “Note 13 – Derivative financial instruments” for further information on hedge accounting.

Fair value hedges

The Bank parent company 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 Bank parent company 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 Bank parent company 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 Bank parent company 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 Bank parent company elects to be exposed. Further, the Bank parent company uses derivatives to hedge its cash flows associated with forecasted transactions.

Hedge effectiveness assessment

The Bank parent company 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 Bank parent company 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 Bank parent company to determine whether or not the hedging relationship has actually been effective. If the Bank parent company 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.

4 Net income from interest activities

Negative interest income and expense

in	2018	2017
CHF million		
Negative interest income debited to interest income	(279)	(258)
Negative interest expenses credited to interest expense	104	86

Negative interest income is debited to interest income and negative interest expense is credited to interest expense.

5 Net income/(loss) from trading activities and fair value option

in	2018	2017
By risk of underlying instruments (CHF million)		
Interest rate instruments [1]	(1,614)	(24)
Equity instruments [1]	244	168
Foreign exchange	567	217
Precious metals	70	55
Commodities [2]	6	5
Credit instruments	(130)	(721)
Other instruments	(10)	101
Net income/(loss) from trading activities and fair value option	**(867)**	**(199)**
of which net income/(loss) from fair value option	7,406	(4,750)
of which net income/(loss) from liabilities valued under the fair value option	7,406	(4,750)

1

Includes trading income/(loss) from related fund investments.

2

Includes energy products.

Trading activities at the Bank parent company level are only monitored and managed for entity-specific capital adequacy purposes and are not measured along divisional or individual business lines. The trading activities of the divisions or individual businesses are only monitored and managed at the Group level based on US GAAP metrics.

6 Personnel expenses

in	2018	2017
CHF million		
Salaries	1,681	2,128
of which variable compensation expenses [1]	466	648
Social benefit expenses	297	321
of which pension and other post-retirement expenses	186	192
Other personnel expenses	86	99
Personnel expenses	**2,064**	**2,548**

1

Includes current and deferred variable compensation expenses. Prior period has been corrected.

7 General and administrative expenses

in	2018	2017
CHF million		
Occupancy expenses	104	109
Information and communication technology expenses	70	136
Furniture and equipment	10	21
Fees to external audit companies	30	31
of which fees for financial and regulatory audits [1]	28	29[2]
of which fees for other services	2	2[2]

Other operating expenses [3]	3,497	2,773
General and administrative expenses	**3,711**	**3,070**

1
Represents total fees for financial statement, regulatory and related audit services paid by legal entity Credit Suisse AG to external audit companies.
2
Prior period has been corrected.
3
Partially related to operating expenses charged by affiliated companies for services provided to the Bank parent company.
540

8 Increase/(release) of provisions and other valuation adjustments, losses and extraordinary income and expenses

Increase/(release) of provisions and other valuation adjustments, and losses

in	2018	2017
CHF million		
Increase/(release) of provisions	65[1]	153[2]
Other losses	4	3
Increase/(release) of provisions and other valuation adjustments, and losses	**69**	**156**

1
Primarily related to an increase in litigation provisions.
2
Primarily related to increases in off-balance sheet provisions and litigation provisions.

Extraordinary income and expenses

in	2018	2017
CHF million		
Gains realized from the disposal of participations	9	362[1]
Gains realized from the disposal of tangible fixed assets [2]	29	2
Extraordinary income	**38**	**364**
Losses realized from the disposal of participations	0	(5)[3]
Extraordinary expenses	**0**	**(5)**

1
Primarily related to the merger of Credit Suisse (Channel Islands) Limited, the sale of Credit Suisse (Monaco) S.A.M. and the merger of another participation.
2
Includes realized gains from the sale of real estate (bank premises).
3
Primarily related to the liquidation of a participation.

9 Taxes

in	2018	2017
CHF million		
Current income tax (expense)/benefit	(196)	(324)
Non-income-based taxes (expense)/benefit [1]	(70)	(79)
Taxes	**(266)**	**(403)**

1
Includes capital taxes and other non-income based taxes such as UK bank levy expenses.

For the financial year ended December 31, 2018 and 2017, the average tax rate, defined as income tax expense divided by the sum of profit before income tax, was (43)% and 59%, respectively. Income tax expense for the financial year ended December 31, 2018 and 2017 reflected a benefit of CHF 256 million and CHF 249 million, respectively, from the utilization of tax losses carried forward. The calculation is based on statutory tax rates applied to the taxable profit against which tax loss carry forwards were utilized.

10 Assets and liabilities from securities lending and borrowing, repurchase and reverse repurchase agreements

end of	2018	2017
CHF million		
Carrying value of receivables from cash collateral paid for securities borrowed and reverse repurchase agreements – gross	81,220	75,668
Impact from master netting agreements	(11,452)	(8,991)
Carrying value of receivables from cash collateral paid for securities borrowed and reverse repurchase agreements – net	**69,768**	**66,677**

Carrying value of liabilities from cash collateral received for securities lent and repurchase agreements – gross	67,258	70,055
Impact from master netting agreements	(11,452)	(8,991)
Carrying value of liabilities from cash collateral received for securities lent and repurchase agreements – net	**55,806**	**61,064**
Carrying value of securities transferred under securities lending and borrowing and repurchase agreements	24,732	29,488[1]
of which transfers with the right to resell or repledge	3,160	667
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to resell or repledge	237,257	188,142
of which repledged	182,019	139,572
of which resold	3,070	688

1
Prior period has been corrected.
541

11 Collateral and impaired loans
Collateralization of loans

	Secured[1]			Unsecured	Total
end of	Mortgages	Other collateral	Total		
2018 (CHF million)					
Due from customers	73	83,034	83,107	94,929	178,036
Residential property	3,976	0	3,976	0	3,976
Offices and commercial property	1,058	0	1,058	0	1,058
Manufacturing and industrial property	134	0	134	0	134
Other	12	0	12	0	12
Mortgage loans	5,180	0	5,180	0	5,180
Gross loans	**5,253**	**83,034**	**88,287**	**94,929**	**183,216**
Allowance for loan losses	(18)	(79)	(97)	(853)	(950)
Net loans	**5,235**	**82,955**	**88,190**	**94,076**	**182,266**
of which due from customers	73	82,955	83,028	94,076	177,104
of which mortgage loans	5,162	0	5,162	0	5,162
2017 (CHF million)					
Due from customers	43	90,359	90,402	103,588	193,990
Residential property	3,867	0	3,867	0	3,867
Offices and commercial property	890	0	890	0	890
Manufacturing and industrial property	256	0	256	0	256
Other	63	0	63	0	63
Mortgage loans	5,076	0	5,076	0	5,076
Gross loans	**5,119**	**90,359**	**95,478**	**103,588**	**199,066**
Allowance for loan losses	(25)	(351)	(376)	(533)	(909)
Net loans	**5,094**	**90,008**	**95,102**	**103,055**	**198,157**
of which due from customers	43	90,008	90,051	103,055	193,106
of which mortgage loans	5,051	0	5,051	0	5,051

1
Includes the market value of collateral up to the amount of the outstanding related loans. For mortgage loans, the market value of collateral is determined at the time of granting the loan and thereafter regularly reviewed according to the Bank parent company's risk management policies and directives, with maximum review periods determined by property type, market liquidity and market transparency. For impaired mortgage loans, the market value of collateral is determined annually or more frequently by credit risk management within the impairment review process.

Collateralization of off-balance sheet transactions

	Secured[1]			Unsecured	Total
end of	Mortgages	Other collateral	Total		
2018 (CHF million)					
Contingent liabilities	0	6,393	6,393	26,048[2]	32,441
Irrevocable commitments	293	48,202	48,495	50,254	98,749
Obligations for calls on shares and additional payments	0	0	0	97	97
Off-balance sheet transactions	**293**	**54,595**	**54,888**	**76,399**	**131,287**
2017 (CHF million)					

Contingent liabilities	1	8,273	8,274	66,603[2]	74,877
Irrevocable commitments	439	33,698	34,137	51,402	85,539
Obligations for calls on shares and additional payments	0	0	0	57	57
Off-balance sheet transactions	**440**	**41,971**	**42,411**	**118,062**	**160,473**

1
Includes the market value of collateral up to the notional amount of the related off-balance sheet transaction. For mortgage-backed off-balance sheet exposures, the market value of collateral is determined at the time of granting the credit facility and thereafter regularly reviewed according to the Bank parent company's risk management policies and directives, with maximum review periods determined by property type, market liquidity and market transparency. For impaired exposures, the market value of collateral is determined annually or more frequently by credit risk management within the impairment review process.
2
A majority of contingent liabilities are related to guarantees issued in favor of Group companies.
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Impaired loans

end of	Gross amount outstanding	Estimated realizable collateral value[1]	Net amount outstanding	Specific allowance
2018 (CHF million)				
Impaired loans	1,984	873	1,111	731
2017 (CHF million)				
Impaired loans	2,112	1,096	1,016	732

1
Represents the estimated realizable collateral value up to the related gross amount outstanding.

Changes in impaired loans

			2018			2017
	Due from customers	Mortgage loans	Total	Due from customers	Mortgage loans	Total
CHF million						
Balance at beginning of period	**1,976**	**136**	**2,112**	**3,087**	**71**	**3,158**
Change in organization	–	–	–	–	7	7
New impaired loan balances	824	58	882	1,536	110	1,646
Increase of existing impaired loan balances	60	2	62	88	13	101
Reclassifications to performing loans	(45)	(14)	(59)	(182)	(24)	(206)
Repayments	(325)	(20)	(345)	(1,235)[1]	(27)	(1,262)
Liquidation of collateral, insurance and guarantee payments	(122)	(62)	(184)	(186)	(11)	(197)
Write-offs	(228)	(6)	(234)	(846)	0	(846)
Sales	(264)	0	(264)	(177)	(3)	(180)
Foreign exchange translation impact	14	0	14	(109)	0	(109)
Balance at end of period	**1,890**	**94**	**1,984**	**1,976**	**136**	**2,112**

Changes in impaired loan classification during the year are reflected on a gross basis.
1
Includes CHF 115 million relating to the conversion of a loan into derivative financial instruments.

12 Trading assets and liabilities and other financial instruments held at fair value

Trading assets and other financial instruments held at fair value

end of	2018	2017
CHF million		
Debt securities, money market instruments and money market transactions	36,711	41,826
of which exchange-traded	2,363	2,256
Equity securities	5,529	5,403
Precious metals and commodities	541	1,400
Trading assets	**42,781**	**48,629**
Debt securities	0	105
Other	0	217

Other financial instruments held at fair value	**0**	**322**
Total trading assets and other financial instruments held at fair value	**42,781**	**48,951**
of which carrying value determined based on a valuation model	26,673	36,731
of which securities eligible for repurchase transactions in accordance with liquidity regulations	149	1,105

Trading liabilities and liabilities from other financial instruments held at fair value

end of	2018	2017
CHF million		
Debt securities, money market instruments and money market transactions	3,511	3,418
of which exchange-traded	531	260
Equity securities	2,438	2,948
Trading liabilities	**5,949**	**6,366**
Structured products	54,645	60,945
Liabilities from other financial instruments held at fair value	**54,645**	**60,945**
Trading liabilities and liabilities from other financial instruments held at fair value	**60,594**	**67,311**
of which carrying value determined based on a valuation model	55,033	64,157

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13 Derivative financial instruments

		Trading			Hedging[1]	
end of 2018	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
CHF million						
Forwards and forward rate agreements	518,397	2,081	2,246	0	0	0
Swaps	3,883,432	11,164	12,330	18,710	121	0
Options bought and sold (OTC)	495,660	2,562	2,315	0	0	0
Futures	30,069	0	0	0	0	0
Options bought and sold (exchange-traded)	2,876	0	0	0	0	0
Interest rate products	**4,930,434**	**15,807**	**16,891**	**18,710**	**121**	**0**
Forwards and forward rate agreements	1,110,675	8,921	9,501	0	0	0
Swaps [2]	134,067	2,084	2,243	0	0	0
Options bought and sold (OTC)	300,461	2,892	2,778	0	0	0
Futures	71	0	0	0	0	0
Foreign exchange products	**1,545,274**	**13,897**	**14,522**	**0**	**0**	**0**
Forwards and forward rate agreements	9,232	150	111	0	0	0
Options bought and sold (OTC)	8,448	110	93	0	0	0
Precious metal products	**17,680**	**260**	**204**	**0**	**0**	**0**
Forwards and forward rate agreements	153	6	1	0	0	0
Swaps	84,558	1,556	3,903	0	0	0
Options bought and sold (OTC)	108,042	3,380	3,078	0	0	0
Futures	2,241	0	0	0	0	0
Options bought and sold (exchange-traded)	24,344	963	1,196	0	0	0
Equity/index-related products	**219,338**	**5,905**	**8,178**	**0**	**0**	**0**
Credit default swaps	21,636	282	661	0	0	0
Total return swaps	8,661	252	628	0	0	0
Other credit derivatives	7,907	131	44	0	0	0
Credit derivatives	**38,204**	**665**	**1,333**	**0**	**0**	**0**
Swaps	9,663	1,405	372	0	0	0
Options bought and sold (OTC)	2,367	66	55	0	0	0
Other derivative products	**12,030**	**1,471**	**427**	**0**	**0**	**0**
Derivative financial instruments [3]	**6,762,960**	**38,005**	**41,555**	**18,710**	**121**	**0**
of which replacement value determined based on a valuation model	–	34,024	37,376	–	121	0

1
Relates to derivative financial instruments that qualify for hedge accounting.
2
Including combined interest rate and foreign exchange swaps.

