

CREDIT SUISSE GROUP AG

Form 20-F

March 20, 2015

**As filed with the Securities and Exchange Commission on March 20, 2015**

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

Form 20-F

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REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES  
EXCHANGE ACT OF 1934

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission file number: 001-15244

Credit Suisse Group AG

(Exact name of Registrant as specified in its charter)

**Canton of Zurich, Switzerland**

(Jurisdiction of incorporation or organization)

**Paradeplatz 8, CH 8001 Zurich, Switzerland**

(Address of principal executive offices)

David R. Mathers

Chief Financial Officer

Paradeplatz 8, CH 8001 Zurich, Switzerland

david.mathers@credit-suisse.com

Telephone: +41 44 333 6607

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Commission file number: 001-33434

Credit Suisse AG

(Exact name of Registrant as specified in its charter)

**Canton of Zurich, Switzerland**

(Jurisdiction of incorporation or organization)

**Paradeplatz 8, CH 8001 Zurich, Switzerland**

(Address of principal executive offices)

David R. Mathers

Chief Financial Officer

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Telephone: +41 44 333 6607

Fax: +41 44 333 1790

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class of securities	Name of each exchange on which registered
Credit Suisse Group AG American Depositary Shares each representing one Share  Shares par value CHF 0.04*	New York Stock Exchange New York Stock Exchange*
Credit Suisse AG Fixed to Floating Rate Tier 1 Capital Notes Floating Rate Tier 1 Capital Notes Exchange Traded Notes due February 19, 2020	New York Stock Exchange New York Stock Exchange
Linked to the Credit Suisse Long/Short Liquid Index (Net)	NYSE Arca
Credit Suisse Equal Weight MLP Index Exchange Traded Notes due April 20, 2020	
Linked to the Cushing® 30 MLP Index	NYSE Arca
Exchange Traded Notes due October 6, 2020	
Linked to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
Exchange Traded Notes due March 13, 2031	
Linked on a Leveraged Basis to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
Market Neutral Equity ETN	
Linked to the HS Market Neutral Index Powered by HOLT™ due September 22, 2031	NYSE Arca
VelocityShares Daily Inverse VIX Short Term ETN	
Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares Daily Inverse VIX Medium Term ETN	
Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares VIX Short Term ETN	
Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares VIX Medium Term ETN	
Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares Daily 2x VIX Short Term ETN	
Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares Daily 2x VIX Medium Term ETN	
Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares™ 3x Long Gold ETN	
Linked to the S&P GSCI® Gold Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Long Silver ETN	
Linked to the S&P GSCI® Silver Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Inverse Gold ETN	
Linked to the S&P GSCI® Gold Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Inverse Silver ETN	
Linked to the S&P GSCI® Silver Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Long Crude Oil ETN	
Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Long Natural Gas ETN	
Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Inverse Crude Oil ETN	
Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Inverse Natural Gas ETN	
Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032	NYSE Arca

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Credit Suisse Gold Shares Covered Call Exchange Traded Notes (ETNs) due February 2, 2033	
Linked to the Credit Suisse NASDAQ Gold FLOWS™ 103 Index	The Nasdaq Stock Market
Credit Suisse Silver Shares Covered Call Exchange Traded Notes (ETNs) due April 21, 2033	
Linked to the Credit Suisse NASDAQ Silver FLOWS™ 106 Index	The Nasdaq Stock Market
Credit Suisse Commodity Benchmark Exchange Traded Notes (ETNs) due June 15, 2033	
Linked to the Credit Suisse Commodity Benchmark Total Return Index	NYSE Arca
Credit Suisse Commodity Rotation Exchange Traded Notes (ETNs) due June 15, 2033	
Linked to the Credit Suisse Commodity Backwardation Total Return Index	NYSE Arca
Credit Suisse FI Enhanced Europe 50 Exchange Traded Notes (ETNs) due September 10, 2018	
Linked to the STOXX Europe 50® USD (Gross Return) Index	NYSE Arca
Credit Suisse FI Enhanced Big Cap Growth Exchange Traded Notes (ETNs) due October 22, 2018	
Linked to the Russell 1000® Growth Index Total Return	NYSE Arca
Credit Suisse FI Large Cap Growth Enhanced Exchange Traded Notes (ETNs) due June 13, 2019	
Linked to the Russell 1000® Growth Index Total Return	NYSE Arca
Credit Suisse S&P MLP Index Exchange Traded Notes (ETNs) due December 4, 2034	
Linked to the S&P MLP Index	NYSE Arca

\* Not for trading, but only in connection with the registration of the American Depositary Shares

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Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2014: 1,599,502,289 shares of Credit Suisse Group AG

Indicate by check mark if the Registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the Registrants are not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports) and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether Registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (paragraph 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the Registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filers Accelerated filers Non-accelerated filers

Indicate by check mark which basis of accounting the Registrants have used to prepare the financial statements included in this filing:

U.S. GAAP International Other

Financial Reporting Standards

as issued by the

International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act)

Yes No

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Definitions

Sources

Cautionary statement regarding forward-looking information

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SIGNATURES

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#### Definitions

For the purposes of this Form 20-F and the attached Annual Report 2014, unless the context otherwise requires, the terms “Credit Suisse Group,” “Credit Suisse,” “the Group,” “we,” “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group and, we use these terms to refer to both when the subject is the same or substantially similar. We use the term “the Bank” when we are referring only to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Annual Report 2014.

#### Sources

Throughout this Form 20-F and the attached Annual Report 2014, we describe the position and ranking of our various businesses in certain industry and geographic markets. The sources for such descriptions come from a variety of conventional publications generally accepted as relevant business indicators by members of the financial services industry. These sources include: Standard & Poor’s, Dealogic, Institutional Investor, Lipper, Moody’s Investors Service and Fitch Ratings.

#### Cautionary statement regarding forward-looking information

For Credit Suisse and the Bank, please see Cautionary statement regarding forward-looking information on the inside page of the back cover of the attached Annual Report 2014.

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Part I

Item 1. Identity of directors, senior management and advisers.

Not required because this Form 20-F is filed as an annual report.

Item 2. Offer statistics and expected timetable.

Not required because this Form 20-F is filed as an annual report.

Item 3. Key information.

A – Selected financial data.

For Credit Suisse and the Bank, please see Appendix – Selected five-year information – Group on page A-2 and – Bank on page A-3 of the attached Annual Report 2014. In addition, please see IX – Additional information – Other information – Foreign currency translation rates on page 520 of the attached Annual Report 2014.

B – Capitalization and indebtedness.

Not required because this Form 20-F is filed as an annual report.

C – Reasons for the offer and use of proceeds.

Not required because this Form 20-F is filed as an annual report.

D – Risk factors.

For Credit Suisse and the Bank, please see I – Information on the company – Risk factors on pages 39 to 46 of the attached Annual Report 2014.

Item 4. Information on the company.

A – History and development of the company.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 24 to 25, and IV – Corporate Governance and Compensation – Corporate Governance – Overview – Company on page 168 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 3 – Business developments, significant shareholders and subsequent events in V – Consolidated financial statements – Credit Suisse Group on page 250 of the attached Annual Report 2014 and, for the Bank, please see Note 3 – Business developments and subsequent events in VII – Consolidated financial statements – Credit Suisse (Bank) on page 401 of the attached Annual Report 2014.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company – Our businesses on pages 16 to 23 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 253 to 255 of the attached Annual Report 2014 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 403 to 404 of the attached Annual Report 2014.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 24 to 25 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on pages 52 to 54 of the attached Annual Report 2014. For a list of Credit Suisse's significant subsidiaries, please see Note 39 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 360 to 362 of the attached Annual Report 2014 and, for a list of the Bank's significant subsidiaries, please see Note 37 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 472 to 474 of the attached Annual Report 2014.

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D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on page 519 of the attached Annual Report 2014.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 496 to 514 of the attached Annual Report 2014. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Risk review and results – Credit risk review – Loans and irrevocable loan commitments on pages 152 to 156 of the attached Annual Report 2014.

Disclosure pursuant to Section 13(r) of the Securities Exchange Act of 1934

As stated in the Credit Suisse Annual Report 2013, in 2005 and earlier, Credit Suisse AG, through a business line operating in Switzerland, entered into export finance credit facilities involving Iranian parties, through bilateral contracts and as a member of lending syndicates. Credit Suisse AG loaned funds under these credit facilities for project finance activities in Iran that did not support or facilitate Iran's nuclear weapons proliferation efforts, its acquisition of other military items, or its support of terrorism. Our participation in these credit facilities was legal under applicable law. The Iranian parties involved in certain of these credit facilities entered into between 2001 and 2005 subsequently were designated Specially Designated Nationals or Blocked Persons pursuant to an Executive Order of the President of the United States, or fall within the US government's definition of the government of Iran (which includes government-controlled entities). Default on these credit facilities is subject to export financing insurance provided by European governmental export credit agencies.

Credit Suisse AG does not generally calculate gross revenues or net profits from individual export finance credit facilities of this type; however, Credit Suisse AG estimates that it recognized approximately CHF 0.2 million in interest income in 2014 on these credit facilities and believes that it has not earned any related net profit over the life of these credit facilities. While Credit Suisse AG ceased providing funds to any Iranian parties pursuant to any of these credit facilities several years ago, it has continued, where possible, to receive repayment of funds owed to it. In 2014, Credit Suisse AG received insurance payments totaling CHF 2.8 million from the Swiss governmental export credit agency and payments totaling CHF 7.0 million from financial institutions acting as agents of lending syndicates, both in partial payment under certain of these credit facilities. As of December 31, 2014, approximately CHF 2.1 million was owed to Credit Suisse AG under these credit facilities which is not covered by the European governmental export credit agency guarantees, out of a total amount of approximately CHF 46.0 million outstanding. Credit Suisse AG will continue to seek repayment of funds it is owed under these credit facilities pursuant to its contractual rights and applicable law, and will continue to cooperate with the European governmental export credit agencies.

During 2014, Credit Suisse AG processed a small number of de minimis payments related to the operation of Iranian diplomatic missions in Switzerland and to fees for ministerial government functions such as issuing passports and visas. Processing these payments is permitted under Swiss law and is performed with the consent of Swiss authorities, and Credit Suisse AG intends to continue processing such payments. Revenues and profits from these activities are not calculated but would be negligible.

Credit Suisse AG also continues to hold funds from two wire transfers to non-Iranian customers which were blocked pursuant to Swiss sanctions because Iranian government-owned entities have an interest in such transfers. Such funds are maintained in blocked accounts opened in accordance with Swiss sanctions requirements. Credit Suisse AG derives no revenues or profits from maintenance of these blocked accounts.

Item 4A. Unresolved staff comments.

None.