3
Before impact of master netting agreements.
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Derivative financial instruments (continued)

end of 2017	Trading Notional amount	Trading Positive replacement value (PRV)	Trading Negative replacement value (NRV)	Hedging[1] Notional amount	Hedging[1] Positive replacement value (PRV)	Hedging[1] Negative replacement value (NRV)
CHF million						
Forwards and forward rate agreements	398,951	324	298	0	0	0
Swaps	4,345,760	7,474	8,334	25,481	271	0
Options bought and sold (OTC)	189,387	725	848	0	0	0
Futures	64,875	0	0	0	0	0
Options bought and sold (exchange-traded)	38,640	0	0	0	0	0
Interest rate products	**5,037,613**	**8,523**	**9,480**	**25,481**	**271**	**0**
Forwards and forward rate agreements	1,314,397	9,440	10,394	0	0	0
Swaps [2]	86,161	1,414	1,366	319	223	0
Options bought and sold (OTC)	369,530	2,799	2,639	0	0	0
Futures	179	0	0	0	0	0
Foreign exchange products	**1,770,267**	**13,653**	**14,399**	**319**	**223**	**0**
Forwards and forward rate agreements	7,459	47	62	0	0	0
Options bought and sold (OTC)	10,858	146	78	0	0	0
Precious metal products	**18,317**	**193**	**140**	**0**	**0**	**0**
Forwards and forward rate agreements	3	0	0	0	0	0
Swaps	66,915	2,091	1,398	0	0	0
Options bought and sold (OTC)	104,895	4,724	4,442	0	0	0
Futures	1,488	0	0	0	0	0
Options bought and sold (exchange-traded)	6,821	41	417	0	0	0
Equity/index-related products	**180,122**	**6,856**	**6,257**	**0**	**0**	**0**
Credit default swaps	19,054	233	656	0	0	0
Total return swaps	5,717	219	68	0	0	0
Other credit derivatives	14,418	62	18	0	0	0
Credit derivatives	**39,189**	**514**	**742**	**0**	**0**	**0**
Swaps	12,603	1,437	371	0	0	0
Options bought and sold (OTC)	97	11	4	0	0	0
Options bought and sold (exchange-traded)	3	0	0	0	0	0
Other derivative products	**12,703**	**1,448**	**375**	**0**	**0**	**0**
Derivative financial instruments [3]	**7,058,211**	**31,187**	**31,393**	**25,800**	**494**	**0**
of which replacement value determined based on a valuation model	–	30,774	30,962	–	494	0

1
Relates to derivative financial instruments that qualify for hedge accounting.

2
Including combined interest rate and foreign exchange swaps.
3
Before impact of master netting agreements.
545

Positive and negative replacement values before and after consideration of master netting agreements

end of	2018	2017
Before consideration of master netting agreements (CHF million)		
Positive replacement values – trading and hedging	38,126	31,681
Negative replacement values – trading and hedging	41,555	31,393
After consideration of master netting agreements		
Positive replacement values – trading and hedging [1]	8,023	9,046
Negative replacement values – trading and hedging [1]	7,215	8,373

1
Netting includes counterparty exposure and cash collateral netting.

Positive replacement values by counterparty type

end of	2018	2017
CHF million		
Central clearing counterparties	1,126	736
Banks and securities dealers	4,401	6,093
Other counterparties [1]	2,496	2,217
Positive replacement values	**8,023**	**9,046**

1
Primarily related to bilateral OTC derivative contracts with clients.

Fair value hedges

in	2018	2017
Gains/(losses) on derivative financial instruments recognized in income (CHF million)		
Interest rate products	(348)	(327)
Gains/(losses) on derivative financial instruments recognized in income	**(348)**	**(327)**
Gains/(losses) on hedged items recognized in income		
Interest rate products	348	328
Gains/(losses) on hedged items recognized in income	**348**	**328**
Details of fair value hedges		
Net gains/(losses) on the ineffective portion	0	1

All gains/(losses) are recognized in net income/(loss) from trading activities and fair value option.

Cash flow hedges

in	2018	2017
Deferred unrealized gains/(losses) on derivative financial instruments related to cash flow hedges (CHF million) [1]		
Balance at beginning of period	**(61)**	**(25)**
Interest rate products	(67)	(50)
Gains/(losses) on derivative financial instruments deferred during reporting period	**(67)**	**(50)**
Interest rate products [2]	(79)	(14)
Deferred gains/(losses) on derivative financial instruments reclassified into income	**(79)**	**(14)**
Balance at end of period	**(49)**	**(61)**
Details of cash flow hedges		
Net gains/(losses) on the ineffective portion [2]	0	(2)

1
Included in the compensation account within other assets or other liabilities.
2

Included in net income/(loss) from trading activities and fair value option.

As of December 31, 2018, the net loss associated with cash flow hedges expected to be reclassified from other assets and other liabilities to the statement of income within the next 12 months was CHF 24 million.

As of December 31, 2018, the maximum length of time over which the Bank parent company 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 five years.

> Refer to "Use of derivative financial instruments and hedge accounting" in Note 3 – Risk management, use of derivative financial instruments and hedge accounting for further information.

14 Financial investments

	2018		2017	
end of	Carrying value	Fair value	Carrying value	Fair value
CHF million				
Debt securities	30,058	29,949	17,498	17,515
of which held-to-maturity	25,130	25,021	13,505	13,522
of which available-for-sale	4,928	4,928	3,993	3,993
Equity securities	651	659	1,026	1,048
of which qualified participations [1]	365	372	821	841
Real estate [2]	5	5	38	38
Other [3]	59	59	29	29
Financial investments	**30,773**	**30,672**	**18,591**	**18,630**
of which securities eligible for repurchase transactions in accordance with liquidity regulations	0	–	6	–

1

Includes participations held in financial investments with at least 10% in capital or voting rights.

2

Real estate acquired from the lending business (repossessed assets) and classified as held-for-sale is carried at lower of cost and liquidation value.

3

Includes other non-financial assets acquired from the lending business (repossessed assets) such as commodities, vehicles and other goods.

Debt securities by counterparty rating

end of	2018	2017
CHF million		
AAA to AA–	4,409	3,993
BBB+ to BBB–	55	0
BB+ to B–	0	55
No rating [1]	25,594	13,450
Debt securities	**30,058**	**17,498**

Ratings are based on external data from Standard & Poor's.

1

Mainly related to funding in the form of bail-in capital and other capital instruments issued to subsidiaries.

15 Other assets and other liabilities

end of	2018	2017
CHF million		
Compensation account [1]	1,309	1,831
Indirect taxes and duties	256	136
Other [2]	256	407
Other assets	**1,821**	**2,374**
Indirect taxes and duties	28	24
Other [3]	290	540
Other liabilities	**318**	**564**

1

Includes changes in the book value of assets and liabilities that are not recognized in the statement of

income, such as hedge effectiveness, impacts from changes in own credit spreads and deferred gains or losses from the sale of debt securities held-to-maturity.
2
Includes receiveables from settlement accounts, security deposits and guarantee funds, coupons, internal clearing accounts and other miscellaneous assets.
3
Includes payables from settlement accounts, accounts payable for goods and services purchased, internal clearing accounts and other miscellaneous liabilities.
16 Assets pledged

		2018		2017
end of	Carrying value	Actual liabilities	Carrying value	Actual liabilities
CHF million [1]				
Due from banks	9	9	0	0
Due from customers	19	19	94	94
Trading assets	911	348	1,378[2]	764[2]
Assets pledged	**939**	**376**	**1,472**	**858**

1
Excludes assets pledged in connection with securities lending and borrowing, repurchase agreements and reverse-repurchase agreements.
2
Prior period has been corrected.
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17 Pension plans

As of December 31, 2018 and 2017, the Bank parent company's did not have any liabilities due to own pension plans.

> Refer to "Note 29 – Pension and other post-retirement benefits" in VIII –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 (Schweiz)" (the Swiss pension plan). Most of the Group parent company's Swiss subsidiaries and a few companies that have close business and financial ties with the Group parent company 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.

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.

International pension plans

The Bank parent company's international employees are covered by mandatory and supplementary pension plans in various locations. These are defined benefit and defined contribution plans, which cover benefits such as disability, old age and death, termination and sickness.

Employer contribution reserves

	Employer contribution reserves – notional		Amount subject to waiver		Employer contribution reserves – net[1]		Increase/(Release) of employer contribution reserves included in personnel expenses	
end of / in	2018	2017	2018	2017	2018	2017	2018	2017
CHF million								
Swiss pension plan	15[2]	20	0	0	15[2]	20	0	0
Total	**15**	**20**	**0**	**0**	**15**	**20**	**0**	**0**

1
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.

2
Reflects the transfer of employer contribution reserves from the Bank parent company to Credit Suisse Services AG and Credit Suisse Asset Management (Schweiz) AG as of January 1, 2018.

Pension plan economic benefit/(obligation), pension contributions and pension expenses

	Over/(Under) -funding		Economic benefit/ (obligation) recorded by Bank parent company[2]			Pension contributions		Pension expenses included in personnel expenses	
end of / in	2018	2017	2018	2017	Change	2018	2017	2018	2017
CHF million									
Swiss pension plan – status overfunded	677[1]	887[1]	–	–	–	166	182	168	182
	(15)	(20)	(15)	(20)	5	1	0	(2)	(11)

International pension plans – underfunded									
International pension plans – without over-/underfunding	0	0	0	0	0	20	21	20	21
Total	**662**	**867**	**(15)**	**(20)**	**5**	**187**	**203**	**186**	**192**

1
Represents the Bank parent company's share of 39% in the total over/(under)funding of the Swiss pension plan of CHF 1,735 million and CHF 2,275 million as of December 31, 2018 and 2017, respectively.
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.
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18 Issued structured products

				2018				2017
	Not bifurcated[1]		Bifurcated	Total	Not bifurcated[1]		Bifurcated	Total
end of	Liabilities from other financial instruments held at fair value[2]	Value of underlying instrument	Value of derivative[1]		Liabilities from other financial instruments held at fair value[2]	Value of underlying instrument	Value of derivative[1]	
Carrying value of issued structured products by underlying risk of the embedded derivative (CHF million)								
Interest rates								
Structured products with own debt	13,087	0	0	13,087	14,414	0	0	14,414
Structured products without own debt	716	0	0	716	773	0	0	773
Equity								
Structured products with own debt	34,601	0	0	34,601	37,694	0	0	37,694
Foreign exchange								
Structured products with own debt	1,083	0	0	1,083	644	0	0	644
Structured products without own debt	0	695	(3)	692	0	528	(2)	526
Commodities / precious metals								
Structured products with own debt	1,483	0	0	1,483	2,226	0	0	2,226
Structured products without own debt	0	66	(1)	65	0	56	0	56
Credit								
Structured products with own debt	3,596	143	(1)	3,738	5,082	0	0	5,082
Other [3]								
Structured products with own debt	79	0	0	79	112	0	0	112
Total	**54,645**	**904**	**(5)**	**55,544**	**60,945**	**584**	**(2)**	**61,527**

1
Carried at fair value.
2
Reflects balance sheet classification.

3
Includes structured products where the underlying risk relates to hedge funds or other products with multiple underlying risks.

19 Unsecured senior debt and structured notes

			2018			2017
end of	Original maturity up to 1 year	Original maturity greater than 1 year	Total	Original maturity up to 1 year	Original maturity greater than 1 year	Total
CHF million						
Unsecured senior debt [1, 2]	8,183	74,228[3]	**82,411**	7,662	81,107[3]	**88,769**
of which recorded in bonds and mortgage-backed bonds			82,411			88,769
Unsecured structured notes [4]	6,905	47,338	**54,243**	10,116	50,171	**60,287**
of which recorded in liabilities from other financial instruments held at fair value			53,929			60,172
of which recorded in bonds and mortgage-backed bonds			314			115

1
Includes guaranteed debt and payables related to fully funded swaps.
2
Excludes senior unsecured debt included in due to banks and customer deposits as well as certificates of deposits and bankers acceptances.
3
Includes bail-in instruments of CHF 14,788 million and CHF 9,572 million as of December 31, 2018 and 2017, respectively, with Credit Suisse Group AG. Prior period has been corrected.
4
For structured notes that include a put option, maturity is determined based on the first date at which a noteholder can request repayment. Structured notes with market triggering features are always reflected in accordance with original maturity.
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20 Provisions and valuation adjustments

2018	Balance at beginning of period	Change in orga- nization	Utilized for purpose	Reclassifi- cations	Foreign exchange translation differences	Recoveries, interest past due	New charges to income statement	Releases to income statement	Balance at end of period
CHF million									
Provisions for pension benefit obligations	20	0	0	0	(1)	0	1	(5)	15[1]
Provisions for off-balance sheet default risks	153	0	(12)	0	2	0	239	(224)	158[2,3]
Provisions for other business risks	30	(1)	(16)	4	0	0	2	(1)	18[2]
Restructuring provisions	14	0	(60)	0	0	0	56	(1)	9[4]
Other provisions	331	(6)	(83)	2	(5)	0	68	(48)	259[5]
Provisions	**548**	**(7)**	**(171)**	**6**	**(4)**	**0**	**366**	**(279)**	**459**
Valuation adjustments for default and country risks [6]	**909**	**0**	**(239)**	**0**	**4**	**25**	**640**	**(388)**	**951**
of which valuation adjustments for default risks from impaired receivables	732	0	(239)	0	3	24	306	(96)	730
of which valuation adjustments for inherent risks	177	0	0	0	1	1	334	(292)	221

1
Discounted at rates between 1.50% and 8.20%.
2
Provisions are not discounted due to their short-term nature.
3
Provisions are mainly related to irrevocable loan commitments and guarantees.
4
Partially discounted at rates between 0.06% and 1.35%.
5
Includes provisions in respect of litigation claims of CHF 240 million and CHF 275 million as of December 31, 2018 and 2017, respectively; partially discounted at rates between 2.32% and 6.00%.
6
Changes in impaired loan classification during the year and related movements in valuation adjustments are reflected on a gross basis.

21 Composition of share capital, conversion and reserve capital

	2018	2017

end of	Quantity	Total nominal value (CHF million)	Quantity	Total nominal value (CHF million)
Share capital				
Registered shares (at CHF 1 par value per share)	4,399,680,200	4,400[1]	4,399,680,200	4,400[1]
Total share capital		**4,400**		**4,400**
Conversion and reserve capital [2]				
Unlimited conversion capital (at CHF 1 par value per share) [3]	unlimited	unlimited	unlimited	unlimited
Reserve capital (at CHF 1 par value per share) [4]	4,399,665,200	4,400	4,399,665,200	4,400
of which used for capital increases	0	0	0	0
of which reserved for planned capital increases	0	0	0	0

1
The dividend eligible capital equals the total nominal value. As of December 31, 2018 and 2017, the total nominal value of registered shares was CHF 4,399,680,200 and fully paid.
2
Represents authorized capital.
3
For information on principal characteristics of unlimited conversion capital, refer to Article 4d in the Articles of Association of the Bank parent company.
4
For information on principal characteristics of reserve capital, refer to Article 4e in the Articles of Association of the Bank parent company.

Non-distributable reserves

As of December 31, 2018 and 2017, the amount of non-distributable reserves in accordance with the Swiss Code of Obligations and the Bank parent company's articles of association was CHF 2,200 million. Not reflected in this amount are reserves which the Bank parent company is required to retain in order to meet the regulatory capital requirements as a going concern.

Transactions with shareholders

In 2018, there were no non-cash transactions or transactions not carried out on an arm's length basis with shareholders in their capacity as shareholder.

22 Significant shareholders and groups of shareholders

	2018			2017		
end of	Number of shares (million)	Total nominal value (CHF million)	Share-holding (%)	Number of shares (million)	Total nominal value (CHF million)	Share-holding (%)
Direct shareholders						
Credit Suisse Group AG	4,400[1]	4,400	100.00	4,400[1]	4,400	100.00
Indirect shareholders through Credit Suisse Group AG[2]						
Chase Nominees Ltd.[3]	668	668	15.19	567	567	12.88
Nortrust Nominees Ltd.[3]	257	257	5.84	242	242	5.49

1
All shares with voting rights.
2
Pro-forma numbers calculated based on the percentage interest held in Group shares as per the share register of the Group on December 31 of the reporting period. Includes shareholders registered as nominees.
3
Nominee holdings exceeding 2% are registered with a right to vote only if the nominee confirms that no individual shareholder holds more than 0.5% of the outstanding share capital or if the nominee discloses the identity of any beneficial owner holding more than 0.5% of the outstanding capital.

Information received from shareholders of the Group not registered in the share register

In addition to the shareholdings registered in the share register of the Group, the Group has obtained and reported to the SIX Swiss Exchange (SIX) information from its shareholders in accordance with the notification requirements of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading. These shareholders may hold their shareholdings in Group shares through a nominee. The following shareholder notifications relate to registered voting rights exceeding 5% of all voting rights, which are subject to disclosure in the notes to the financial statements in accordance with Swiss GAAP statutory.

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 5.17% of the voting rights, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification has been received from Harris Associates L.P. relating to holdings of registered Group shares since 2013. This position includes the reportable position of Harris Associates Investment Trust (4.97% of the voting rights), as published by the SIX on August 1, 2018.

In a disclosure notification that the Group published on September 6, 2018, the Group was notified that as of August 24, 2018, Qatar Holding LLC held 133.2 million shares, or 5.21% of the voting rights, of the registered Group shares issued as of the date of the notified transaction.

In 2018, the Group received disclosure notifications from Norges Bank that their holdings of registered Group shares and voting rights had fallen below the 5% threshold. The Olayan Group and BlackRock, Inc.'s holdings of registered Group shares and voting rights remained below the 5% threshold both as of December 31, 2018 and as of December 31, 2017.

Shareholders with a qualified participation

As of December 31, 2018, Credit Suisse Group AG as direct shareholder of Credit Suisse AG is the only shareholder with a qualified participation in accordance with Bank Law.

> Refer to "Note 24 – Amounts receivable from and amounts payable to related parties" for further information on shareholders with a qualified participation.

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23 Shareholdings of the Board of Directors, Executive Board and employees and information on compensation plans
> Refer to “V – Compensation” for a comprehensive disclosure of compensation to the Board of Directors and the Executive Board of Credit Suisse Group AG.
> Refer to “Note 22 – Shareholdings of the Board of Directors, Executive Board and employees” in VII –Parent company financial statements – Credit Suisse Group for information on shareholdings of the Board of Directors and the Executive Board of the Bank parent company.

Share-based awards outstanding

	2018		2017	
end of	Number of share-based awards outstanding in million	Fair value in CHF million	Number of share-based awards outstanding in million	Fair value in CHF million
Share-based awards [1]				
Employees	22.4	242	21.7	377
Share-based awards outstanding	**22.4**	**242**	**21.7**	**377**

1
All share-based compensation plans of the Bank parent company are plans based on virtual shares and either settled in shares of the Group or in cash on the basis of the fair value of the Group shares.

All members of the Board of Directors and the Executive Board of the Bank parent company are also members of the Board of Directors and the Executive Board of the Group parent company. Compensation to members of the Executive Board is determined by the Group parent company on the basis of their overall function and responsibilities in the Group and paid by different legal entities of the Group depending on work location, local contracts, laws and regulations. A presentation of deferred share-based compensation awards to members of the Executive Board recorded by the Bank parent company would not appropriately reflect the Executive Board of the Bank parent company, as it would only consider those members for whom compensation is administrated by the Bank parent company.

As of December 31, 2018 and 2017, the Bank parent company did not have any option plans with outstanding options.

Compensation plans

For 2017, the Bank parent company granted share awards, performance share awards and Contingent Capital Awards (CCA) as deferred compensation in February 2018.

Deferred compensation is awarded to employees with total compensation greater than or equal to CHF/USD 250,000 or the local currency equivalent. Employees with total compensation below CHF/USD 250,000 or the local currency equivalent received variable incentive compensation in the form of an immediate cash award. Performance share awards were granted to managing directors and material risk takers and controllers, CCA were granted to managing directors and directors.

In 2018 and 2017, the Bank parent company’s total expenses related to deferred compensation plans were CHF 107 million and CHF 249 million, respectively.

For 2018 and 2017, all share-based compensation plans of the Bank parent company were either settled in shares of the Group parent company (Group shares) or in cash on the basis of the fair value of the Group shares.

Share awards

Share awards granted in February 2018 are similar to those granted in February 2017. Each share award granted entitles the holder of the award to receive one Group share, subject to service conditions. Share awards vest over three years with one third of the share awards vesting on each of the three anniversaries of the grant date (ratable vesting), with the exception of awards granted to individuals classified as risk managers or senior managers under the UK PRA Remuneration Code or similar regulations in other jurisdictions. Share awards granted to risk managers vest over five years with one fifth of the award vesting on each of the five anniversaries of the grant date, while share awards granted to senior managers vest over five years commencing on the third anniversary of the grant date, with one fifth of the award vesting on each of the third to seventh anniversaries of the grant date. Share awards are expensed over the service period of the awards. The value of the share awards is solely dependent on the Group share price at the time of delivery.

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

On February 15, 2018, the Bank parent company granted 6.5 million share awards with a total value of CHF 114 million. The number of share awards granted to employees was generally determined by dividing the deferred component of variable compensation being granted as share awards by the average price of a Group share over the ten consecutive trading days ended February 28, 2018. The fair value of each share award was CHF 17.22, the Group share price on the grant date. The majority of share awards granted include the right to receive dividend equivalents on vested shares.

Performance share awards

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. Performance share awards are similar to share awards, except that the full balance of outstanding performance

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share awards, including those awarded in prior years, are subject to performance-based malus provisions. Performance share awards granted from 2016 and onward are subject to a negative adjustment in the event of a divisional loss by the division in which the employees worked as of December 31, 2018, or a negative ROE of the Group, whichever results in a larger adjustment. For employees in corporate functions and the Strategic Resolution Unit, the negative adjustment only applies in the event of a negative return on equity (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.

On February 15, 2018, the Bank parent company granted 4.6 million performance share awards with a total value of CHF 80 million. The number of performance share awards granted to employees was generally 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 ten consecutive trading days ended February 28, 2018. The fair value of each performance share award was CHF 17.22, the Group share price on the grant date. The majority of performance share awards granted include the right to receive dividend equivalents on vested shares.

There was no negative adjustment applied to performance share awards granted in 2018 or in previous years.

Contingent Capital Awards

CCA were granted in February 2018 and February 2017 to managing directors and directors as part of the 2017 and 2016 deferred variable compensation and have rights and risks similar to those of certain contingent capital instruments issued by the Group in the market. CCA are scheduled to vest on the third anniversary of the grant date, other than those granted to individuals classified as risk managers or senior managers under the UK PRA Remuneration Code, where CCA vest on the fifth and seventh anniversaries of the grant date, respectively, and will be expensed over the vesting period. CCA generally provide a conditional right to receive semi-annual cash payments of interest equivalents until settled, with rates being dependent upon the vesting period and currency of denomination:

CCA granted in 2018 and 2017 that are denominated in US dollars and vest three years from the date of grant receive interest equivalents at a rate of 3.05% and 4.27%, respectively, per annum over the six-month US dollar London Interbank Offered Rate (LIBOR);

CCA granted in 2018 and 2017 that are denominated in Swiss francs and vest three years from the date of grant receive interest equivalents at a rate of 2.24% and 3.17%, respectively, per annum over the six-month Swiss franc LIBOR;

CCA granted in 2017 that are denominated in US dollars and vest five or seven years from the date of grant receive interest equivalents at a rate of 4.27% per annum over the six-month US dollar LIBOR; and

CCA granted in 2017 that are denominated in Swiss francs and vest five or seven years from the date of grant receive interest equivalents at a rate of 3.03% and 2.93%, respectively, per annum over the six-month Swiss franc LIBOR.

The rates were set in line with market conditions at the time of grant and existing high-trigger and low-trigger contingent capital instruments that the Group has issued. For CCA granted in February 2018, employees who received compensation in Swiss francs received CCA denominated in Swiss francs and all other employees received CCA denominated in US dollars.

As CCA qualify as going-concern loss-absorbing 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 will be converted into the local currency of each respective employee.

CCA have loss-absorbing features such that prior to settlement, the principal amount of the CCA would be written down to zero and forfeited 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.

On February 15, 2018, the Bank parent company awarded CHF 25 million and USD 23 million of CCA that are expensed over the vesting period from the grant date.

Contingent Capital share awards

The Group executed a voluntary exchange offer, under which employees had the right to voluntarily convert all or a portion of their respective CCA into Contingent Capital share awards at a conversion price of CHF 14.57. Each

Contingent Capital share award had a grant-date fair value of CHF 14.45 and contains the same contractual term, vesting period, performance criteria and other terms and conditions as the original CCA.

Other cash awards

Other cash awards include certain share and performance share awards settled in cash.