Item 5. Operating and financial review and prospects.

A – Operating results.

For Credit Suisse and the Bank, please see II – Operating and financial review on pages 48 to 98 of the attached Annual Report 2014. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 26 to 38 of the attached Annual Report 2014 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Shareholders' equity and share metrics – Foreign exchange exposure and interest rate management on page 125 of the attached Annual Report 2014.

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B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management and – Capital management on pages 100 to 125 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 274 to 275 and Note 36 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 350 of the attached Annual Report 2014 and, for the Bank, please see Note 23 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 420 and Note 35 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 471 of the attached Annual Report 2014.

C – Research and development, patents and licenses, etc.

Not applicable.

D – Trend information.

For Credit Suisse and the Bank, please see Item 5.A of this Form 20-F. In addition, for Credit Suisse and the Bank, please see I – Information on the Company – Our businesses on pages 16 to 23 of the attached Annual Report 2014.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations on pages 161 to 164 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 31 – Derivatives and hedging activities, Note 32 – Guarantees and commitments and Note 33 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 303 to 322 of the attached Annual Report 2014 and, for the Bank, please see Note 30 – Derivatives and hedging activities, Note 31 – Guarantees and commitments and Note 32 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 439 to 451 of the attached Annual Report 2014.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on page 164 of the attached Annual Report 2014.

Item 6. Directors, senior management and employees.

A – Directors and senior management.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors, – Board Committees, – Biographies of the Board Members, – Executive Board and – Biographies of the Executive Board Members on pages 173 to 193 of the attached Annual Report 2014.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 196 to 228 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 11 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 257, Note 28 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 286 to 292 and Note 30 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 294 to 302, and Note 5 – Shareholdings of members of the Executive Board and the Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 384 to 385 of the attached Annual Report 2014 and, for the Bank, please see Note 11 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 406, Note 27 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 428 to 430 and Note 29 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 432 to 438 of the attached Annual Report 2014.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance on pages 166 to 195 of the attached Annual Report 2014.

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D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Employees on page 168. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Core Results on pages 59 to 66 of the attached Annual Report 2014.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 196 to 228 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 28 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 286 to 292, and Note 5 – Shareholdings of members of the Executive Board and the Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 384 to 385 of the attached Annual Report 2014. For the Bank, please see Note 27 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 428 to 430 of the attached Annual Report 2014.

Item 7. Major shareholders and related party transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Shareholders on pages 169 to 173 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 3 – Business developments, significant shareholders and subsequent events in V – Consolidated financial statements – Credit Suisse Group on pages 250 to 251, Note 6 – Own shares held by the company and by group companies and Note 7 – Significant shareholders in VI – Parent company financial statements – Credit Suisse Group on page 385 of the attached Annual Report 2014. Credit Suisse’s major shareholders do not have different voting rights. The Bank has 4,399,680,200 shares outstanding and is a wholly-owned subsidiary of Credit Suisse. See Note 11 – Major shareholders and groups of shareholders in VIII – Parent company financial statements – Credit Suisse (Bank) on page 490 of the attached Annual Report 2014.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 196 to 228 and – Corporate Governance – Banking relationships and related party transactions on pages 179 to 180 of the attached Annual Report 2014. In addition, for Credit Suisse, please see Note 29 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 292 to 294 of the attached Annual Report 2014 and, for the Bank, please see Note 28 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on page 431 of the attached Annual Report 2014.

C – Interests of experts and counsel.

Not applicable because this Form 20-F is filed as an annual report.

Item 8. Financial information.

A – Consolidated statements and other financial information.

Please see Item 18 of this Form 20-F.

For a description of Credit Suisse’s legal and arbitration proceedings, please see Note 38 – Litigation in V – Consolidated financial statements – Credit Suisse Group on pages 352 to 359 of the attached Annual Report 2014. For a description of the Bank’s legal and arbitration proceedings, please see Note 36 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 471 of the attached Annual Report 2014.

For a description of Credit Suisse’s policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Shareholders’ Equity and Share Metrics – Dividends and dividend policy on page 125 of the attached Annual Report 2014.

B – Significant changes.

None.

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Item 9. The offer and listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Other information – Listing details on page 518 of the attached Annual Report 2014. Shares of the Bank are not listed.

B – Plan of distribution, D – Selling shareholders, E – Dilution, F – Expenses of the issue.

Not required because this Form 20-F is filed as an annual report.

Item 10. Additional information.

A – Share capital.

Not required because this Form 20-F is filed as an annual report.

B – Memorandum and Articles of Association.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview, – Shareholders and – Board of Directors on pages 166 to 177 and – Additional information – Changes in control and defense measures on page 194 and – Liquidation on page 195 of the attached Annual Report 2014. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 515 of the attached Annual Report 2014. Shares of the Bank are not listed.

C – Material contracts.

Neither Credit Suisse nor the Bank has any contract that would constitute a material contract for the two years immediately preceding this Form 20-F.

D – Exchange controls.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Exchange controls on page 515 of the attached Annual Report 2014.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 515 to 518 of the attached Annual Report 2014. The Bank does not have any public shareholders.

F – Dividends and paying agents.

Not required because this Form 20-F is filed as an annual report.

G – Statement by experts.

Not required because this Form 20-F is filed as an annual report.

H – Documents on display.

Credit Suisse and the Bank file annual reports on Form 20-F and furnish or file quarterly and other reports on Form 6-K and other information with the SEC pursuant to the requirements of the Securities Exchange Act of 1934, as amended. These materials are available to the public over the Internet at the SEC's website at [www.sec.gov](http://www.sec.gov) and from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (telephone 1-800-SEC-0330). SEC reports are also available for review at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005. Further, our reports on Form 20-F, Form 6-K and certain other materials are available on the Credit Suisse website at [www.credit-suisse.com](http://www.credit-suisse.com). Information contained on our website and apps are not incorporated by reference into this Form 20-F.

In addition, Credit Suisse's parent company financial statements, together with the notes thereto, are set forth on pages 377 to 388 of the attached Annual Report 2014 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 477 to 494 of the attached Annual Report 2014 and incorporated by reference herein.

I – Subsidiary information.

Not applicable.

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Item 11. Quantitative and qualitative disclosures about market risk.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 126 to 160 of the attached Annual Report 2014.

Item 12. Description of securities other than equity securities.

A – Debt Securities, B – Warrants and Rights, C – Other Securities.

Not required because this Form 20-F is filed as an annual report.

D – American Depositary Shares.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional information – American Depositary Share fees on page 195 of the attached Annual Report 2014. Shares of the Bank are not listed.

Part II

Item 13. Defaults, dividend arrearages and delinquencies.

None.

Item 14. Material modifications to the rights of security holders and use of proceeds.

None.

Item 15. Controls and procedures.

For Credit Suisse’s management report and the related report from the Group’s independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in V – Consolidated financial statements – Credit Suisse Group on pages 375 to 376 of the attached Annual Report 2014. For the Bank’s management report and the related report from the Bank’s independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 475 to 476 of the attached Annual Report 2014.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors – Board committees – Audit Committee on page 178 of the attached Annual Report 2014.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Corporate governance framework on page 167 of the attached Annual Report 2014.

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Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional Information – Internal and external auditors on pages 194 to 195 of the attached Annual Report 2014.

Item 16D. Exemptions from the listing standards for audit committee.

None.

Item 16E. Purchases of equity securities by the issuer and affiliated purchasers.

For Credit Suisse, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Shareholders' Equity and Share Metrics – Share repurchases on pages 124 to 125 of the attached Annual Report 2014.

The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Item 16F. Change in registrants' certifying accountant.

None.

Item 16G. Corporate governance.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Complying with rules and regulations on pages 166 to 167 of the attached Annual Report 2014. Shares of the Bank are not listed.

Item 16H. Mine Safety Disclosure.

None.

Part III

Item 17. Financial statements.

Not applicable.

Item 18. Financial statements.

Credit Suisse's consolidated financial statements, together with the notes thereto and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 229 to 376 of the attached Annual Report 2014 and incorporated by reference herein. The Bank's consolidated financial statements, together with the notes thereto (and any notes or portions thereof in the consolidated financial statements of Credit Suisse Group referred to therein) and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 389 to 476 of the attached Annual Report 2014 and incorporated by reference herein.

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Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of December 2, 2014.

1.2 Articles of association (Statuten) of Credit Suisse AG as of September 4, 2014.

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG as of June 19, 2014.

2.1 Pursuant to the requirement of this item, we agree to furnish to the SEC upon request a copy of any instrument defining the rights of holders of long-term debt of us or of our subsidiaries for which consolidated or unconsolidated financial statements are required to be filed.

4.1 Agreement, dated February 13, 2011, among Competrol Establishment, Credit Suisse Group (Guernsey) II Limited and Credit Suisse Group AG (incorporated by reference to Exhibit 99.1 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).

4.2 Agreement, dated February 13, 2011, among Qatar Holding LLC, Credit Suisse Group (Guernsey) II Limited and Credit Suisse Group AG (incorporated by reference to Exhibit 99.2 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).

4.3 Amendment Agreement, dated July 18, 2012, among Competrol Establishment, Credit Suisse Group (Guernsey) II Limited, Credit Suisse Group AG and Credit Suisse AG, acting through its Guernsey Branch (incorporated by reference to Exhibit 99.3 of Credit Suisse Group AG's and Credit Suisse AG's current report on Form 6-K filed March 12, 2013).

4.4 Purchase and Underwriting Agreement, dated as of July 17, 2012, between Credit Suisse AG and Competrol Establishment (incorporated by reference to Exhibit 4.4 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2012 filed on March 22, 2013).

4.5 Purchase and Underwriting Agreement, dated as of July 18, 2012, between Credit Suisse AG and Qatar Holding LLC (incorporated by reference to Exhibit 4.5 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2012 filed on March 22, 2013).

4.6 Agreement, dated October 10, 2013, among Qatar Holding LLC, Credit Suisse Group (Guernsey) II Limited, Credit Suisse Group AG and Credit Suisse AG, acting through its Guernsey Branch (incorporated by reference to Exhibit 4.6 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2013 filed on April 3, 2014).

7.1 Computations of ratios of earnings to fixed charges of Credit Suisse and of the Bank are set forth under IX – Additional Information – Statistical information – Ratio of earnings to fixed charges – Group and – Ratio of earnings to fixed charges – Bank on page 514 of the attached Annual Report 2014 and incorporated by reference herein.

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 39 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 360 to 362, and significant subsidiaries of the Bank are set forth in Note 37 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 472 to 474 in the attached Annual Report 2014 and incorporated by reference herein.