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24 Amounts receivable from and amounts payable to related parties

	2018		2017	
end of	Amounts receivable	Amounts payable	Amounts receivable	Amounts payable
CHF million				
Shareholders with a qualified participation	4,100	25,039	3,514	22,790
Group companies	180,310	115,453	210,033	141,812
Affiliated companies	1,288	410	688	561
Members of governing bodies [1]	42	78	37	103

1
Includes both the governing bodies of the Bank parent company (Credit Suisse AG) and the governing bodies of the Group holding company (Credit Suisse Group AG). Governing bodies include members of the Board of Directors, the Executive Board and the statutory auditors and companies controlled by members of each of these bodies.

Significant off-balance sheet transactions

As part of the normal course of business, the Bank parent company issues guarantees, loan commitments and enters into other agreements with group companies which are recorded as off-balance sheet transactions by the Bank parent company. As of December 31, 2018 and 2017, the Bank parent company had contingent liabilities of CHF 27,572 million and CHF 70,015 million, respectively, and irrevocable loan commitments of CHF 7,581 million and CHF 3,395 million, respectively, of which substantially all were related to transactions with group companies.

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.

Additional information on related party transactions

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.

> Refer to “Off-balance sheet transactions”, “Statement of changes in equity” and “Note 1 – Business activities, developments and subsequent events” for further information on related party transactions.

Sales and Trading Services

On November 20, 2016, with retrospective effect between the parties as of August 1, 2016, the Bank parent company entered into a contractual relationship with Credit Suisse (Schweiz) AG. The purpose of this contractual relationship was to collaboratively operate the Swiss portion of the former STS business. With effect from September 30, 2018, this contractual relationship has been discontinued by both parties.

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25 Total assets by country rating

	2018		2017	
end of	CHF million[2]	%	CHF million[2]	%
Internal country rating [1]				
AAA	42,099	7.9%	165,966	28.8%
AA	334,577	62.8%	253,537	44.0%
A	35,970	6.8%	34,106	5.9%
BBB	19,513	3.7%	13,190	2.3%
BB	7,621	1.4%	9,103	1.6%
B	8,480	1.6%	5,227	0.9%
CCC	6,789	1.3%	6,943	1.2%
C	56	0.0%	41	0.0%
D	193	0.0%	156	0.0%
Foreign assets	455,298	85.5%	488,269	84.7%
Domestic assets	77,518	14.5%	87,949	15.3%
Total assets	**532,816**	**100.0%**	**576,218**	**100.0%**

1
Internal ratings are calibrated to the long-term issuer credit ratings of Standard & Poor's for the respective sovereigns. Internal country ratings may differ from Standard & Poor's respective country ratings.
2
Net balance sheet exposure by country rating of risk domicile.

26 Fiduciary transactions

end of	2018	2017
CHF million		
Fiduciary placements with third-party institutions	3,040	2,729
Fiduciary transactions	**3,040**	**2,729**

27 Assets under management

Assets under management

Assets under management include assets for which the Bank parent company provides investment advisory or discretionary asset management services, investment fund assets and assets invested in other investment-fund-like pooled investment vehicles managed by the Bank parent company. The classification of assets under management is conditional upon the nature of the services provided by the Bank parent company and the clients' intentions. Assets are individually assessed on the basis of each client's intentions and objectives and the nature of the banking services provided to that client. In order to be classified as assets under management, the Bank parent company must currently or in the foreseeable future expect to provide a service where the involvement of the Bank parent company's banking or investment expertise (e.g., as asset manager or investment advisor) is not purely executional or custodial in nature.

Assets under custody are client assets held mainly for execution-related or safekeeping/custody purposes only and therefore are not considered assets under management since the Bank parent company does not generally provide asset allocation or financial advice.

Assets of corporate clients and public institutions that are used primarily for cash management or transaction executional purposes for which no investment advice is provided are classified as commercial assets or assets under custody and therefore do not qualify as assets under management.

For the purpose of classifying assets under management, clients with multiple accounts are assessed from an overall relationship perspective. Accounts that are clearly separate from the remainder of the client relationship and represent assets held for custody purposes only are not included as assets under management.

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The initial classification of the assets may not be permanent as the nature of the client relationship is reassessed on an on-going basis. If changes in client intent or activity warrant reclassification between client asset categories, the required reclassification adjustments are made immediately when the change in intent or activity occurs. Reclassifications between assets under management and assets held for transaction-related or custodial purposes result in corresponding net asset inflows or outflows.

The Group reviews relevant policies regarding client assets on a regular basis. Following such reviews in 2018, with effect from January 1, 2019, the Group updated its assets under management policy primarily to introduce more specific criteria to evaluate whether client assets qualify as assets under management. The introduction of this updated policy for the Bank parent company is expected to result in a reclassification of approximately CHF 19 billion of assets under management to assets under custody which will be reflected as a structural effect in 2019.

A portion of the Bank parent company's assets under management results from double counting. Double counting arises when assets under management are subject to more than one level of asset management services. Each separate advisory or discretionary service provides additional benefits to the client and represents additional income for the Bank parent company. Specifically, double counting primarily results from the investment of assets under management in collective investment instruments managed by the Bank parent company. The extent of double counting is disclosed in the following table.

Assets under management

end of	2018	2017
CHF billion		
Assets in collective investment instruments managed by Credit Suisse AG	0.1	0.2
Assets with discretionary mandates	84.9	88.5
Other assets under management	381.6	391.3
Assets under management (including double counting)	**466.6**	**480.0**
of which double counting	–	–

Changes in assets under management

	2018	2017
CHF billion		
Balance at beginning of period [1]	**480.0**	**581.1**
Net new assets/(Net asset outflows)	23.8	28.0
Market movements, interest, dividends and foreign exchange	(26.0)	31.3
of which market movements, interest and dividends [2]	(21.9)	33.2
of which foreign exchange	(4.1)	(1.9)
Other effects	(11.2)[3]	(160.4)[4]
Balance at end of period [1]	**466.6**	**480.0**

1
Including double counting.
2
Net of commissions and other expenses and net of interest expenses charged.
3
Includes structural effect outflows of CHF 5.2 billion related to the impact of US sanctions involving Russia and CHF 4.6 billion related to transfers to subsidiaries.
4
Includes a reduction in assets under management of CHF 167.6 billion related to the transfer of the Swiss-related asset management business from the Bank parent company to Credit Suisse Asset Management (Schweiz) AG.

Net new assets

Net new assets measure the degree of success in acquiring assets under management or changes in assets under management through warranted reclassifications. 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 Bank parent company'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.
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Proposed appropriation of reserves and retained earnings

Proposed appropriation of voluntary income reserves

	2018
Voluntary income reserves (CHF million)	
Balance at end of year	**610**
Transfer to retained earnings	(610)
Balance after transfer	**0**

Proposed appropriation of retained earnings

	2018
Retained earnings (CHF million)	
Retained earnings carried forward	215
Net profit/(loss)	(647)
Transfer from voluntary income reserves	610
Retained earnings available for appropriation	**178**
Dividend	(10)
Retained earnings to be carried forward	**168**

Proposed appropriation of capital contribution reserves

	2018
Capital contribution reserves (CHF million)	
Balance at end of year	**37,913**
Appropriation [1]	(2)
Balance after appropriation	**37,911**

1
Related to a planned transfer of certain employees and the related assets and liabilities to Credit Suisse Services AG.

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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. The tables are based on information in VI – Consolidated financial statements – Credit Suisse Group.

Average balances and interest rates

			2018			2017			2016
in	Average balance[1]	Interest income	Average rate	Average balance[1]	Interest income	Average rate	Average balance[1]	Interest income	Average rate
Assets (CHF million, except where indicated)									
Cash and due from banks									
Switzerland	828	(155)[2]	(18.72)%[2]	1,074	(195)[2]	(18.16)%[2]	369	(75)[2]	(20.33)%[2]
Foreign	37,882	574	1.52%	31,058	302	0.97%	44,196	199	0.45%
Interest-bearing deposits with banks									
Switzerland	55	0	0.00%	37	0	0.00%	16	0	0.00%
Foreign	950	6	0.63%	693	3	0.43%	796	5	0.63%
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions [3]									
Switzerland	4,169	49	1.18%	4,236	39	0.92%	2,122	21	0.99%
Foreign	132,532	2,807	2.12%	144,817	2,476	1.71%	146,474	2,746	1.87%
Trading assets									
Switzerland	748	45	6.02%	1,047	46	4.39%	1,078	51	4.73%
Foreign	128,069	7,086	5.53%	146,817	6,651	4.53%	169,850	7,432	4.38%
Investment securities									
Switzerland	309	1	0.32%	513	2	0.39%	633	2	0.32%
Foreign	2,044	79	3.86%	1,966	45	2.29%	2,133	58	2.72%
Loans									
Switzerland	155,535	2,530	1.63%	154,621	2,543	1.64%	154,357	2,487	1.61%
Foreign	130,336	4,240	3.25%	122,524	3,436	2.80%	121,145	3,142	2.59%
Other interest-earning assets									
Switzerland	2,211	28	1.27%	1,105	19	1.72%	1,932	39	2.02%
Foreign	61,797	2,323	3.76%	62,925	1,690	2.69%	82,307	1,267	1.54%
Interest-earning assets	**657,465**	**19,613**	2.98%	**673,433**	**17,057**	2.53%	**727,408**	**17,374**	2.39%
Specific allowance for losses	(5,061)			(5,209)			(4,827)		
Non-interest-earning assets	203,860			205,759			205,424		
Total assets	**856,264**			**873,983**			**928,005**		

Percentage of assets attributable to foreign activities	78.01%	78.04%	79.06%

1
Monthly averages have been used where daily averages are unavailable.
2
Includes negative interest income from deposits placed with the Swiss National Bank due to negative interest rates beginning in 2015. The respective principal of such interest is reported under non-interest-earning assets.
3
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.
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Average balances and interest rates (continued)

	2018			2017			2016		
in	Average balance[1]	Interest expense	Average rate	Average balance[1]	Interest expense	Average rate	Average balance[1]	Interest expense	Average rate
Liabilities (CHF million, except where indicated)									
Deposits of banks									
Switzerland	1,143	(4)	(0.35)%	2,031	(5)	(0.25)%	1,497	(3)	(0.20)%
Foreign	15,327	213	1.39%	14,998	122	0.81%	20,798	121	0.58%
Deposits of non-banks									
Switzerland	163,478	134	0.08%	165,821	94	0.06%	157,038	86	0.05%
Foreign	198,438	1,944	0.98%	187,205	1,143	0.61%	186,970	840	0.45%
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions [2]									
Switzerland	1,612	77	4.78%	2,589	77	2.97%	2,624	66	2.52%
Foreign	37,566	1,800	4.79%	46,091	1,207	2.62%	55,419	1,322	2.39%
Trading liabilities									
Switzerland	330	13	3.94%	337	10	2.97%	291	15	5.15%
Foreign	37,409	3,441	9.20%	40,648	3,533	8.69%	38,241	3,587	9.38%
Short-term borrowings									
Switzerland	79	0	0.00%	68	0	0.00%	880	0	0.00%
Foreign	27,989	359	1.28%	16,610	166	1.00%	12,195	84	0.69%
Long-term debt									
Switzerland	38,716	1,372	3.54%	30,936	917	2.96%	28,857	640	2.22%
Foreign	128,638	2,445	1.90%	157,614	2,726	1.73%	171,543	2,879	1.68%
Other interest-bearing liabilities									
Switzerland	647	7	1.08%	1,315	8	0.61%	2,491	19	0.76%
Foreign	46,489	803	1.73%	51,100	502	0.98%	72,020	156	0.22%
Interest-bearing liabilities	**697,861**	**12,604**	1.81%	**717,363**	**10,500**	1.46%	**750,864**	**9,812**	1.31%
Non-interest-bearing liabilities	115,738			114,253			133,081		
Total liabilities	**813,599**			**831,616**			**883,945**		
Shareholders' equity	42,665			42,367			44,060		
Total liabilities and shareholders' equity	**856,264**			**873,983**			**928,005**		
Percentage of liabilities attributable to foreign activities	73.68%			74.75%			77.29%		

1
Monthly averages have been used where daily averages are unavailable.

2
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

	2018		2017		2016	
in	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	899	0.70	1,353	1.00	1,702	1.20
Foreign	6,110	1.30	5,204	1.10	5,860	1.00
Total net	**7,009**	**1.20**	**6,557**	**1.00**	**7,562**	**1.10**

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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	2018	2017	2016
Selected margin information (average rate in %)			
Switzerland	0.55	0.83	1.06
Foreign	1.24	1.02	1.03
Net interest margin	**1.07**	**0.97**	**1.04**

The US Federal Reserve successively raised the target range of the federal funds rate to 1.50% to 1.75% in March 2018, 1.75% to 2.00% in June 2018, 2.00% to 2.25% in September 2018 and 2.25% to 2.50% in December 2018.

The Swiss National Bank set the three-month Swiss franc London Interbank Offered Rate, which was (0.75)% at the end of December 2018.