9.1 Consent of KPMG AG, Zurich with respect to Credit Suisse Group AG consolidated financial statements.

9.2 Consent of KPMG AG, Zurich with respect to the Credit Suisse AG consolidated financial statements.

12.1 Rule 13a-14(a) certification of the Chief Executive Officer of Credit Suisse Group AG and Credit Suisse AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Rule 13a-14(a) certification of the Chief Financial Officer of Credit Suisse Group AG and Credit Suisse AG, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certifications pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 for Credit Suisse Group AG and Credit Suisse AG.

101.1 Interactive Data Files (XBRL-Related Documents).

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**SIGNATURES**

Each of the registrants hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**CREDIT SUISSE GROUP AG**

(Registrant)

Date: March 20, 2015

/s/ Brady W. Dougan

/s/ David R. Mathers

Name: Brady W. Dougan

Name: David R. Mathers

Title: Chief Executive Officer

Title: Chief Financial Officer

**CREDIT SUISSE AG**

(Registrant)

Date: March 20, 2015

/s/ Brady W. Dougan

/s/ David R. Mathers

Name: Brady W. Dougan

Name: David R. Mathers

Title: Chief Executive Officer

Title: Chief Financial Officer

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## Key metrics

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Credit Suisse (CHF million, except where indicated)					
Net income attributable to shareholders	1,875	2,326	1,349	(19)	72
of which from continuing operations	1,773	2,181	1,389	(19)	57
Basic earnings per share from continuing operations (CHF)	1.02	1.14	0.82	(11)	39
Diluted earnings per share from continuing operations (CHF)	1.01	1.14	0.82	(11)	39
Return on equity attributable to shareholders (%)	4.4	5.7	3.9	–	–
Effective tax rate (%)	38.7	31.2	21.2	–	–
Core Results (CHF million, except where indicated)					
Net revenues	25,815	25,217	23,251	2	8
Provision for credit losses	186	167	170	11	(2)
Total operating expenses	22,397	21,546	21,193	4	2
Income from continuing operations before taxes	3,232	3,504	1,888	(8)	86
Cost/income ratio (%)	86.8	85.4	91.1	–	–
Pre-tax income margin (%)	12.5	13.9	8.1	–	–
Strategic results (CHF million, except where indicated)					
Net revenues	25,126	25,475	25,385	(1)	0
Income from continuing operations before taxes	6,790	7,173	6,295	(5)	14
Cost/income ratio (%)	72.4	71.5	74.7	–	–
Return on equity – strategic results (%)	12.2	13.4	–	–	–
Non-strategic results (CHF million)					
Net revenues	689	(258)	(2,134)	–	(88)
Loss from continuing operations before taxes	(3,558)	(3,669)	(4,407)	(3)	(17)
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,377.3	1,253.4	1,197.8	9.9	4.6
Net new assets from continuing operations	30.2	36.1	11.4	(16.3)	216.7
Balance sheet statistics (CHF million)					
Total assets	921,462	872,806	924,280	6	(6)
Net loans	272,551	247,054	242,223	10	2
Total shareholders' equity	43,959	42,164	35,498	4	19
Tangible shareholders' equity	35,066	33,955	26,866	3	26
Basel III regulatory capital and leverage statistics					
Risk-weighted assets (CHF million)	291,410	273,846	292,481	6	(6)
CET1 ratio (%)	14.9	15.7	14.2	–	–

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Look-through CET1 ratio (%)	10.1	10.0	8.0	–	–
Swiss leverage ratio (%)	4.9	5.1	–	–	–
Look-through Swiss leverage ratio (%)	3.9	3.7	–	–	–
Share information					
Shares outstanding (million)	1,599.5	1,590.9	1,293.8	1	23
of which common shares issued	1,607.2	1,596.1	1,320.8	1	21
of which treasury shares	(7.7)	(5.2)	(27.0)	48	(81)
Book value per share (CHF)	27.48	26.50	27.44	4	(3)
Tangible book value per share (CHF)	21.92	21.34	20.77	3	3
Market capitalization (CHF million)	40,308	43,526	29,402	(7)	48
Dividend per share	0.70	0.70	0.75	–	–
Number of employees (full-time equivalents)					
Number of employees	45,800	46,000	47,400	0	(3)
See relevant tables for additional information on these metrics.					



## Credit Suisse Annual Reporting Suite

### Annual Report

The Annual Report is a detailed presentation of the Group's annual financial statements, company structure, –corporate governance and compensation –practices, treasury and risk management framework and a review of our operating and financial results.

### Corporate Responsibility Report

The Corporate Responsibility Report –provides a detailed presentation on how the Group assumes its –various responsibilities as a bank towards society and the environment. This publication is complemented by the Responsibility Chronicle, which adds a multimedia dimension to our reporting.

### Company Profile

The Company Profile contains a –summary of the strategic –direction of Credit Suisse, an overview of its –organization and a brief description of its key businesses.

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Annual Report 2014  
Credit Suisse Group AG & Credit Suisse AG

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For the purposes of this report, unless the context otherwise requires, the terms “Credit Suisse Group”, “Credit Suisse”, “the Group”, “we”, “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries. The business of Credit Suisse AG, the Swiss bank subsidiary of the Group, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar. We use the term “the Bank” when we are referring only to Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries. Abbreviations and selected >>>terms are explained in the List of abbreviations and the Glossary in the back of this report. Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report. The English language version of this report is the controlling version. In various tables, use of “–” indicates not meaningful or not applicable.

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

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Message from the Chairman and the Chief Executive Officer

Dear shareholders, clients and colleagues

2014 was a challenging year for Credit Suisse but also a period of continued progress. We faced a more uncertain and volatile economic, political and market environment, along with continued regulatory reform. We have made significant progress in recent years to anticipate these developments and proactively transform Credit Suisse in response to this evolving operating environment. Notwithstanding the pace and magnitude of change, our businesses delivered a robust performance and we saw continued momentum with clients. It is clear that we must continue to adapt to best serve our clients and to further improve profitability and shareholder returns.

In the past year, we were able to resolve certain significant legacy issues. Looking back, the settlement with the US authorities regarding all outstanding cross-border matters in May marked an important turning point. It was critical for us as an organization to resolve this longstanding legacy litigation issue. We would like to reiterate that we deeply regret the past misconduct that led to this settlement.

In spite of this challenging backdrop, our clients' continued trust and support as well as our employees' dedication and professionalism helped us mitigate the impact of the settlement on our business and our results. We have since refocused our resources on serving our clients, driving our strategy forward and implementing the targeted growth initiatives that we have defined.

Economic and political trends that shaped the market

A leading US economic newspaper described 2014 as a "year of market surprises", stating that most economic forecasts for the year were inaccurate. Although economists expected interest rates to increase in 2014, they remained at historically low levels throughout the year. This impacted revenue streams in the wealth management industry and further increased the pressure on gross margins, making it even more important for banks to improve the cost efficiency of their business models.

Markets were also impacted by the uncertainty resulting from various political crises around the world. The Ukraine crisis weighed heavily on European economies in particular, while conflicts in parts of the Middle East added to the climate of uncertainty. Additionally, the ongoing Greek debt negotiations fuelled fresh concerns about the possible destabilization of Europe's monetary union. Meanwhile, the real estate downturn in China prompted fears of an economic slowdown. However, the Chinese economy performed relatively well compared to Brazil and Russia, which indicators suggest are heading toward recession. In contrast, the US had solid growth in 2014, coupled with the appreciation of the US dollar against all major currencies. Another development that most experts did not anticipate was the sharp decline in energy prices and other commodities in the fourth quarter. While this generally had a stimulating effect on the global economy, it negatively impacted the economies of commodity exporting nations and investments in those countries, as well as companies in the energy sector. It also resulted in higher market volatility toward the end of the year.

Throughout 2014 and the beginning of 2015, there were several central bank actions, many of which had significant implications for the banking sector. In October 2014, the US Federal Reserve ended its asset purchase program as a result of improving market conditions, while in January 2015, the European Central Bank announced its intention to increase market liquidity by launching purchases of private sector fixed income instruments and raising the size of long-term loans to the banking system. However, for Switzerland and Credit Suisse, the most significant central bank action was the Swiss National Bank's decision on January 15, 2015 to discontinue the minimum exchange rate of CHF 1.20 per euro and introduce negative short-term interest rates. These actions dramatically altered the market environment for a number of Swiss companies, which typically incur the majority of their expenses in Swiss francs, while generating a large proportion of their revenues in other currencies.

In order to moderate the negative impact on Credit Suisse, we have announced a number of mitigating actions, including a combination of incremental cost reductions and previously announced revenue growth initiatives. We expect to more than offset the impact of the changed conditions by the end of 2017, while continuing to drive growth in Private Banking & Wealth Management.

The macroeconomic environment is likely to remain challenging throughout the rest of 2015. While the global economic recovery is expected to continue, aided by US momentum and a gradual recovery of the eurozone private sector, geopolitical risks are expected to persist. Above all, the unresolved conflict in the Ukraine, fragmentation risks

in Europe and tensions within the Middle East will likely cause further political uncertainty. Similarly, actions by central banks are expected to remain a key theme throughout 2015.

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#### Developments that impacted the banking industry

A number of important **regulatory developments** in 2014 helped provide greater clarity about the future regulatory framework. Nevertheless, we expect banking regulation to continue to evolve significantly going forward. We must therefore ensure that we continue to anticipate changes and have the necessary flexibility to align our organization accordingly. Although this is a challenging process, it also creates opportunities for innovation and forces us to continuously assess our value proposition.

While the risk-weighted view on capital dominated regulatory discussions over the last few years, there was a shift in focus in 2014 toward the unweighted view of capital in the form of more restrictive leverage requirements. We support leverage as an additional measure in bank regulation and announced, together with our fourth quarter results, that we intend to further reduce our leverage exposure and we revised our Group target. However, we believe that the risk-weighted view should continue to be the primary capital measure. We believe that if both sets of requirements are overly restrictive, it will curtail global economic growth, limit business opportunities and lead to an assimilation of business models that would, in turn, undermine systemic stability.

In November 2014, the Financial Stability Board proposed a new standard for **total loss-absorbing capacity (TLAC)**, under which global systemically important banks (G-SIBs) would be required to hold TLAC-eligible instruments up to an equivalent of 20% of risk-weighted assets. The purpose of this new standard is to ensure that G-SIBs have sufficient loss-absorbing and recapitalization capacity available to implement an orderly resolution with continuity of critical functions and minimal impact on financial stability. In Switzerland, the group of experts for the further development of the financial market strategy, commonly known as the Brunetti Commission, presented its final report in December 2014, which also included similar recommendations to enhance the “Too Big to Fail” regime with mandatory TLAC requirements. We strongly support this approach, together with the need for international consistency, to prevent competitive disadvantages arising from stricter requirements in certain jurisdictions. Switzerland has already implemented what we believe is a very effective regulatory framework, under which high-trigger and low-trigger contingent convertible instruments are recognized as eligible capital. We have made significant progress toward meeting these requirements and were one of the first banks to issue such contingent convertible instruments in the market.

Based on the Brunetti Commission’s final report, the Swiss Federal Council adopted its evaluation report on Switzerland’s “Too Big to Fail” regime in mid-February 2015. We are pleased that the evaluation report acknowledges the effectiveness of the present “Too Big to Fail” regime and does not view a fundamental realignment as necessary. Subject to market conditions, we plan to issue senior unsecured debt in 2015, which should qualify for future capital treatment under the TLAC rules. With this, we are further developing the possibility to absorb losses at the Group holding company in order to facilitate a Single Point of Entry bail-in resolution strategy, as set out in FINMA’s bank resolution guidelines.

In 2014, we also made further progress in implementing the program to evolve our **legal entity structure**. We expect that these changes will result in a substantially less complex and more efficient operating infrastructure for the Group. In Switzerland, we continue the process of establishing a subsidiary for our Swiss-booked business, which we anticipate will become operational in 2016, pending regulatory approval. During 2015, we plan to apply for a Swiss banking license and to incorporate and register the new legal entity. We expect that the new legal entity structure in Switzerland will not significantly impact either our current business offerings or our client servicing model.

Looking at the wealth management industry, one of the most important developments in 2014 was the endorsement by the G20 states of a global standard for automatic exchange of information as developed by the Organization for Economic Cooperation and Development. Switzerland, along with many other jurisdictions, is committed to this standard. A consistent implementation of the standard across all major financial centers will be critical to ensure a level playing field. At Credit Suisse, we support the Swiss government’s commitment to this tax transparency standard and its active participation in the development of **international tax assistance**. In Switzerland, efforts to build a tax-compliant and internationally accepted financial center included the implementation of the US Foreign Account Tax Compliance Act (FATCA) in July 2014. This law aims to achieve the broadest possible exchange of information and transparency regarding the offshore accounts of US taxpayers by essentially requiring all non-US financial institutions worldwide to regularly and automatically notify the US authorities about the identity and assets of their US clients. We believe that the FATCA agreement between Switzerland and the US will lead to an important facilitation of the tax-related processes and is of vital importance for the Swiss financial industry.

Another important subject for the banking industry in 2014 was a continued focus on **litigation issues**. Regulators and authorities imposed tougher penalties on banks, as evidenced by record-breaking fines in 2014. A Credit Suisse research report published in June indicated that litigation risk has become a primary factor influencing bank share price performance, illustrating that the financial industry as a whole is expected to continue to be impacted by litigation matters. For us, the resolution in 2014 of the US cross-border matter brought to a close our most significant outstanding litigation. Our settlement in March 2014 with the Federal Housing Finance Agency also constituted the resolution of our largest investor lawsuit in the mortgage space. As to the previously disclosed matters relating to LIBOR and the foreign exchange markets, to date we have not seen evidence to suggest

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that we are likely to have any material exposure in connection with these issues. We are, nevertheless, still in the process of resolving certain other litigation issues, predominantly mortgage-related matters dating back to before the financial crisis. In view of developments in the industry-wide litigation and investigations in the US relating to mortgages, Credit Suisse announced in February 2015 that it had increased its mortgage-related litigation provisions. While it is not feasible to entirely rule out misconduct, we have a very strict compliance and control culture and a zero tolerance approach to unethical behavior. Recognizing the critical role of employees in helping to preserve **financial integrity**, we demand the highest standards of personal accountability and ethical conduct from each member of our global workforce. In 2014, we introduced a set of Business Conduct Behaviors to guide our employees in their daily activities and to help reduce the potential for operational or conduct losses resulting from breaches of ethical standards or the failure to identify, escalate and resolve problems at an early stage. In addition, all employees are fully committed to Credit Suisse's Code of Conduct and take part in targeted mandatory training courses that include developments in the finance industry such as anti-corruption and risk management measures.

#### Strategy and growth opportunities

The ongoing changes in the financial services industry, as well as the evolving economic and regulatory environment, are forcing banks to constantly adapt their business models and to examine and analyze business investment and expansion opportunities going forward. In addition, recent analyst and media reports have questioned the sustainability of the universal banking model, which combines wealth management and investment banking services. Credit Suisse has had an integrated bank model in place since 2006, and our "One Bank" approach represents an integral part of our business model and strategy. We are convinced that the collaboration between our two divisions, Private Banking & Wealth Management and Investment Banking, is a key differentiator for us. It enables us to offer clients decades of experience in wealth management, combined with global capital markets access and expertise. In 2014, the landmark initial public offering of Alibaba, in which we served as a lead underwriter, as well as the acquisition of the Forbes Media Group by an ultra-high-net-worth investor, serve as recent and prominent examples of the success of our integrated approach and collaboration to the benefit of our clients. In 2014, we generated CHF 4.3 billion of collaboration revenues from the integrated bank.

During the year, we made further progress toward our goal of achieving a more balanced allocation of capital between Private Banking & Wealth Management and Investment Banking. We continued to drive our growth initiatives in Private Banking & Wealth Management in order to grow top-line revenue and mitigate margin pressure. Our lending program for ultra-high-net-worth individuals, for example, has grown across all regions, reaching a loan volume of CHF 39 billion as of the end of 2014, up 39% compared to the end of 2013. We have recently launched our advisory offering, Credit Suisse Invest, which is being rolled out into selected markets from the first half of 2015. The focus of the new offering is on flexibility and transparency. Clients select the investment solution best suited to their needs and receive a clearly defined range of services. In addition, they benefit from a very attractive pricing model, with substantially lower transaction and custody fees. Additionally, in light of the evolving digital landscape, we are making progress toward creating a state-of-the-art digital private banking platform for our clients, allowing them to gain more efficient access to our global capabilities and enabling them to network with other clients. We continue to leverage our strong position in the Swiss market and capitalize on our presence and expertise in the emerging markets, including the Middle East and Asia Pacific. In Investment Banking, we continued to implement our client-focused, capital-efficient strategy, with an emphasis on our market-leading franchises, such as equities, securitized products and global credit products. We expect that our clear commitment to the integrated and well-balanced banking model, combined with the continued wind-down of our non-strategic operations and the execution of our cost savings programs, will allow us to deliver a good performance to the benefit of our stakeholders.

#### Announcement regarding CEO change

Given the progress made and good momentum across our businesses, we decided that now is the appropriate time for CEO succession. On March 10, 2015, we announced that the Board of Directors has appointed Tidjane Thiam as the new CEO of Credit Suisse Group, effective at the end of June 2015. Tidjane Thiam, who currently serves as Group Chief Executive of Prudential plc, is one of the most distinguished personalities in the financial services industry with profound experience in asset management and wealth management. In the meantime, we and our leadership team are focused on a flawless transition.

#### Our performance in 2014

Our full-year 2014 results highlight the stability of our franchise. Despite the impact of the final settlement of all outstanding US cross-border matters in May 2014, we reported Core pre-tax income of CHF 3,232 million and a return on equity of 4% for the full year. Net income attributable to shareholders was CHF 1,875 million for 2014. As of the year end, our look-through CET1 ratio stood at 10.1%, exceeding our 10% year-end target. The successful execution of the capital actions that we announced in May 2014 helped us to offset the impact of the US cross-border settlement on our capital position.

Since the end of 2013, we have separately disclosed our strategic and non-strategic results, in addition to our reported results. Our strategic results encompass the businesses that we plan to

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focus on going forward, while our non-strategic results include operations that we intend to wind down or exit. We think it is helpful for our investors to know how our businesses perform when excluding the drag from the non-strategic results. Looking at our strategic results for the full year 2014, Core pre-tax income was CHF 6,790 million and net income attributable to shareholders was CHF 4,962 million. The return on equity for our strategic businesses for 2014 was 12%, compared to our through-the-cycle Group target of 15%.

In Private Banking & Wealth Management, we reported –strategic pre-tax income of CHF 3,726 million, up 3% compared to 2013, due to a lower cost base as we continue to focus on delivering significant efficiency improvements. The cost/income ratio for our strategic results improved to 68% for 2014, compared to 70% in 2013. In terms of capital, risk weighted assets and leverage exposure in Private Banking & Wealth Management strategic results increased by CHF 13 billion and CHF 43 billion, respectively. The increases were driven by foreign exchange and methodology impacts as well as loan growth, which is consistent with our strategy to increase overall capital allocation to this division. For the full year 2014, we generated net new assets of CHF 27.5 billion in Wealth Management Clients, with a growth rate of 3.5%. We saw a significant contribution of net new assets from the ultra-high-net-worth individuals segment of CHF 20.9 billion, with a growth rate of 6%. In terms of regions, there was continued robust momentum in Asia Pacific, with net new asset growth of 15% for the full year, while Western European cross-border outflows were CHF 11.4 billion.

In Investment Banking, pre-tax income for our strategic businesses was CHF 3,744 million, including the impact of funding valuation adjustments (FVA), which we introduced in the fourth quarter, in line with the industry. Strategic net revenues were stable compared to 2013, highlighting the consistency of our diversified franchise and driving a return on regulatory capital of 17%. Operating expenses for the strategic businesses were stable, as an increase in deferred and variable compensation expenses offset our continued progress in infrastructure initiatives and other operating expenses.

During the year, we also continued to make progress in the wind-down of our non-strategic units in both divisions, reducing risk-weighted assets by 35% and leverage exposure by CHF 25 billion compared to the end of 2013. Consistent with 2013, the Board of Directors will propose a cash distribution of CHF 0.70 per share for the financial year 2014 out of reserves from capital contributions to the Annual General Meeting. The Board of Directors will also propose an optional scrip alternative to our shareholders that would allow them to elect to receive the distribution in the form of new shares, subject to any legal restrictions applicable in their home jurisdiction. We remain committed to returning half of our earnings to shareholders, provided our look-through CET1 capital ratio continues to exceed 10% and we meet our leverage ratio targets.

During 2014, we made considerable progress in developing our businesses and in innovating new products and services for our clients, as well as better aligning our resources and reducing our operating expenses. Furthermore, thanks to the dedication and professionalism of our employees, we were able to mitigate the impact of the US cross-border settlement on our business, as well as resolve other litigation issues. We would like to express our – sincere gratitude to our clients, our shareholders and our –employees for all of their support during the year.

Best regards,

Urs Rohner	Brady W. Dougan
Chairman of the	Chief Executive Officer
Board of Directors	
March 2015	

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

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

BIS leverage amounts are calculated based on our interpretation of, and assumptions and estimates related to, the BIS requirements as implemented by FINMA that are –effective for the first quarter of 2015, and the application of those

requirements on our fourth quarter of 2014 results. Changes in these requirements or any of our interpretations, assumptions or estimates would result in different numbers from those shown here. BIS leverage exposure target assumes foreign exchange rates of USD/CHF and EUR/CHF as of January 30, 2015.