The European Central Bank set the fixed rate tenders, which stood at 0.00% at the end of 2018.

The Bank of England set the bank rate at 0.50% in 2017 and changed the bank rate to 0.75% in August 2018.

Analysis of changes in net interest income

	2018 vs 2017 Increase/(decrease) due to changes in			2017 vs 2016 Increase/(decrease) due to changes in		
in	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Assets (CHF million)						
Cash and due from banks						
Switzerland	45	(5)	40	(143)	23	(120)
Foreign	66	206	272	(59)	162	103
Interest-bearing deposits with banks						
Switzerland	0	0	0	0	0	0
Foreign	1	2	3	(1)	(1)	(2)
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions						
Switzerland	(1)	11	10	21	(3)	18
Foreign	(210)	541	331	(31)	(239)	(270)
Trading assets						
Switzerland	(13)	12	(1)	(1)	(4)	(5)
Foreign	(849)	1,284	435	(1,009)	228	(781)
Investment securities						
Switzerland	(1)	0	(1)	0	0	0
Foreign	2	32	34	(5)	(8)	(13)
Loans						
Switzerland	15	(28)	(13)	4	52	56
Foreign	219	585	804	36	258	294
Other interest-earning assets						
Switzerland	19	(10)	9	(17)	(3)	(20)
Foreign	(30)	663	633	(298)	721	423
Interest-earning assets						

Switzerland	64	(20)	44	(136)	65	(71)
Foreign	(801)	3,313	2,512	(1,367)	1,121	(246)
Change in interest income	**(737)**	**3,293**	**2,556**	**(1,503)**	**1,186**	**(317)**

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Analysis of changes in net interest income (continued)

	2018 vs 2017 Increase/(decrease) due to changes in			2017 vs 2016 Increase/(decrease) due to changes in		
in	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Liabilities (CHF million)						
Deposits of banks						
Switzerland	2	(1)	1	(1)	(1)	(2)
Foreign	3	88	91	(34)	35	1
Deposits of non-banks						
Switzerland	(1)	41	40	4	4	8
Foreign	69	732	801	1	302	303
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions						
Switzerland	(29)	29	0	(1)	12	11
Foreign	(223)	816	593	(223)	108	(115)
Trading liabilities						
Switzerland	0	3	3	2	(7)	(5)
Foreign	(281)	189	(92)	226	(280)	(54)
Short-term borrowings						
Switzerland	0	0	0	0	0	0
Foreign	114	79	193	30	52	82
Long-term debt						
Switzerland	230	225	455	46	231	277
Foreign	(501)	220	(281)	(234)	81	(153)
Other interest-bearing liabilities						
Switzerland	(4)	3	(1)	(9)	(2)	(11)
Foreign	(45)	346	301	(46)	392	346
Interest-bearing liabilities						
Switzerland	198	300	498	41	237	278
Foreign	(864)	2,470	1,606	(280)	690	410
Change in interest expense	**(666)**	**2,770**	**2,104**	**(239)**	**927**	**688**
Change in interest income						
Switzerland	(134)	(320)	(454)	(177)	(172)	(349)
Foreign	63	843	906	(1,087)	431	(656)
Total change in net interest income	**(71)**	**523**	**452**	**(1,264)**	**259**	**(1,005)**

Carrying value of financial investments

end of	2018	2017	2016
Debt securities (CHF million)			
Debt securities issued by Swiss federal, cantonal or local governmental entities	2	212	259
Debt securities issued by foreign governments	828	1,236	1,343
Corporate debt securities	649	238	287
Residential mortgage-backed securities	1,430	207	497
Commercial mortgage-backed securities	2	173	14
Total debt securities	**2,911**	**2,066**	**2,400**

As of December 31, 2018, no aggregate investment in debt securities of a specific counterparty was in excess of 10% of consolidated shareholders' equity.
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Maturities and weighted-average yields of debt securities included in financial investments

end of 2018	Within 1 year Amount in CHF million	Yield in %	1 to 5 years Amount in CHF million	Yield in %	5 to 10 years Amount in CHF million	Yield in %	Over 10 years Amount in CHF million	Yield in %	Total Amount in CHF million	Yield in %
Debt securities										
Debt securities issued by the Swiss federal, cantonal or local governmental entities	0	–	2	3.55	0	–	0	–	2	3.55
Debt securities issued by foreign governments	652	0.78	0	–	169	0.67	0	–	821	0.76
Corporate debt securities	192	0.49	6	4.50	451	0.90	0	–	649	0.81
Residential mortgage-backed securities	0	–	0	–	0	–	1,430	2.45	1,430	2.45
Commercial mortgage-backed securities	0	–	0	–	0	–	2	0.0	2	–
Total debt securities	**844**	0.72	**8**	4.30	**620**	0.83	**1,432**	2.45	**2,904**	1.61

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	2018	2017	2016	2015	2014
Loan portfolio (CHF million, except where indicated)					
Mortgages	103,684	101,856	100,776	99,216	95,201
Loans collateralized by securities	4,626	4,436	4,510	3,988	3,899
Consumer finance	3,095	2,985	2,820	2,874	3,241
Consumer	111,405	109,277	108,106	106,078	102,341
Real estate	22,749	22,816	23,408	23,418	25,440
Commercial and industrial loans	24,106	22,691	23,439	22,344	22,928
Financial institutions	1,490	2,205	3,011	3,100	4,041
Governments and public institutions	694	707	802	831	1,017
Corporate & institutional	49,039	48,419	50,660	49,693	53,426
Switzerland	**160,444**	**157,696**	**158,766**	**155,771**	**155,767**
Mortgages	4,161	4,183	3,559	3,948	3,601
Loans collateralized by securities	37,408	37,580	32,758	33,958	35,919
Consumer finance	810	1,257	670	892	1,082
Consumer	42,379	43,020	36,987	38,798	40,602
Real estate	3,978	3,783	2,608	3,033	3,758
Commercial and industrial loans	61,592	58,979	60,301	55,423	52,118
Financial institutions	17,004	13,492	14,910	18,234	18,302
Governments and public institutions	3,199	3,167	3,471	2,747	2,874

Corporate & institutional	85,773	79,421	81,290	79,437	77,052
Foreign	**128,152**	**122,441**	**118,277**	**118,235**	**117,654**
Gross loans	**288,596**	**280,137**	**277,043**	**274,006**	**273,421**
of which held at amortized cost	273,723	264,830	257,515	253,186	250,508
of which held at fair value	14,873	15,307	19,528	20,820	22,913
Net (unearned income)/deferred expenses	(113)	(106)	(129)	(145)	(112)
Allowance for loan losses	(902)	(882)	(938)	(866)	(758)
Net loans	**287,581**	**279,149**	**275,976**	**272,995**	**272,551**
Percentage of allowance for loan losses [1]	0.3%	0.3%	0.3%	0.3%	0.3%

1
Calculated based on net loans which are not carried at fair value.
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Loan portfolio by industry

end of	2018	2017
Loan portfolio by industry (CHF million)		
Banks	1,039	1,007
Other financial services	17,455	14,690
Real estate companies	26,727	26,599
Other services	32,345	31,452
Manufacturing	11,087	9,289
Wholesale and retail trade	10,663	10,540
Construction	3,361	2,620
Transportation	18,897	19,615
Health and social services	2,835	2,511
Hotels and restaurants	1,454	1,660
Agriculture and mining	3,517	2,404
Telecommunications	758	817
Governments, public institutions and non-profit organizations	4,674	4,636
Corporate & institutional	134,812	127,840
Consumer	153,784	152,297
Gross loans	**288,596**	**280,137**
Net (unearned income)/deferred expenses	(113)	(106)
Allowance for loan losses	(902)	(882)
Net loans	**287,581**	**279,149**

Details of the loan portfolio by time remaining until contractual maturity by category

end of 2018	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	28,873	47,176	26,850	785	0	103,684
Loans collateralized by securities	3,775	556	294	1	0	4,626
Consumer finance	302	7	1	0	2,785	3,095
Consumer	32,950	47,739	27,145	786	2,785	111,405
Real estate	13,665	6,100	2,903	63	18	22,749
Commercial and industrial loans	16,350	3,459	1,837	80	2,380	24,106
Financial institutions	907	296	90	3	194	1,490
Governments and public institutions	354	181	152	0	7	694
Corporate & institutional	31,276	10,036	4,982	146	2,599	49,039
Switzerland	**64,226**	**57,775**	**32,127**	**932**	**5,384**	**160,444**
Mortgages	2,037	1,931	41	8	144	4,161
Loans collateralized by securities	33,026	3,423	959	0	0	37,408
Consumer finance	703	3	48	0	56	810
Consumer	35,766	5,357	1,048	8	200	42,379
Real estate	1,765	1,668	347	0	198	3,978
Commercial and industrial loans	32,509	16,920	8,382	12	3,769	61,592

Financial institutions	7,315	8,397	825	0	467	17,004
Governments and public institutions	476	1,263	910	0	550	3,199
Corporate & institutional	42,065	28,248	10,464	12	4,984	85,773
Foreign	**77,831**	**33,605**	**11,512**	**20**	**5,184**	**128,152**
Gross loans	**142,057**	**91,380**	**43,639**	**952**	**10,568**	**288,596**
of which fixed rate	85,405	50,792	34,334	0	5,177	175,708
of which variable rate [3]	56,652	40,588	9,305	952	5,391	112,888
Net (unearned income)/deferred expenses						(113)
Allowance for loan losses						(902)
Net loans						**287,581**

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.
3
Includes rollover loans with interest fixing periods up to 12 month.
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Non-performing and non-interest-earning loans

in / end of	2018	2017	2016	2015	2014	Interest income which would have been recognized 2018	2017	Interest income which was recognized 2018	2017
Non-performing and non-interest-earning loans (CHF million)									
Switzerland	410	499	401	374	389	16	16	3	2
Foreign	793	549	835	609	364	31	45	7	10
Non-performing loans [1]	**1,203**	**1,048**	**1,236**	**983**	**753**	**47**	**61**	**10**	**12**
Switzerland	124	76	79	100	87	8	7	0	1
Foreign	176	147	186	172	192	9	7	2	2
Non-interest-earning loans [1]	**300**	**223**	**265**	**272**	**279**	**17**	**14**	**2**	**3**
Total non-performing and non-interest-earning loans	**1,503**	**1,271**	**1,501**	**1,255**	**1,032**	**64**	**75**	**12**	**15**

1
Refer to "Impaired loans" in VI – Consolidated financial statements – Credit Suisse Group – Note 19 – Loans, allowance for loan losses and credit quality for a definition of these terms.

Potential problem loans

end of	2018	2017	2016	2015	2014
Potential problem loans (CHF million)					
Switzerland	253	112	125	120	98
Foreign	137	437	488	316	89
Total potential problem loans	**390**	**549**	**613**	**436**	**187**

Restructured loans

in / end of	2018	2017	2016	2015	2014	Interest income which would have been recognized 2018	2017	Interest income which was recognized 2018	2017
Restructured loans (CHF million)									
Switzerland	77	99	26	21	4	1	1	1	1
Foreign	222	191	332	261	167	8	10	7	8
Total restructured loans	**299**	**290**	**358**	**282**	**171**	**9**	**11**	**8**	**9**

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Movements in the allowance for loan losses

	2018	2017	2016	2015	2014
Allowance for loan losses (CHF million, except where indicated)					
Balance at beginning of period	**882**	**938**	**866**	**758**	**869**
Switzerland	85	73	56	93	54
Foreign	116	117	193	202	91
Net movements recognized in the consolidated statements of operations	**201**	**190**	**249**	**295**	**145**
Mortgages	(2)	(2)	(4)	(3)	(2)
Loans collateralized by securities	(1)	(1)	(2)	(3)	(5)
Consumer finance	(50)	(52)	(59)	(67)	(88)
Consumer	(53)	(55)	(65)	(73)	(95)
Real estate	0	0	0	0	(3)
Commercial and industrial loans	(43)	(38)	(48)	(30)	(46)
Financial institutions	(1)	0	(3)	(1)	0
Corporate & institutional	(44)	(38)	(51)	(31)	(49)
Switzerland	(97)	(93)	(116)	(104)	(144)
Mortgages	(9)	0	(1)	(3)	(2)
Loans collateralized by securities	0	(1)	(5)	(1)	(2)
Consumer finance	(23)	(4)	(15)	(41)	(9)
Consumer	(32)	(5)	(21)	(45)	(13)
Real estate	0	0	(1)	0	0
Commercial and industrial loans	(140)	(169)	(136)	(58)	(179)
Financial institutions	0	(35)	(4)	(22)	(13)
Corporate & institutional	(140)	(204)	(141)	(80)	(192)
Foreign	(172)	(209)	(162)	(125)	(205)
Gross write-offs	**(269)**	**(302)**	**(278)**	**(229)**	**(349)**
Consumer finance	17	12	13	11	16
Consumer	17	12	13	11	16
Commercial and industrial loans	19	27	4	0	2
Corporate & institutional	19	27	4	0	2
Switzerland	36	39	17	11	18
Consumer finance	4	0	0	1	1
Consumer	4	0	0	1	1
Real estate	0	1	0	0	0
Commercial and industrial loans	16	12	46	16	18
Financial institutions	0	1	1	0	4
Governments and public institutions	2	0	2	0	0
Corporate & institutional	18	14	49	16	22
Foreign	22	14	49	17	23
Recoveries	**58**	**53**	**66**	**28**	**41**
Net write-offs	**(211)**	**(249)**	**(212)**	**(201)**	**(308)**
Provisions for interest	30	13	18	18	20
Foreign currency translation impact and other adjustments, net	0	(10)	17	(4)	32
Balance at end of period	**902**	**882**	**938**	**866**	**758**