Return on equity for strategic results is calculated by dividing annualized strategic net income by average strategic shareholders' equity (derived by deducting 10% of non--strategic risk-weighted assets from reported shareholders' equity). Return on regulatory capital is calculated using income after tax and capital allocated based on the average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

Strategic net new assets are determined based on the assumption that assets managed across businesses relate to strategic businesses only.

Refer to "Results overview" in II – Operating and financial review – Core Results further information on Core Results.

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Thank you, Brady W. Dougan

As communicated in early March, Brady W. Dougan will step down from his role as CEO of Credit Suisse at the end of June 2015. After an exceptional career of 25 years with Credit Suisse, including eight years as its CEO, Brady W. Dougan, in close consultation with the Board of –Directors, has decided to step down. Brady significantly and successfully shaped Credit Suisse. Despite a complex environment and considerable headwinds in the global financial services industry, he has kept our bank on track and mastered even the most difficult of challenges. The Board of Directors, the Executive Board and our employees are extremely grateful to Brady for his tremendous commitment and unparalleled contribution over the years!

Welcome, Tidjane Thiam

After an extensive and thorough evaluation process, which included internal and external candidates, the Board of Directors has appointed Tidjane Thiam as the new CEO of Credit Suisse. Tidjane has an impressive track record in the global financial services industry, with leading roles at Aviva and as Group Chief Executive of –Prudential plc. His in-depth knowledge, vast experience and remarkable personality make Tidjane an ideal choice to achieve sustained future success for Credit Suisse. We welcome Tidjane to Credit Suisse and look forward to working with him!

Urs Rohner

Chairman of the Board of Directors

March 2015

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## Credit Suisse at a glance

### Credit Suisse

As one of the world's leading financial services providers, we are committed to delivering our combined financial experience and expertise to corporate, institutional and government clients, ultra-high-net-worth and high-net-worth individuals worldwide, as well as affluent and retail clients in Switzerland. Founded in 1856, today we have a global reach with operations in over 50 countries and 45,800 employees from over 150 different nations. Our broad footprint helps us to generate a geographically balanced stream of revenues and net new assets and allows us to capture growth opportunities around the world. We serve our clients through our two divisions, which cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

### Private Banking & Wealth Management

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

### Investment Banking

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

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## Strategy

### An integrated global bank

We offer our clients in Switzerland and around the world a broad range of traditional and customized banking services and products. We believe that our ability to serve clients globally with solutions tailored to their needs gives us a strong advantage in today's rapidly changing and highly competitive marketplace.

We operate as an integrated bank, combining our strengths and expertise in our two global divisions, Private Banking & Wealth Management and Investment Banking. Our divisions are supported by our Shared Services functions, which provide corporate services and business solutions while ensuring a strong compliance culture. Our global structure comprises four regions: Switzerland; Europe, Middle East and Africa (EMEA); Americas; and Asia Pacific. With our local presence and global approach, we are well positioned to respond to changing client needs and our operating environment.

### Progress on our strategy

In 2014, we continued to make significant progress in executing our client-focused, capital-efficient strategy in the context of an evolving regulatory environment. We are progressing towards achieving specific goals to reduce our cost base and strengthen our capital position, and we have operated under the >>>Basel III capital framework since January 2013. We have continued to optimize our business footprint by shifting resources to focus on growth in high-returning businesses while moving towards a more balanced capital allocation between our Investment Banking and Private Banking & Wealth Management divisions. As a result of this progress, we believe that today Credit Suisse is better positioned to perform in a challenging market environment and compete in our chosen businesses and markets around the world.

### Private Banking & Wealth Management

Our Private Banking & Wealth Management division is comprised of our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In our Wealth Management Clients business, we continued to make progress towards our goal of becoming the leading private bank for >>>ultra-high-net-worth individual (UHNWI) and >>>high-net-worth individual (HNWI) clients globally while efficiently growing our affluent and retail business in our Swiss home market. We further optimized our market footprint by making focused investments in fast-growing emerging markets, capturing growth in select profitable onshore markets and exiting smaller markets. In our Corporate & Institutional Clients business, we maintained and selectively improved our leading position in Switzerland within our aspiration to position ourselves as the "Bank for Entrepreneurs" for our corporate and institutional clients. Internationally, we reinforced our growth strategy by strengthening our presence in the Asia Pacific region, while reducing non-core and capital-intensive business activities, in line with the Group's objective to further improve capital ratios while investing in profitable growth and increasing efficiency. In our Asset Management business, we made significant progress in our strategy and refocused the business around a boutique model.

### Investment Banking

In the Investment Banking division, we remain committed to offering our key clients a spectrum of equities, fixed income and investment banking advisory products and services. We have made further progress on our key priorities, including: allocating resources to our market-leading and capital-efficient businesses where we expect to generate strong returns on regulatory capital; increasing profitability and reducing capital usage in our repositioned macro business; optimizing delivery and product set across Investment Banking to drive growth in Private Banking & Wealth Management; offsetting higher regulatory costs with continued cost efficiencies; and winding down our non-strategic unit's Basel III >>>risk-weighted assets and leverage exposure to reduce the negative impact on both pre-tax income and return on regulatory capital.

### Non-strategic units

In the fourth quarter of 2013, we created non-strategic units within our Private Banking & Wealth Management and Investment Banking divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on our strategic businesses and growth initiatives. The non-strategic units are retained within the divisions to benefit from senior management's expertise and focus. The non-strategic units have separate management within each division and a clear governance structure through the establishment of a Non-Strategic Oversight Board.

In connection with these actions, we expect to reduce non-strategic Basel III risk-weighted assets from CHF 16 billion as of the end of 2014 to CHF 10 billion by the end of 2015, on a foreign exchange neutral basis. We also expect to reduce non-strategic Swiss leverage exposure from CHF 75 billion as of the end of 2014 to CHF 26 billion by the end of 2015, on a foreign exchange neutral basis.

> Refer to “Format of presentation and changes in reporting” in II – Operating and financial review – Credit Suisse – Information and developments for further information on non-strategic units in Private Banking & Wealth Management and Investment Banking.

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#### Capital and leverage ratio

In 2014, we continued to strengthen our capital position in light of the evolving regulatory environment. We issued Basel III-compliant tier 1 capital notes. In addition, we have further optimized our balance sheet and leverage exposure, leading to an improved Swiss look-through leverage ratio of 3.9% as of year-end 2014 compared to the current 4.09% requirement for 2019. We continue to deploy capital in a disciplined manner based on our economic capital model, assessing our aggregated risk taking in relation to our clients' needs and our financial resources. The look-through common equity tier 1 (CET1) ratio was 10.1% as of the end of 2014, exceeding the 10% year-end target. > Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on capital and leverage ratio trends.

#### Group cost efficiencies

We continued to adapt our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure. We target cost savings of more than CHF 4.5 billion by the end of 2015, of which about CHF 3.5 billion of adjusted annualized savings were delivered as of the end of 2014. This target is measured against our annualized six month 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

Furthermore, in February 2015, we announced additional incremental cost savings of CHF 200 million expected by the end of 2017.

We continue to adjust and optimize our footprint across businesses and regions and adapt Shared Services to changing business priorities.

> Refer to "Cost savings and strategy implementation" in II – Operating and financial review – Core Results – Information and developments for further information.

#### Group priorities

We expect our client-focused, capital-efficient strategy will enable us to benefit from a more constructive market environment while limiting our risk exposure in down markets. We have greater clarity on our future regulatory environment, and we are well advanced on implementation.

We target an after-tax return on equity of 15% across market cycles. To track our progress and benchmark our performance, we have defined a set of key performance indicators for growth, efficiency and performance and capital to be achieved across market cycles.

>Refer to "Key performance indicators" in II – Operating and financial review – Core Results – Information and developments for further information.

Building on the momentum we have established, we aim to further focus on our most profitable client businesses, gain market share, strengthen our geographic footprint and drive ongoing efficiency improvements. To achieve our goals, we continue to focus on the following six pillars of our strategy.

#### Client focus

We put our clients' needs first. We aspire to be a consistent, reliable, flexible and long-term partner focused on clients with complex and multi-product needs, such as >>>UHNWI, large and mid-sized companies, entrepreneurs, institutional clients, hedge funds and >>>affluent clients in Switzerland. By listening attentively to their needs and offering superior solutions, we empower our clients to make better financial decisions. Against the backdrop of significant changes within our industry, we strive to consistently enable our clients to realize their goals and thrive. We continue to strengthen the coverage of our key clients by dedicated teams of senior executives who can deliver our integrated business model. We have a strong capital position and high levels of client satisfaction and brand recognition, and our strong client momentum is well recognized.

#### Employees

We continue our efforts to attract, develop and retain top talent in order to deliver outstanding financial products and services to our clients. Our candidates go through a rigorous interview process, where we not only look for technical proficiency and intellect, but for people who can thrive in and contribute to our culture. We review our talent and identify the optimal development opportunities based on individual and organizational needs. We strongly promote cross-divisional and cross-regional development, as well as lateral recruiting and mobility. Valuing different perspectives, creating an inclusive environment and showing cross-cultural sensitivity are key to Credit Suisse's workplace culture. We train our leaders, specialists and client advisors in a wide range of subjects. We take a prudent and constructive approach to compensation, designed to reflect the performance of individuals and the firm and

closely align the interests of employees with those of shareholders.

#### Capital and risk management

We believe prudent risk taking aligned with our strategic priorities is fundamental to our business, and we maintain a conservative framework to manage liquidity and capital. We continue to strengthen our capital base and plan to issue additional contingent capital instruments while decreasing >>> risk-weighted assets and leverage exposure. Our goal is to reduce Group risk-weighted assets to a range of CHF 250–260 billion by the end of 2016, on a foreign exchange adjusted basis. The Group has revised its BIS leverage exposure target to CHF 930–950 billion by the end of 2015 from the previously reported Swiss leverage exposure target of approximately CHF 1,050 billion, on a foreign exchange adjusted basis. We are targeting a look-through Swiss leverage ratio of 4.5% by the end of 2015. We are targeting a look-through BIS tier 1 leverage ratio of approximately 4.0% by the end of 2015, of which the CET1 component is approximately 3.0%.

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### Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. In line with the evolution of our strategy, implemented efficiency measures are generating significant cost savings while helping to build an efficiency culture. We have transferred additional services to our Centers of Excellence (CoE), which now account for more than 17% of our work force. We have established initiatives to further leverage the service capabilities and talent at our CoE.

Our cost/income targets are 65% in Private Banking & Wealth Management and 70% in Investment Banking across market cycles.

### Collaboration

We are convinced that close collaboration between our divisions and regions is essential to delivering comprehensive solutions to the complex financial needs of our clients. We have established a dedicated governance structure in order to drive, measure and manage collaboration among our businesses. We target collaboration revenues of 18% to 20% of net revenues. In 2014, collaboration revenues represented 17% of net revenues. Since the inception of our collaboration program in 2006, we have built a strong track record of delivering customized value propositions. We believe this is a significant differentiator for Credit Suisse. We have observed continued momentum in collaboration initiatives, including tailored solutions for entrepreneurs and >>>HNWI clients by Investment Banking and managed investment products developed by Private Banking & Wealth Management. As we also benefit from our programs for cross-divisional management development and lateral recruiting, collaboration revenues, including cross-selling and client referrals, have proven to be a resilient source of both revenues and assets under management.

### Corporate responsibility

A responsible approach to business is a key factor in determining our long-term success. For Credit Suisse, corporate responsibility is about creating sustainable value for clients, shareholders, employees and other stakeholders. We strive to assume these responsibilities and to comply with the ethical values and professional standards set out in our Code of Conduct in every aspect of our work, including our relationship with stakeholders. Our approach is based on a broad understanding of our duties as a financial services provider and employer and an integral part of the economy and society. This approach also reflects our commitment to protecting the environment. To ensure that we supply the full breadth of information required by our stakeholders, we publish a Corporate Responsibility Report.

### Code of Conduct

At Credit Suisse, we are convinced that our responsible approach to business is a decisive factor determining our long-term success. We therefore expect all our employees and members of the Board of Directors to observe the professional standards and ethical values set out in our Code of Conduct, including our commitment to complying with all applicable laws, regulations and policies in order to safeguard our reputation for integrity, fair dealing and measured risk-taking.

> Refer to “[www.credit-suisse.com/code](http://www.credit-suisse.com/code)” for our Code of Conduct.

### Industry trends and competition

Financial services firms faced a mixed operating environment in 2014. From a cyclical perspective, low interest rates and low levels of volatility supported certain investment banking activities, particularly origination and mergers and acquisitions (M&A), and helped drive solid asset and profit growth in the asset management industry. At the same time, these factors were detrimental for certain other investment banking activities (e.g., equity sales and trading) and parts of the wealth management industry (e.g., net interest income).

From a structural perspective, financial institutions continued to face significant pressure to adapt to new regulatory requirements and evolving client needs. In particular, private banks faced increased regulation of investment advisory and cross-border banking services, while investment banks were subject to heightened regulatory emphasis on leverage exposure. Partly in response to these pressures, global banks continued to take significant steps to restructure businesses and decrease costs while also taking measures to increase capital, leverage and liquidity ratios. In Switzerland, developments in the cross-border wealth management business continued to be driven by a focus on finding a political basis for operating this business in the future and ongoing efforts to resolve legacy cross-border matters, particularly with European countries and the US.

> Refer to “Our businesses – Private Banking & Wealth Management” and “Our businesses – Investment Banking” for further information.



## Our businesses

## Private Banking &amp; Wealth Management

## Business profile

Within the Private Banking & Wealth Management division, we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. The strategic businesses of Private Banking & Wealth Management comprise Wealth Management Clients, Corporate & Institutional Clients and Asset Management.

Our **Wealth Management Clients** business is one of the largest in the international wealth management industry, serving over two million clients, including >>>UHNWI and >>>HNWI clients around the globe in addition to >>>affluent and retail clients in Switzerland. We offer our clients a distinct value proposition, combining global reach with a structured advisory process and access to a broad range of comprehensive products and services. Our global network includes 3,730 relationship managers in 41 countries with close to 300 offices and 21 >>>>booking centers. As of the end of 2014, our Wealth Management Clients business had assets under management of CHF 874.5 billion. Our **Corporate & Institutional Clients** business offers expert advice and high-quality services to a wide range of clients, serving the needs of over 100,000 corporations and institutions, mainly in Switzerland, including large corporate clients, small and medium size enterprises (SME), institutional clients, financial institutions, shipping companies and commodity traders. Around 1,800 employees, including 530 relationship managers, serve our clients out of 52 locations. While the Swiss home market remains our main focus, we also continue to build out our capabilities in international growth markets with dedicated teams in Luxembourg, Singapore and Hong Kong. As of the end of 2014, our Corporate & Institutional Clients business reported CHF 376.2 billion of client assets and CHF 68.6 billion of net loans.

Our **Asset Management** business offers investment solutions and services globally to a wide range of clients, including pension funds, governments, foundations and endowments, corporations and individuals. Our capabilities span across a diversified range of asset classes with a focus on alternative, traditional and multi-asset portfolios, in many areas with a broad offering for emerging markets-related investment opportunities. Our Asset Management business had CHF 388.5 billion of assets under management as of the end of 2014.

We made further progress in winding down positions in our **non-strategic unit**, which was established in 2013. This includes positions relating to the restructuring of the former Asset Management division, run-off operations relating to our small markets exit initiative and certain legacy cross-border related run-off operations, litigation costs, primarily related to the final settlement of all outstanding US cross-border matters, other smaller non-strategic positions formerly in our Corporate & Institutional Clients business and the run-off and active reduction of selected products. Furthermore, it comprises certain remaining operations that we continue to wind-down relating to our domestic private banking business booked in Germany, which we sold in 2014. The non-strategic unit allows management to focus on ongoing businesses and growth initiatives and further accelerates the reduction of capital and costs currently tied up in non-strategic businesses.

## Key data – Private Banking &amp; Wealth Management

	2014	2013	in / end of 2012
Key data			
Net revenues (CHF million)	12,637	13,442	13,474
Income before taxes (CHF million)	2,088	3,240	3,775
Assets under management (CHF billion)	1,377.3	1,282.4	1,250.8
Number of employees	26,100	26,000	27,300

## Industry trends and competition

We believe the **wealth management** industry continues to have positive growth prospects. Assets of UHNWI and HNWI globally are projected to grow approximately 8% annually from 2013 through 2018, which compares to a similar 8% annual growth rate experienced from 2008 through 2013. Wealth creation continues to be at higher growth rates in emerging markets compared to mature markets, especially in Asia Pacific, fueled by entrepreneurial activity and comparatively strong economic development. With around 70% of the world's global wealth still located in the US, Western Europe and Japan, the mature markets continue to be of crucial importance for global wealth managers. Structurally, the industry continues to undergo significant change. Regulatory requirements for investment advisory services continue to increase, including in the areas of suitability and appropriateness of advice, client information and

documentation. Further, new and proposed laws and international treaties are leading to increased regulation of cross-border banking. We believe Credit Suisse is well advanced in adapting to this new environment as we have and are continuing to dedicate significant resources to ensure our business is compliant with regulatory standards.

We believe the market for **corporate and institutional banking** services continues to offer attractive business opportunities in Switzerland and internationally. We are a leading bank in providing banking services to corporate and institutional clients in Switzerland, utilizing Credit Suisse's broad capabilities across its businesses, including the Investment Banking division.

The **asset management** industry continued to experience solid growth in asset levels and profits globally in 2014, partly due to the strong performance of financial markets worldwide. This was particularly the case in most developed markets, while some of the important emerging markets experienced a slowdown. Within the asset management industry, preferred investor allocations have shifted from traditional core asset management products to passive strategies, multi-asset class strategies and

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alternative investments. Within alternative investments, global assets have reached record highs with particularly strong growth in hedge funds, real assets, alternative strategies for retail investors and liquid registered products. Strong private equity fundraising continued in 2014, with the largest managers receiving the majority of new investor commitments. The regulatory environment continued to evolve in 2014 and is expected to continue to trend towards simpler, more regulated fund structures in conjunction with investors seeking better transparency and risk management.

For the wealth and asset management industry in general, most firms continue to face similar challenges in terms of reduced fee-based margins, a low interest environment, expense pressures and the need to upgrade information technology platforms while complying with new regulatory demands and adjusting the product offering in response to changes in client behaviors. Competition and cost pressure in the banking industry remain intense and the industry is affected by new capital and leverage requirements, forcing many competitors to continue to review their business strategies and operating models. Attracting and retaining the best talent continues to be a key factor for success. As a result of these structural industry trends, we expect industry consolidation and restructuring to continue.

We believe Switzerland is well positioned to continue as an attractive financial center in this changing marketplace, offering clients a politically stable and economically diversified investment environment combined with a long-standing heritage in wealth and asset management services. Within the Swiss marketplace, M&A activity began to accelerate in 2014, a trend that we expect to continue as certain Switzerland-based private banks may find it challenging to maintain sufficient profitability. In addition, we estimate that small and medium-sized banks experienced a decline in assets under management in 2013 and 2014, while larger banks had positive net inflows and grew their market share.

#### Strategy

Within the Private Banking & Wealth Management division, we operate along the lines of our strategic businesses (i) Wealth Management Clients, (ii) Corporate & Institutional Clients and (iii) Asset Management. As a leading integrated banking institution in Switzerland we serve our wealth management, corporate & institutional clients globally as well as our retail clients in Switzerland. With the integration of the formerly separate Asset Management business into our division we are able to implement a more efficient, cost-effective operating model that better serves our clients. In particular, our investment views have been further aligned and tailored locally, leading to a simpler product shelf and streamlined delivery. In addition, we have regionalized and focused our product offering to shorten our response time to product needs and improve time-to-market.

We expect to make additional progress by continuing our long-term strategy focused on:

- Advice at the core
- Targeted global growth
- Productivity management
- Regulatory compliance
- Integrated bank
- Best people

**Advice at the core:** We strive for our clients to benefit from our value-adding services in terms of advice and performance. Our advisory value proposition is a vital part of our wealth management strategy to provide our clients with specific advice around their asset allocation and asset-liability management needs. Our globally consistent advisory process, which is at the center of our wealth management advice, allows us to define an investment strategy in line with each individual client's risk profile and to deliver tailor-made and comprehensive financial solutions to our clients. To ensure the highest standards in our product offerings, our selection of internal and third-party solutions is based on comprehensive due diligence with regard to the suitability of products and advice. As we look ahead, our priority is to ensure that we address the evolving needs of our clients. In the Swiss home and select offshore markets, we introduced in late 2014 Credit Suisse Invest, a new range of advisory services, through which we offer investment solutions based on client needs and their preference of frequency of interaction and type of advice. Credit Suisse Invest is based on a competitive and transparent pricing model, with fees for the advisory services varying depending on the solution selected. It also includes lower safe custody fees and a significant reduction in transaction commissions.