Average loan balance	285,871	277,145	275,502	275,661	258,833
Ratio of net write-offs to average loans	0.07%	0.09%	0.08%	0.07%	0.12%

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Analysis of the allowance for loan losses by Switzerland, foreign and category

	2018		2017		2016		2015		2014	
end of	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	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	35	0.0%	48	0.0%	38	0.0%	42	0.0%	44	0.0%
Loans collateralized by securities	1	0.0%	2	0.0%	2	0.0%	2	0.0%	2	0.0%
Consumer finance	72	0.0%	76	0.0%	83	0.0%	97	0.0%	110	0.0%
Consumer	108	0.0%	126	0.0%	123	0.0%	141	0.1%	156	0.1%
Real estate	40	0.0%	42	0.0%	52	0.0%	52	0.0%	49	0.0%
Commercial and industrial loans	242	0.1%	197	0.1%	173	0.1%	169	0.1%	139	0.1%
Financial institutions	2	0.0%	0	0.0%	0	0.0%	3	0.0%	0	0.0%
Corporate & institutional	284	0.1%	239	0.1%	225	0.1%	224	0.1%	188	0.1%
Switzerland	**392**	**0.1%**	**365**	**0.1%**	**348**	**0.1%**	**365**	**0.1%**	**344**	**0.1%**
Mortgages	13	0.0%	10	0.0%	8	0.0%	10	0.0%	10	0.0%
Loans collateralized by securities	34	0.0%	47	0.0%	52	0.0%	12	0.0%	51	0.0%
Consumer finance	32	0.0%	37	0.0%	33	0.0%	52	0.0%	34	0.0%
Consumer	79	0.0%	94	0.0%	93	0.0%	74	0.0%	95	0.0%
Real estate	17	0.0%	6	0.0%	3	0.0%	5	0.0%	5	0.0%
Commercial and industrial loans	337	0.1%	363	0.1%	429	0.2%	326	0.1%	224	0.1%
Financial institutions	77	0.0%	54	0.0%	65	0.0%	96	0.0%	90	0.0%
Corporate & institutional	431	0.1%	423	0.2%	497	0.2%	427	0.2%	319	0.1%
Foreign	**510**	**0.2%**	**517**	**0.2%**	**590**	**0.2%**	**501**	**0.2%**	**414**	**0.2%**
Total allowance for loan losses	**902**	**0.3%**	**882**	**0.3%**	**938**	**0.3%**	**866**	**0.3%**	**758**	**0.3%**
of which on principal	807	0.3%	786	0.3%	848	0.3%	800	0.3%	686	0.3%
of which on interest	95	0.0%	96	0.0%	90	0.0%	66	0.0%	72	0.0%

Percentages may not add up due to rounding.

Gross write-offs of loans by industry

in	2018	2017	2016	2015	2014
Gross write-offs of loans (CHF million)					
Banks	0	1	0	0	0
Other financial services	1	34	8	24	14
Real estate companies	0	0	1	0	3
Other services	47	12	22	2	10
Manufacturing	10	24	12	8	112
Wholesale and retail trade	24	22	15	15	9
Construction	1	2	11	3	0
Transportation	78	87	53	35	62
Health and social services	2	0	0	0	1
Hotels and restaurants	0	0	0	3	0
Agriculture and mining	21	60	69	21	30
Telecommunications	0	0	1	0	0
Corporate & institutional	184	242	192	111	241
Consumer	85	60	86	118	108
Total gross write-offs	**269**	**302**	**278**	**229**	**349**
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Cross-border outstandings

end of	Banks	Private	Public	Subtotal	Net local country assets over liabilities	Commit-ments	Total
2018 (CHF million)							
United States	6,572	51,068	19,073	76,713	44,194	75,194	196,101
United Kingdom	6,542	13,652	1,713	21,907	0	4,108	26,015
Cayman Islands	227	20,545	366	21,138	1,312	2,474	24,924
Luxembourg	6,804	6,736	1,013	14,553	53	3,757	18,363
France	1,472	4,136	7,410	13,018	0	1,623	14,641
Germany	1,536	5,409	1,517	8,462	8	3,941	12,411
Ireland	2,269	6,256	133	8,658	1,657	1,646	11,961
The Netherlands	1,042	4,755	2,135	7,932	0	3,299	11,231
South Korea	1,230	3,016	572	4,818	3,696	53	8,567
China	1,097	6,021	334	7,452	242	383	8,077
Hong Kong	718	6,183	0	6,901	0	1,043	7,944
Virgin Islands (Br.)	213	5,475	0	5,688	0	1,461	7,149
2017 (CHF million)							
United States	4,773	46,398	16,858	68,029	51,590	61,629	181,248
Luxembourg	5,984	7,180	1,648	14,812	4,045	3,329	22,186
Cayman Islands	160	17,072	223	17,455	0	2,761	20,216
United Kingdom	4,765	9,381	128	14,274	0	5,664	19,938
Germany	949	4,902	1,908	7,759	0	6,640	14,399
France	1,820	5,251	4,348	11,419	0	1,944	13,363
China	842	9,242	349	10,433	247	420	11,100
The Netherlands	1,188	5,727	411	7,326	0	2,703	10,029
Virgin Islands (Br.)	665	8,081	13	8,759	0	1,256	10,015
Ireland	2,149	4,933	41	7,123	0	1,099	8,222
Brazil	283	1,426	755	2,464	4,869	96	7,429
Singapore	194	3,770	2	3,966	1,909	1,367	7,242
South Korea	803	2,680	829	4,312	2,731	76	7,119
Japan	923	3,855	887	5,665	734	15	6,414
Canada	1,034	2,485	315	3,834	623	1,854	6,311
Hong Kong	816	4,340	20	5,176	0	784	5,960
2016 (CHF million)							
United States	4,404	48,306	18,122	70,832	63,264	74,641	208,737
Cayman Islands	428	19,935	349	20,712	1,464	3,848	26,024
Luxembourg	5,004	7,497	2,775	15,276	6,366	2,778	24,420
United Kingdom	2,753	11,696	205	14,654	0	5,058	19,712
Germany	1,843	5,011	2,621	9,475	0	6,044	15,519
The Netherlands	991	6,345	528	7,864	0	3,257	11,121
France	1,881	5,124	1,932	8,937	0	1,920	10,857
Brazil	755	2,152	1,160	4,067	6,057	329	10,453
Japan	713	4,644	507	5,864	3,840	11	9,715
Virgin Islands (Br.)	383	7,000	1	7,384	0	1,325	8,709
Australia	2,089	4,135	25	6,249	0	2,346	8,595
Hong Kong	510	4,040	11	4,561	2,671	1,210	8,442

Canada	1,271	3,389	273	4,933	753	2,341	8,027
Ireland	2,026	4,350	38	6,414	0	1,180	7,594
Italy	883	1,337	3,488	5,708	0	814	6,522

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.

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Deposits in Switzerland and foreign offices

in	2018 Average balance	2018 Interest expense	2018 Average rate	2017 Average balance	2017 Interest expense	2017 Average rate	2016 Average balance	2016 Interest expense	2016 Average rate
Deposits (CHF million, except where indicated)									
Non-interest-bearing demand	3,214	–	–	3,308	–	–	3,539	–	–
Interest-bearing demand	127,469	(52)	0.0%	125,508	(46)	0.0%	124,349	(73)	(0.1)%
Savings deposits	64,285	73	0.1%	64,115	94	0.1%	63,505	131	0.2%
Time deposits	32,141	90	0.3%	36,210	22	0.1%	31,085	12	0.0%
Switzerland	**227,109**	**111**	**0.0%**	**229,141**	**70**	**0.0%**	**222,478**	**70**	**0.0%**
Non-interest-bearing demand	1,809	–	–	1,860	–	–	2,158	–	–
Interest-bearing demand	30,514	120	0.4%	33,658	63	0.2%	32,504	24	0.1%
Savings deposits	67	1	1.5%	27	0	0.0%	3	0	0.0%
Time deposits	123,910	2,055	1.7%	110,537	1,221	1.1%	114,857	950	0.8%
Foreign	**156,300**	**2,176**	**1.4%**	**146,082**	**1,284**	**0.9%**	**149,522**	**974**	**0.7%**
Total deposits	**383,409**	**2,287**	**0.6%**	**375,223**	**1,354**	**0.4%**	**372,000**	**1,044**	**0.3%**

Deposits by foreign depositors in Swiss offices amounted to CHF 61.2 billion, CHF 64.5 billion and CHF 65.1 billion as of December 31, 2018, 2017 and 2016, respectively.

Aggregate of individual time deposits in Switzerland and foreign offices

in 2018	Switzerland	Foreign	Total
Time deposits (CHF million)			
3 months or less	–	8,478	8,478
Over 3 through 6 months	–	9,485	9,485
Over 6 through 12 months	–	4,904	4,904
Over 12 months	–	71	71
Certificates of deposit	**–**	**22,938**	**22,938**
3 months or less	29,231	83,887	113,118
Over 3 through 6 months	817	9,948	10,765
Over 6 through 12 months	996	6,854	7,850
Over 12 months	569	1,322	1,891
Other time deposits	**31,613**	**102,011**	**133,624**
Total time deposits	**31,613**	**124,949**	**156,562**

Balances shown are the Swiss franc equivalent of amounts greater than USD 100,000 together with their remaining maturities.

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Selected information on short-term borrowings

in	2018	2017	2016
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions (CHF million)			
Outstanding as of December 31	24,623	26,496	33,016
Maximum amount outstanding at any month-end during the year	53,850	67,325	82,825
Approximate average amount outstanding during the year	39,178	48,680	58,044
Interest expense for the year ended December 31	1,877	1,284	1,387
Approximate weighted-average interest rate during the year	4.8%	2.6%	2.4%
Approximate weighted-average interest rate at year-end	3.4%	1.7%	1.1%
Commercial paper (CHF million)			
Outstanding as of December 31	13,292	14,003	10,749
Maximum amount outstanding at any month-end during the year	22,635	14,003	11,237
Approximate average amount outstanding during the year	15,394	10,525	9,340
Interest expense for the year ended December 31	343	146	77
Approximate weighted-average interest rate during the year	2.2%	1.4%	0.8%
Approximate weighted-average interest rate at year-end	2.6%	1.4%	0.7%
Other short-term borrowings (CHF million)			
Outstanding as of December 31	8,634	11,886	4,636
Maximum amount outstanding at any month-end during the year	15,019	11,886	4,742
Approximate average amount outstanding during the year	12,674	6,153	3,735
Interest expense for the year ended December 31	16	20	7
Approximate weighted-average interest rate during the year	0.1%	0.3%	0.2%
Approximate weighted-average interest rate at year-end	0.2%	1.4%	0.3%

Generally, original maturities of central bank funds purchased, securities sold under repurchase agreements and securities lending transactions are less than six months, commercial papers 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. 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 relate to intercompany eliminations. Certain statistical information is also included in *VIII – Consolidated financial statements – Credit Suisse (Bank)*, including *Notes 5 – Net interest income*, *16 – Investment securities, 18 – Loans, allowance for loan losses and credit quality, 23 – Deposits, 24 – Long-term debt, 31 – Derivatives and hedging activities, 32 – Guarantees and commitments and 34 – Financial instruments.*

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 depositary 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 our 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 depositary in relation to any proposed resolution or for which voting instructions are received by the ADS depositary but do not specify how the ADS depositary shall vote in relation to any proposed resolution, the ADS depositary 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 acquisition, 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 a participation in our stock that qualifies for reduced taxation, 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, persons that own or are treated as owning 10% or more of our stock by vote or value, 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 “Agreement on the Automatic Exchange of Information in Tax Matters with the European Union” and similar bilateral treaties with partner states, 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 Swiss taxation other than income and capital taxation and stamp duties upon transfer of Shares or any aspects of US taxation other than federal income taxation. Prospective investors are urged to consult their tax advisors regarding the Swiss and the US federal, state and local and other tax consequences of acquiring, owning and disposing of Shares.

Swiss taxation

Swiss federal withholding tax on dividends and similar distributions

Dividends on Shares made or paid by us out of capital contribution reserves (*Reserven aus Kapitaleinlagen*), distributions on Shares made or paid by us based upon a reduction of nominal value of Shares (*Nennwertherabsetzung*) and purchase price for Shares bought back by us for a capital reduction against capital contribution reserves and nominal value of Shares are exempt from Swiss federal withholding tax. Other dividends, other cash or in-kind distributions (including scrip or stock dividends) on Shares made or paid by us and purchase price for Shares bought back by us for a capital reduction against reserves other than capital contribution reserves are subject to Swiss federal withholding tax at a rate of 35%. The withholding tax must be withheld by us on the gross amount of the dividend or distribution and be remitted to the Swiss Federal Tax Administration. Capital gains realized

on the sale of Shares are not subject to withholding tax.
Swiss-resident recipients
The relevant Swiss tax authority will refund or credit the Swiss federal withholding tax deducted by us on dividends or distributions on Shares or purchase price for Shares bought back by us for a capital reduction in full to holders of Shares who are individuals resident in Switzerland and to holders who hold the Shares as part of a trade or business in Switzerland, and who, in each case, among other things, are the beneficial owners of the Shares and the dividends or the distributions made or paid on the Shares or the beneficial owners of the Shares sold to us for a capital reduction and who duly report the dividend or distribution in their income tax return or their statutory financial statements, as applicable, for the relevant tax period.
Non-resident recipients
A holder who is not resident in Switzerland and who does not hold the Shares as part of a trade or business in Switzerland may be entitled to a full or partial refund of the Swiss federal withholding
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tax deducted if the country in which the recipient resides for tax purposes has entered into a bilateral treaty for the avoidance of double taxation with Switzerland and the other conditions of such treaty are met. A reduction of the withholding tax at source is not provided for by Switzerland for portfolio holdings and, therefore, is not permissible. Holders of Shares should be aware that the procedures for claiming treaty benefits (and the time frame required for obtaining a tax refund) may differ from country to country and should consult their own legal, financial or tax advisors regarding the procedures for claiming a refund of the withholding tax.

Residents of the US

A holder who is a resident of the US for purposes of the Treaty without taxable presence in Switzerland to which the Shares are attributable or who is a qualified US pension fund and who, in each case, is the beneficial owner of the Shares and the dividend or distribution and who meets the other conditions of the Treaty may apply for a full refund of the withholding tax in the case of qualified US pension funds or in excess of the amount of the 15% treaty rate in all other cases. The claim for refund must be filed on Swiss Tax Form 82 (82C for corporations, 82I for individuals, 82E for other entities and 82R for regulated investment companies), which forms together with an instruction form may be obtained from any Swiss consulate general in the US, the Swiss Federal Tax Administration at the address below or be downloaded from the Swiss Federal Tax Administration's website. Four copies of the form must be duly completed, signed before a notary public of the US, and three of them must be sent to the Swiss Federal Tax Administration, Eigerstrasse 65, CH-3003, Bern, Switzerland. The form must be accompanied by suitable evidence of deduction of the Swiss federal withholding, such as certificates of deduction, bank vouchers or credit slips. The form must be filed no later than December 31 of the third year following the calendar year in which the dividend subject to the tax became payable.

Income and profit tax on dividends and similar distributions

Shares held by Swiss resident individuals as private investments

Dividends and other distributions on Shares made or paid by us out of capital contribution reserves (*Reserven aus Kapitaleinlagen*), distributions on Shares made or paid by us based upon a capital reduction (*Nennwertrückzahlungen*) and purchase price for Shares bought back by us for a capital reduction against capital contribution reserves and nominal value of Shares are exempt from Swiss federal, cantonal and communal income tax for holders of Shares who are individuals resident in Switzerland for tax purposes and who hold the Shares as private investments. For such holders, other dividends and distributions on Shares and purchase price for Shares bought back by us for a capital reduction to the extent made against reserves other than capital contribution reserves must be included in Swiss federal, cantonal and communal taxable income.

Shares held as assets of a Swiss business

For a holder who holds the Shares as part of a trade or business carried on in Switzerland, all dividends and distributions, including repayment of nominal value of Shares or distributions out of capital contribution reserves, made or paid by us on Shares and purchase price for Shares bought back by us for a capital reduction must be properly reported in the relevant taxation period for purposes of Swiss federal, cantonal and communal individual or 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 benefit from relief from taxation of the dividends or other distributions, including capital repayments or distributions out of capital contribution reserves, by way of a participation exemption if the Shares held at the time of the dividend or other distribution have a market value of at least CHF 1 million.

Non-resident recipients

A holder of Shares who is not a resident of Switzerland for tax purposes, and who, during the respective tax year, has not engaged in a trade or business carried on through a permanent establishment situated in Switzerland for tax purposes, is not subject to any Swiss federal, cantonal or communal income tax as a result of the receipt of dividends or other distributions on Shares or payments for Shares bought back by us for a capital reduction.

> Refer to "Swiss federal withholding tax on dividends and similar distributions" for further information.

Capital gains tax realized on Shares

Shares held by Swiss resident individuals as private investments

A capital gain realized by a holder of Shares (other than a capital gain on the sale of Shares to us for a capital reduction) who is an individual resident in Switzerland for tax purposes and who holds the Shares as private investments classifies as a tax-exempt private capital gain and a capital loss as a non-tax deductible private capital loss for purposes of Swiss federal, cantonal and communal income tax.

> Refer to “Shares held as assets of a Swiss business” for information on the taxation of individuals classified as “professional securities dealers.”
> Refer to “Income and profit tax on dividends and similar distributions – Shares held by Swiss resident individuals as private investments” for information on the taxation of purchase price received for Shares bought back by us for capital reduction.
Shares held as assets of a Swiss business
For a holder who holds the Shares as part of a trade or business carried on in Switzerland, capital gain or loss realized on the sale of Shares must be included in, or deducted from, taxable income in the relevant tax period for purposes of Swiss federal, cantonal and communal individual or corporate income tax. This tax treatment also applies to Swiss resident private individuals who, for income tax purposes, are classified as “professional securities dealers” for reason of, among other things, frequent dealings and leveraged investments in securities.
Non-resident individuals and legal entities
Holders of Shares who are not resident in Switzerland for tax purposes, and who, during the respective tax year, have not engaged in a trade or business carried on through a permanent
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establishment in Switzerland for tax purposes, will not be subject to any Swiss federal, cantonal or communal income tax as a result of gain realized on the sale or other disposition of Shares.
Net worth and capital taxes
Shares held by Swiss resident individuals as private investments
A holder of Shares who is an individual resident in Switzerland for tax purposes and who holds the Shares as private investments is required to include the Shares in taxable assets for purposes of cantonal and communal taxable wealth taxes.
Shares held as assets of a Swiss business
A holder who holds the Shares as part of a trade or business conducted in Switzerland is required to include the Shares in taxable wealth or taxable assets, as applicable, in the relevant tax period for purposes of cantonal and communal individual wealth tax or corporate capital tax, as applicable.
Non-resident individuals and legal entities
Holders of Shares who are not resident in Switzerland for tax purposes, and who, during the respective tax year, have not engaged in a trade or business carried on through a permanent establishment situated in Switzerland for tax purposes, will not be subject to any cantonal or communal wealth tax or capital tax as a result of the holding of Shares.
Stamp duties upon transfer of securities
Secondary market dealings in Shares where no Swiss domestic bank or no Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) is a party or an intermediary to the transaction will not be subject to Swiss federal stamp duty on dealings in securities. Where a Swiss domestic bank or a Swiss domestic securities dealer is a party or an intermediary to such a transaction, Swiss federal stamp duty on dealings in securities at a rate of 0.15% of the purchase price of the Shares will be payable if none of the exemptions provided for in the Swiss Federal Stamp Duty Act applies. Subject to applicable statutory exemptions in respect of the one or the other party to a transaction, generally half of the tax is charged to the one party to the transaction and the other half to the other party.
Common Reporting Standard / Automatic Exchange of Information
Switzerland has concluded a multilateral agreement with the EU on the automatic exchange of information (AEOI) in tax matters. The agreement became effective on January 1, 2017 and applies to all 28 member states of the EU as well as Gibraltar. Also, on January 1, 2017, the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information (MCAA) and, based on the MCAA, a number of bilateral AEOI agreements with other countries became effective. Based on such agreements and the implementing laws of Switzerland, Switzerland commenced the collection of data in respect of financial assets, including, as the case may be, Shares, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of individuals resident in a EU member state or other treaty state from 2017 and commenced the exchange of such data from 2018. Switzerland has signed and intends to sign further AEOI agreements with other countries. An updated list of the AEOI agreements of Switzerland in effect or signed but yet to become effective, including dates of commencement of data collection and data exchange, can be found on the website of the Swiss State Secretariat for International Financial Matters.
Swiss Facilitation of the Implementation of the US Foreign Account Tax Compliance Act
Switzerland has concluded an intergovernmental agreement with the US to facilitate the implementation of FATCA. The agreement ensures that the accounts held by US persons with Swiss financial institutions, which accounts may include Shares and income derived thereon, are disclosed to the US tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the Treaty. On October 8, 2014, the Swiss Federal Council approved a mandate for negotiations with the US on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Tax Administration, which in turn provides the information to the US tax authorities. It is unclear when negotiations will continue and when any new regime would come into force.
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 2017 or 2018 taxable years. In addition, based on the audited consolidated financial statements of the Group and our current expectations regarding the value and
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nature of our assets and the sources and nature of our income, we do not anticipate the Group becoming a PFIC for the 2019 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. Because we do not intend to maintain calculations of our earnings and profits on the basis of US federal income tax principles, a US Holder should expect that any information reporting it receives may treat the full amount of any distribution paid as a dividend.

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 US-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 an 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 Swiss Exchange (SIX) under the symbol "CSGN". The Group's ADS are traded on the New York Stock Exchange (NYSE) 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 remains at non-material levels relative to the number of the Group's outstanding shares, due in part to Swiss Financial Market Supervisory Authority FINMA (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 Financial Market Infrastructure and Market Conduct in Securities and Derivatives 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 – Shareholders' equity and share metrics for further information on trading in the Group's shares and shares repurchases.

Property and equipment

Our principal executive offices, which we own, are located at Paradeplatz 8, Zurich, Switzerland. As of the end of 2018, we maintained 355 offices and branches worldwide, of which approximately 56% were located in Switzerland. As of the end of 2018, approximately 25% of our worldwide offices and branches were owned directly by us, with the remainder being held under commercial leases. With respect to those held under commercial leases, 52% of the related lease commitments expire after 2023. The book value of the ten largest owned properties was approximately CHF 0.8 billion as of the end of 2018. None of our principal facilities are subject to mortgages or other security interests granted to secure indebtedness to financial institutions.

We believe that our current facilities are adequate for existing operations. Management regularly evaluates our operating facilities for suitability, market presence, renovation and maintenance.

Selected five-year information
Selected information – Group

in / end of	2018	2017	2016	2015	2014
Condensed consolidated statements of operations (CHF million)					
Net revenues	**20,920**	**20,900**	**20,323**	**23,797**	**26,242**
Provision for credit losses	**245**	**210**	**252**	**324**	**186**
Total operating expenses	**17,303**	**18,897**	**22,337**	**25,895**	**22,429**
Income/(loss) from continuing operations before taxes	**3,372**	**1,793**	**(2,266)**	**(2,422)**	**3,627**
Income tax expense	1,361	2,741	441	523	1,405
Income/(loss) from continuing operations	**2,011**	**(948)**	**(2,707)**	**(2,945)**	**2,222**
Income from discontinued operations, net of tax	0	0	0	0	102
Net income/(loss)	**2,011**	**(948)**	**(2,707)**	**(2,945)**	**2,324**
Net income/(loss) attributable to noncontrolling interests	(13)	35	3	(1)	449
Net income/(loss) attributable to shareholders	**2,024**	**(983)**	**(2,710)**	**(2,944)**	**1,875**
of which from continuing operations	2,024	(983)	(2,710)	(2,944)	1,773
of which from discontinued operations	0	0	0	0	102
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	0.79	(0.41)	(1.27)	(1.65)	0.93
Basic earnings/(loss) per share	0.79	(0.41)	(1.27)	(1.65)	0.99
Diluted earnings/(loss) per share from continuing operations	0.77	(0.41)	(1.27)	(1.65)	0.93
Diluted earnings/(loss) per share	0.77	(0.41)	(1.27)	(1.65)	0.99
Consolidated balance sheet (CHF million)					
Total assets	768,916	796,289	819,861	820,805	921,462
Share capital	102	102	84	78	64
Shareholders' equity	43,922	41,902	41,897	44,382	43,959
Shares outstanding (million)					
Shares outstanding	2,550.6	2,550.3	2,089.9	1,951.5	1,599.5
Dividend per share (CHF)					
Dividend per share	0.2625[1]	0.25	0.70	0.70	0.70
Ratios (%)					
Return on assets [2]	0.2	(0.1)	(0.3)	(0.3)	0.2
Return on equity	4.7	(2.3)	(6.1)	(6.8)	4.4
Dividend payout ratio	33.2	-	-	-	70.7
Equity to asset ratio	5.7	5.3	5.1	5.4	4.8