**Targeted global growth:** We saw a further expansion of our footprint in emerging markets in the last year with strong net new asset growth of 9%. To further capture the superior growth opportunities of these regions, we are

planning to realign the expense base away from non-strategic and mature markets towards faster growing emerging markets. Our Swiss home market remains a key area of focus where we plan to leverage our strong market position and cross-segment collaboration to further increase scale. In mature markets outside Switzerland, we make selective investments to strengthen our profitable onshore franchises.

**Productivity management:** Key to achieving our productivity enhancements are the efficiency management programs that we announced and began implementing in November 2011 and further expanded with the creation of the combined division in November 2012. We are targeting CHF 950 million of direct expense savings as part of Credit Suisse's firm-wide cost savings target of CHF 4.5 billion by the end of 2015. The savings are mainly expected to come from the wind-down of non-strategic operations, the rationalization and further offshoring of support functions, increasing automation and platform consolidation.

**Regulatory compliance:** We are dedicated to strict compliance with national and international regulations and we proactively develop and implement new business standards to address changes in the regulatory environment.

**Integrated bank:** The value proposition of our integrated bank remains a key strength in our client offerings. Close collaboration with the Investment Banking division enables us to offer additional customized and innovative solutions to our clients, especially to

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UHNWI clients, our fastest growing client segment. We strive to further strengthen our market share by continuing to build out our specific UHNWI product offerings, including the expansion of secured lending.

**Best people:** Attracting, developing and retaining the industry's top talent continues to be a vital cornerstone of our strategy. Therefore, we continued to hire experienced senior relationship managers, who accounted for 61% of our relationship manager hires in 2014. We also continued and added to our extensive training and certification programs through which we enhance our existing talent pool.

#### Wealth Management Clients

In 2014, we continued to make significant progress towards our goal of becoming the leading private bank for UHNWI and HNWI clients globally while efficiently growing our affluent and retail business in our Swiss home market.

In our home market in **Switzerland**, our clients range from the retail segment up to UHNWI. They benefit from a broad service offering and widespread local presence. Our nation-wide branch network with over 200 locations allows us to stay in close contact with our clients and to identify new business opportunities across client segments. To enhance efficiencies and improve productivity we implemented two focused business areas: First, a dedicated coverage team for UHNWI and External Asset Managers to meet the complex and demanding needs of these clients, which often resemble those of institutional clients. Second, an effective coverage organization for our clients in Switzerland, ensuring high client proximity and a seamless service offering for our clients ranging from the retail and affluent to the HNWI segment.

In **emerging markets** we continue to make focused investments to capture the attractive growth prospects in these regions. Our clients benefit from our broad global footprint and the services we provide in collaboration with Credit Suisse's established global Investment Banking presence. To advance our business in these markets and facilitate client connectivity, we have a firm-wide emerging markets council, comprised of 25 country heads and senior business heads from both divisions across the firm. This collaborative partnership leverages our global platform, ensuring a constant strategic dialogue with clients to generate customized investment and business opportunities. The council regularly hosts client events and distributes thought leadership ideas reflecting individual views on markets and economies. The importance of emerging markets for our Wealth Management Clients business has continued to increase, with assets from emerging markets accounting for 39% of our assets under management as of year-end 2014 (compared to 35% at the end of 2011). We are further increasing depth in key markets like Brazil, China, Indonesia and the Middle East, and continue to enhance our Singapore and Hong Kong on- and offshore offerings. We expect to further accelerate our emerging markets expansion by extending our secured lending offerings and increasing the hiring of experienced relationship managers in these regions. Our achievements in emerging markets are being recognized with private banking and wealth management awards, including by the *Professional Wealth Management Magazine/The Banker*, for having the "Best Private Bank in Russia in 2014" as well as the "Best Private Bank in the Middle East in 2014". In addition, Credit Suisse was awarded "Best Private Bank Taiwan (Foreign)", "Best Family Office Offering" and "Best UHNW Offering" at the *6th Private Banker International Greater China Awards* held in May 2014 in Hong Kong.

Against the backdrop of an evolving business and regulatory environment in **mature markets** in Western Europe, North America, Japan and Australia, we continue to transform our businesses to accelerate growth and enhance efficiency. In Western Europe, we completed the sale of our domestic private banking business booked in Germany and our local affluent and upper affluent business in Italy. We remain fully committed to serving German and Italian wealth management clients. In the case of Germany we will do so on a cross-border basis, leveraging our comprehensive international platforms, particularly in Switzerland and Luxembourg. In Italy, we continue to invest in the onshore platform that focuses on the upper HNWI and UHNWI client segments. We also plan to continue to grow select profitable onshore markets as evidenced by the launch of our advisory branch in Portugal and our acquisition of Morgan Stanley's private wealth management businesses in EMEA, excluding Switzerland. In the United States, we continue to grow and invest in our domestic private banking business, which continued to improve its financial performance in 2014, while increasing the cross-divisional collaboration with our investment banking franchise. Enhancements in our product offerings, such as residential mortgages and non-standard collateral lending, and investment in our platform, such as enhanced digital capabilities and a streamlined client onboarding process, demonstrate our commitment to serve select clients in the world's largest wealth management market. The launch in 2014 of our onshore private wealth management business in Canada allows us to leverage our investment banking

business in this mature market and further expands our North American footprint.

In all regions, the **UHNWI** client segment is an important growth driver for our business. By combining individual and comprehensive advice with dedicated investment ideas we continue to focus on this fast-growing client segment. Our offer is complemented by customized and innovative asset management and investment banking solutions based on our integrated bank approach. We continue to successfully execute our growth strategy, as UHNWI clients represented 48% of our assets under management at year-end 2014, compared to 37% at the end of 2011. We plan to continue to build out our specific product capabilities for UHNWI clients to further capture the segment's growth potential, including the expansion of our secured lending offering.

To further reduce operational complexity and respond to increasing regulatory scrutiny, primarily in our cross-border business, we decided to fully exit from serving clients domiciled in over 80 small markets, primarily in Eastern EMEA. Similarly, we decided to discontinue servicing the affluent client segment in over 60 additional mainly small markets. These decisions were largely implemented throughout 2014 and had a minor impact on our

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assets under management while creating efficiency and productivity gains by ensuring that our attention and resources are focused on targeted markets and client segments.

#### Corporate & Institutional Clients

In 2014, we successfully leveraged our strong market position in Switzerland and intensified cross-segment collaboration and referrals and successfully maintained the productivity in our business, despite the pressure on net interest income reflecting the ongoing low interest rate environment.

We maintained and selectively improved our leading position in Switzerland within our aspiration to position ourselves as the “Bank for Entrepreneurs” for our corporate and institutional clients. We significantly increased commission and fee revenues across key businesses, supported by comprehensive sales excellence training to our employees. Internationally, we reinforced our growth strategy by strengthening our presence in the Asia Pacific region, while reducing non-core and capital-intensive business activities, in line with the Group’s objective to further improve capital ratios while investing in profitable growth and increasing efficiency.

Also in 2014, we received a number of prestigious awards including: “Best Trade Finance Bank in Switzerland”, “Best Foreign Exchange Provider in Switzerland” and “Best Sub-Custodian Bank in Switzerland” from *Global Finance* magazine, as well as “Best Bank Debt – East Award” from *Marine Money* and “Best Private Bank EMEA” from *Corporate Jet Investor* magazine, and the silver medal from “Best of Swiss Apps 2014”.

#### Asset Management

In 2014, we made significant progress in our strategy and refocused the business around a boutique model. We have redefined our value proposition around three core elements: (i) highly specialized investment boutiques, (ii) governance, monitoring and fiduciary capabilities for clients and (iii) leveraging our market-leading talent and intellectual capital. We continue to optimize our distribution efforts to expand our client reach through our own distribution teams, other Credit Suisse channels and third-party distribution channels. Within a combined Private Banking & Wealth Management division, we ensure close collaboration between the wealth and asset management businesses. Our clients benefit from the division-wide alignment and focusing of our investment ideas and our UHNWI clients, in particular, from the increased speed in the delivery of individually customized investment solutions as well as the access to one of the leading global alternative investment managers.

In alternative investments, we are focusing on providing investors with attractive investment alternatives to traditional equities and fixed income. With CHF 81.5 billion in assets under management at year-end 2014 across hedge fund, credit, commodity strategies and a broad asset spectrum in emerging markets, we are one of the leading diversified alternatives managers globally. Our goal is to further increase scale in our main businesses and to seize opportunities in specialized niche areas.

With CHF 306.9 billion assets under management at year-end 2014, our traditional investments business is a leader in the Swiss market, offering equity, fixed income, real estate, index and multi-asset class solutions products. Our strategic areas of focus include positioning our traditional investments business as a European investment manager, expanding our footprint in Asia and launching dedicated solutions and products for UHNWI clients. In May 2014, Credit Suisse was named “Best Fund Provider In Switzerland” by *FERI EuroRating Services AG*. Our real estate business is a market leader in Switzerland and the third-largest European property fund manager.

In April 2014, we entered into an agreement with the then head of Credit Suisse Hedging-Griffo Asset Management pursuant to which he became the controlling shareholder of a new firm, Verde Asset Management, and we became a minority shareholder. The new structure for this relationship follows a model adopted by our Asset Management business designed to strengthen its platform in Brazil. The transaction was completed in the fourth quarter of 2014.

#### Products and services

The Private Banking & Wealth Management division offers a variety of products and services. They can be broadly divided into those products and services provided by each of our businesses within the division, as described below.

#### Wealth Management Clients

In Wealth Management Clients, our service offering is based on our structured advisory process, client segment specific value propositions, comprehensive investment services and our multi-shore platform.

– **Structured advisory process:** We apply a structured approach based on a thorough understanding of our clients’ needs, personal situation, product knowledge, investment objectives and a comprehensive analysis of their financial situation to define individual client risk profiles. On this basis we define together with our clients an individual investment strategy. This strategy is implemented ensuring that portfolio quality standards are adhered to and that all

investment instruments are compliant with suitability and appropriateness standards. Responsible for the implementation are either the portfolio managers, in the case of discretionary mandates, or our relationship managers working together with their advisory clients.

– **Client segment specific value propositions:** We offer a wide range of wealth management solutions tailored to specific client segments. UHNWI and HNWI clients contributed 48% and 41%, respectively, of assets under management in Wealth Management Clients at the end of 2014. For entrepreneurs, we offer solutions for a range of private and corporate wealth management needs, including succession planning, tax advisory, financial planning and investment banking services. Our entrepreneur clients benefit from the advice of Credit Suisse's

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corporate finance advisors, access to a network of international investors and professional support in financial transactions. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions to our UHNWI clients.