1
Proposal of the Board of Directors to the Annual General Meeting on April 26, 2019; to be paid out of capital contribution reserves.
2

Based on amounts attributable to shareholders.
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Selected information – Bank in / end of	2018	2017	2016	2015	2014
Condensed consolidated statements of operations (CHF million)					
Net revenues	**20,820**	**20,965**	**20,393**	**23,811**	**26,178**
Provision for credit losses	**245**	**210**	**252**	**324**	**186**
Total operating expenses	**17,719**	**19,202**	**22,630**	**26,136**	**22,772**
Income/(loss) from continuing operations before taxes	**2,856**	**1,553**	**(2,489)**	**(2,649)**	**3,220**
Income tax expense	1,134	2,781	400	488	1,343
Income/(loss) from continuing operations	**1,722**	**(1,228)**	**(2,889)**	**(3,137)**	**1,877**
Income from discontinued operations, net of tax	0	0	0	0	102
Net income/(loss)	**1,722**	**(1,228)**	**(2,889)**	**(3,137)**	**1,979**
Net income/(loss) attributable to noncontrolling interests	(7)	27	(6)	(7)	445
Net income/(loss) attributable to shareholder	**1,729**	**(1,255)**	**(2,883)**	**(3,130)**	**1,534**
of which from continuing operations	1,729	(1,255)	(2,883)	(3,130)	1,432
of which from discontinued operations	0	0	0	0	102
Consolidated balance sheet (CHF million)					
Total assets	772,069	798,372	822,065	822,736	923,406
Share capital	4,400	4,400	4,400	4,400	4,400
Shareholder's equity	45,296	42,670	42,789	45,412	44,731
Number of shares outstanding (million)					
Number of shares outstanding	4,399.7	4,399.7	4,399.7	4,399.7	4,399.7

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List of abbreviations

A	
ABO	Accumulated benefit obligation
ABS	Asset-backed securities
ADS	American Depositary Shares
AEOI	Automatic Exchange of Information
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)
ARU	Asset Resolution Unit
ASC	Accounting Standards Codification
ASU	Accounting Standards Updates
B	
BA	Bachelor of Arts
BBSW	Bank Bill Swap Rate
BCBS	Basel Committee on Banking Supervision
BEAT	Base Erosion and Anti-abuse Tax
BIS	Bank for International Settlements
Board	Board of Directors
bp	basis points
BVG	Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans
C	
CARMC	Capital Allocation and Risk Management Committee
CCA	Contingent Capital Awards
CCAR	Comprehensive Capital Analysis and Review
CCO	Chief Compliance Officer
CCRO	Chief Compliance and Regulatory Affairs Officer
CDO	Collateralized debt obligation
CDS	Credit default swap
CDX	Credit default swap index
CEB	Conduct and Ethics Board
CECL	Current expected credit loss
CET1	Common equity tier 1
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFTC	Commodity Futures Trading Commission
CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities
CMI	Continuous Mortality Investigation
CMS	Constant maturity swap
COF	Capital Opportunity Facility
COO	Chief Operating Officer
COSO	Committee of Sponsoring Organizations

	of the Treadway Commission
C (continued)	
CP	Commercial paper
CPR	Constant prepayment rate
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSI	Credit Suisse International
CSSEL	Credit Suisse Securities (Europe) Limited
CVA	Credit valuation adjustment
D	
DFS	Department of Financial Services
DOJ	US Department of Justice
DVA	Debit valuation adjustment
E	
EAD	Exposure at default
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECB	European Central Bank
EGM	Extraordinary General Meeting
EMEA	Europe, Middle East and Africa
EMIR	European Market Infrastructure Regulation
ERCF	Enterprise risk and control framework
ERISA	US Employee Retirement Income Security Act of 1974
EU	European Union
F	
FASB	Financial Accounting Standards Board
FATCA	Foreign Account Tax Compliance Act
FDIC	Federal Deposit Insurance Corporation
Fed	US Federal Reserve
FINMA	Swiss Financial Market Supervisory Authority FINMA
FINRA	Financial Industry Regulatory Authority
FMIA	Swiss Federal Act on Financial Market Infrastructure and Market Conduct in Securities and Derivatives Trading
FSA	UK Financial Services Authority
FSB	Financial Stability Board
FSMA	Financial Services and Markets Act 2000
FTQ Lite	Flight to quality lite
G	
G7	Group of seven leading industrial nations
G10	Group of Ten
G20	Group of Twenty Finance Ministers and Central Bank Governors
GAAP	Generally accepted accounting principles
GDP	Gross domestic product
GRI	Global Reporting Initiative
G-SIB	Global Systemically Important Bank
H	
HQLA	High quality liquid assets
HNWI	High-net-worth individuals

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I	
IAF	Impact Advisory and Finance
IBOR	Interbank Offered Rate
ICE	Intercontinental Exchange
IFRS	International Financial Reporting Standards
IHC	US intermediate holding company
IPO	Initial public offering
IPRE	Income producing real estate
IRC	Incremental risk charge
IRS	Internal Revenue Service
ISDA	International Swaps and Derivatives Association, Inc.
IT	Information technology
ITS	International Trading Solutions
J	
JD	Juris Doctor
L	
LCR	Liquidity coverage ratio
LGD	Loss given default
LIBOR	London Interbank Offered Rate
LLM	Master of laws
LTI	Long-term incentive
LTV	Loan-to-value
M	
M&A	Mergers and acquisitions
MA	Master of Arts
MBA	Master of Business Administration
MiFID I	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	
Nasdaq	Nasdaq Stock Market
NAV	Net asset value
NCUA	National Credit Union Administration
NRV	Negative replacement value
NSFR	Net stable funding ratio
NYSE	New York Stock Exchange
O	
OCI	Other comprehensive income
OFAC	Office of Foreign Assets Control
OGR	Organizational Guidelines and Regulations
OIS	Overnight Index Swap rate
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
P (continued)	
PRA	Prudential Regulation Authority
PRV	Positive replacement value
PSA	Prepayment speed assumption
Q	
QIA	Qatar Investment Authority
R	
RCSA	Risk and control self-assessment
RMBS	Residential mortgage-backed securities
RNIV	Risk not in VaR
ROE	Return on equity
RoTE	Return on tangible 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	
SAPS	Self-administered pension scheme
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
SIBOR	Singapore Interbank Offered Rate
SIX	SIX Swiss Exchange
SNB	Swiss National Bank
SOFR	Secured Overnight Financing Rate
SOR	Singapore Swap Offer Rate
SOX	US Sarbanes-Oxley Act of 2002
SPE	Special purpose entity
SPIA	Single premium immediate annuity
STI	Short-term incentive
T	
TBVPS	Tangible book value per share
TCFD	Task Force on Climate-related Financial Disclosures
TLAC	Total loss-absorbing capacity
TRS	Total return swap
U	
UHNW	Ultra-high-net-worth
UHNWI	Ultra-high-net-worth individuals
UK	United Kingdom
US	United States of America
US GAAP	US generally accepted accounting principles
V	
VaR	Value-at-risk
VARMC	Valuation Risk Management Committee
VIE	Variable interest entity

VIX	Chicago Board of Options Exchange Market Volatility Index

A-5

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 ADS, which is evidenced by an American Depositary Receipt, is a negotiable certificate 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 one of the techniques used to assess the accuracy and performance of VaR models. Backtesting is used by regulators to assess the adequacy of regulatory capital held by a bank. It involves comparing of the results produced by the VaR model with the hypothetical trading revenues on the trading book. VaR models that experience less than five exceptions in a rolling 12-month period are considered by regulators to be classified in a defined "green zone". The "green zone" corresponds to backtesting results that do not themselves suggest a problem with the quality or accuracy of a bank's model.
Bank for International Settlements (BIS)	The Bank for International Settlements (BIS) serves central banks in their pursuit of monetary and financial stability, fosters international cooperation in those areas and acts as a bank for central banks.
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 was 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)	CPR is 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	The debit valuation adjustment 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).

E

Exposure at default (EAD)	The EAD represents the expected amount of credit exposure in the event of a default and reflects the current drawn exposure and an expectation regarding the future evolution of the credit exposure. For loan exposures, a credit conversion factor is applied to project the additional drawn amount. The credit conversion factor related to traded products such as derivatives is based on a simulation using statistical models.

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.

G

G7	The G7 is a group of finance ministers from seven industrialized nations: the US, UK, France, Germany, Italy, Canada and Japan.
G10	The G10 is a group of 11 countries that have agreed to make resources available to the International Monetary Fund and includes Belgium, Canada, France, Italy, Japan, the Netherlands, the UK, the US, Germany, Sweden and Switzerland.

G20	The G20 is a group of finance ministers and central bank governors from 19 countries (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the UK and the US) and the EU.
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.
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 into equity 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 into equity or write-down is referred to as the Higher Trigger Capital Amount.
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%.
Lombard loan	A loan granted against pledged collateral in the form of securities.
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 loan portfolio of private banking, corporate and institutional businesses, 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 (LTV) 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 that 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%.

N (continued)

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. 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.

R (continued)

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. In addition, risk mitigation also includes the active management of a loan portfolio by selling or sub-participating positions.
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 loss-absorbing capacity (TLAC)	TLAC is a regulatory requirement designed to ensure that Global Systemically Important Banks (G-SIBs) have the loss-absorbing and recapitalization capacity so that, in an immediately following resolution, critical functions can continue without requiring taxpayer support or threatening financial stability.
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 adequate price histories; the use of VaR allows the comparison of risk across different businesses.

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Investor information
Share data

in / end of	2018	2017	2016
Share price (common shares, CHF)			
Average	15.17	15.11	13.71
Minimum	10.45	13.04	9.92
Maximum	18.61	17.84	21.31
End of period	10.80	17.40	14.61
Share price (American Depositary Shares, USD)			
Average	15.50	15.35	13.88
Minimum	10.42	13.37	10.21
Maximum	19.98	18.02	21.36
End of period	10.86	17.85	14.31
Market capitalization			
Market capitalization (CHF million)	27,605	44,475	30,533
Market capitalization (USD million)	27,758	45,625	29,906
Dividend per share (CHF)			
Dividend per share	0.2625[1]	0.25[2]	0.70[2]

1
Proposal of the Board of Directors to the Annual General Meeting on April 26, 2019; to be paid out of capital contribution reserves.
2
Paid out of capital contribution reserves.
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Ticker symbols / stock exchange listings

	Common shares	ADS[1]
Ticker symbols		
SIX Financial Information	CSGN	–
New York Stock Exchange	–	CS
Bloomberg	CSGN SW	CS US
Reuters	CSGN.S	CS.N
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.

Credit ratings and outlook

as of March 21, 2019	Short-term debt	Long-term debt	Outlook
Credit Suisse Group AG			
Moody's	–	Baa2	Stable
Standard & Poor's	–	BBB+	Stable
Fitch Ratings	F2	A-	Positive
Rating and Investment Information	–	A	Stable
Credit Suisse AG			
Moody's	P-1	A1	Stable
Standard & Poor's	A-1	A	Positive
Fitch Ratings	F1	A	Positive

Foreign currency translation rates

			End of			Average in
	2018	2017	2016	2018	2017	2016
1 USD / 1 CHF	0.99	0.98	1.02	0.98	0.98	0.99
1 EUR / 1 CHF	1.13	1.17	1.07	1.15	1.11	1.09
1 GBP / 1 CHF	1.26	1.32	1.26	1.30	1.27	1.34
100 JPY / 1 CHF	0.89	0.87	0.87	0.88	0.88	0.90

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Financial calendar and contacts

Financial calendar	
First quarter results 2019	Wednesday, April 24, 2019
Annual General Meeting	Friday, April 26, 2019
Second quarter results 2019	Wednesday, July 31, 2019

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Cautionary statement regarding forward-looking information

This report contains statements that constitute forward-looking statements. 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, targets 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.

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, targets, goals, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility and interest rate fluctuations and developments affecting 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 EU, the US or other developed countries or in emerging markets in 2019 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 us, sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic goals, including those related to our targets and financial goals;
- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as 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;
- the risk of cyber attacks, information or security breaches or technology failures on our business or operations;
- the adverse resolution of litigation, regulatory proceedings and other contingencies;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting or tax standards, policies or practices in countries in which we conduct our operations;
- the potential effects of changes in our legal entity structure;
- competition or changes in our competitive position 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; and

other unforeseen or unexpected events and our success at managing these and 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*.

Production: Management Digital Data AG
Printer: Neidhart + Schön Print AG
Paper (cover): Impact, offset, matt, FSC-Mix, 350g/m^2
Paper (content): Superset, offset, matt, FSC-Mix, 100g/m^2