– **Comprehensive investment services:** We offer a comprehensive range of investment advice and discretionary asset management services based on the outcome of our structured advisory process and the guidelines of the Investment Strategy & Research Group and the Credit Suisse Investment Committee. We base our advice and services on the analysis and recommendations of our research teams, which provide a wide range of global research including macroeconomic, equity, bond and foreign-exchange analysis, as well as research on the economy. Our investment advice covers a range of services from portfolio consulting to advising on individual investments. We offer our clients portfolio and risk management solutions, including managed investment products. These are products actively managed and structured by our specialists or third parties, providing private investors with access to investment opportunities that otherwise would not be available to them. For clients with more complex requirements, we offer investment portfolio structuring and the implementation of individual strategies, including a wide range of structured products and alternative investments. Discretionary asset management services are available to clients who wish to delegate the responsibility for investment decisions to Credit Suisse. We are an industry leader in alternative investments and, in close collaboration with our Asset Management business and Investment Banking, we offer innovative products with limited correlation to equities and bonds, such as hedge funds, private equity, commodities and real estate investments.

– **Multi-shore platform:** With global operations comprising 20 international booking centers in addition to our operations in Switzerland, we are able to offer our clients booking capabilities locally as well as through our international hubs. Our multi-shore offering is designed to serve clients who are focused on geographical risk diversification, have multiple domiciles, seek access to global execution services or are interested in a wider range of products than is available to them locally. In 2014, CHF 26.4 billion of net new assets in Wealth Management Clients were booked outside of Switzerland, and we expect that international clients will continue to drive our growth in assets under management.

#### Corporate & Institutional Clients

In accordance with our ambition to position ourselves as the “Bank for Entrepreneurs”, we provide corporate and institutional clients with a comprehensive range of financial solutions. To meet our clients’ evolving needs, we deliver our offering through an integrated franchise and growing international presence. Based on this model, we are able to assist our clients in virtually every stage of their business life cycle to cover their banking needs in Switzerland and abroad. For corporate clients, we provide a broad spectrum of core banking products such as traditional and structured lending, payment services, foreign exchange, capital goods leasing and investment solutions. In addition, we work closely with the Investment Banking division to supply customized services in the areas of mergers and acquisitions, syndications and structured finance. For corporations with specific needs for global finance and transaction banking, we provide services in commodity trade finance, export finance as well as trade finance and factoring. For our institutional clients, including pension funds, public sector and UHNWI clients, we offer a wide range of fund solutions and fund-linked services, including fund management and administration, fund design and comprehensive global custody solutions. Our offering also includes ship and aviation finance and a competitive range of services and products for financial institutions such as securities, cash and treasury services.

#### Asset Management

In Asset Management, we offer institutional and individual clients a range of products, including alternative and core traditional products. We reach our clients through our own distribution teams in Private Banking & Wealth Management, the Investment Banking division and through third-party distribution channels.

Our alternative investment offerings include hedge fund strategies, alternative beta, commodities and credit investments. We offer access to various asset classes and markets through strategic alliances and key joint ventures with external managers and have a strong footprint in emerging markets.

Our core investment products include multi-asset class solutions, which provide clients with innovative strategies and comprehensive management across asset classes to optimize client portfolios with services that range from funds to fully customized solutions. Other core investment strategies include a suite of fixed income, equity and real estate funds, and our indexed solutions business which provides institutions and individual clients access to a wide variety of asset classes in a cost-effective manner. Stressing investment principles such as risk management and asset allocation,

we take an active and disciplined approach to investing.

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## Investment Banking

## Business profile

Investment Banking provides a broad range of financial products and services, focusing on businesses that are client-driven, >>>flow-based and capital-efficient. Our suite of products and services includes global securities sales, trading and execution, prime brokerage and capital raising and advisory services as well as comprehensive investment research. Our clients include financial institutions, corporations, governments, institutional investors, including pension funds and hedge funds, and private individuals around the world. We deliver our global investment banking capabilities via regional and local teams based in major developed and emerging market centers. Our integrated business model enables us to gain a deeper understanding of our clients and deliver creative, high-value, customized solutions based on expertise from across Credit Suisse.

## Key data – Investment Banking

	2014	2013	in / end of 2012
Key data			
Net revenues (CHF million)	12,515	12,565	12,558
Income before taxes (CHF million)	1,830	1,719	2,002
Number of employees	19,400	19,700	19,800

## Industry trends and competition

Operating conditions were generally favorable in 2014, despite a challenging start to the year for some of our businesses. In fixed income sales and trading, we experienced continued momentum in securitized products given investor demand for yield products amid a low interest rate environment. Emerging markets client activity rebounded following difficult trading conditions early in the year due to the US Federal Reserve's actions to end its bond-buying program. Our macro businesses were negatively impacted by structural and regulatory industry changes, specifically the migration of markets towards cleared and electronic trading, though client activity improved from low levels in the second half of the year. Equities sales and trading results were subdued in light of a low volume, low volatility environment and as 2013 benefited from quantitative easing in Japan and strong Brazil performance. Equity underwriting activity was robust, reflecting low levels of volatility, though debt underwriting activity declined, reflecting weak high yield market issuance, due to increased fourth quarter volatility. M&A activity also increased reflecting higher completed M&A volumes and increased chief executive officer (CEO) confidence in the Americas. In addition, from a regulatory perspective, financial institutions across the globe continued to face significant pressure to adapt to the changing market requirements. To this end, we are focused on building a capital efficient Investment Banking business. We have significantly evolved our business model and were one of the first global banks to >>>Basel III compliant, beginning in January 2013. With heightened regulatory emphasis on leverage exposure, we are focused on optimizing our balance sheet in an effort to achieve the Group's targets. As a result, we expect increased capital and liquidity requirements and >>>derivatives regulation to result in reduced risk-taking and enhanced transparency.

## Strategy

We continue to proactively pursue a client-focused, cost- and capital-efficient business model. Specifically, our key priorities include: allocating resources to our market-leading and capital-efficient businesses where we expect to generate strong returns on regulatory capital; increasing profitability and reducing capital usage in our repositioned macro business; optimizing delivery and product set across Investment Banking to drive growth in Private Banking & Wealth Management; offsetting higher regulatory costs with continued cost efficiencies; and winding down our non-strategic unit's Basel III risk-weighted assets and leverage exposure to reduce the negative impact on both pre-tax income and return on regulatory capital.

Over the past two years, we have made considerable progress in improving capital efficiency. We reduced Basel III risk-weighted assets usage for Investment Banking by USD 13 billion or 7% from USD 175 billion in 2013 to USD 161 billion in 2014. Additionally, we reduced Swiss leverage exposure by USD 42 billion from USD 836 billion in 2013 to USD 794 billion in 2014. We expect to further optimize leverage exposure through the continued wind-down of our non-strategic unit, structural optimization of our balance sheet and selected business reductions in our strategic businesses.

As part of the continuing efforts to advance our business model, we created a non-strategic unit within Investment Banking in 2013, with the goal of reducing costs, capital and leverage exposure in the non-strategic portfolio and redeploying resources to growth initiatives in high returning businesses. Non-strategic results for Investment Banking include the fixed income wind-down portfolio, legacy rates business, primarily non-exchange-cleared instruments and capital-intensive structured positions, commodities trading business, legacy funding costs associated with non-Basel III compliant debt instruments, as well as certain legacy litigation costs and other small non-strategic positions. In 2014, we made significant progress in winding down our non-strategic Basel III risk-weighted assets and leverage exposure. Specifically, we reduced Basel III risk-weighted assets by USD 11 billion or 51% and leverage exposure by USD 23 billion or 27% from year-end 2013. In connection with these actions, we are targeting non-strategic Basel III risk-weighted asset reductions of USD 4 billion from year-end 2014 to USD 6 billion by the end of 2015 and non-strategic Swiss leverage exposure reductions of USD 40 billion from year-end 2014 to USD 24 billion by the end of 2015.

Over the past few years, our macro businesses have been impacted by a combination of adverse market conditions and changes in the structural and regulatory landscape. In 2014, we exited and transferred our commodities trading business into our non-strategic unit to further maximize franchise profitability. With

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regard to our ongoing businesses, we re-focused our foreign exchange business towards electronic trading, while selectively maintaining voice offerings for key clients and trades. We also further simplified the rates product offering, focusing primarily on satisfying client liquidity needs in cash products and derivatives.

Another component of our evolved strategy is our focus on cost initiatives, which have been ongoing since the second quarter of 2011. We remain focused on improving operating efficiency and are targeting the delivery of CHF 1.85 billion of direct cost savings by end 2015 compared to the annualized six-month 2011 run rate. These savings are measured at constant foreign exchange rates and adjusted to exclude significant non-operating expenses and variable compensation expenses. Through these initiatives, we are creating significant flexibility in our Investment Banking cost structure, which allows us to adapt to the challenging market environment while taking advantage of favorable market opportunities when they arise.

Looking ahead, we believe our client-focused and cost- and capital-efficient strategy will allow us to deliver strong returns. We continue to refocus resources on opportunities in high-returning businesses such as securitized products, global credit products, cash equities, prime services, and emerging markets, and to reduce the negative impact on both pre-tax income and return on regulatory capital from the non-strategic unit.

> Refer to “Regulation and supervision” for further information on regulatory developments.

#### Significant transactions

We executed a number of noteworthy transactions in 2014, reflecting the breadth and diversity of our Investment Banking franchise:

– **Debt capital markets:** We arranged key financings for a diverse set of clients including Zimmer Holdings (medical devices), Sharjah Electricity and Water Authority (energy), AT&T (telecom), Verizon Communications (telecom) and Credit Agricole (financial services).

– **Equity capital markets:** We executed the initial public offering (IPO) for Alibaba (online retailer), IPO of Parsley Energy (oil and natural gas company), IPO of Jumei International Holdings (consumer), follow-on offering for Piraeus Bank Group (financial and banking services), follow-on offering for Diamondback Energy (oil and natural gas company), follow-on offering for Enel SPA (electricity and natural gas) and follow-on offering for Fibra Uno de Mexico (operates as a real estate investment trust).

– **Mergers and acquisitions:** We advised on a number of key transactions throughout the year, including Beam’s acquisition of Suntory Holdings Limited (alcoholic beverages), Lenovo Group’s acquisition of the mobile handset division of Google (technology), sale of Paladin Labs to Endo Health Solutions (health care), Analog Devices’ acquisition of Hittite Microwave Corp (defense), Merck’s acquisition of Idenix Pharmaceuticals (pharmaceuticals) and GlencoreXstrata’s sale of its entire interest in the Las Bambas copper mine project (mining).

#### Market share momentum

– We remained the top-ranked European prime broker for the fifth consecutive year according to *EuroHedge Magazine*.

– We maintained our position as the second-ranked prime broker in Asia for the second consecutive year, according to the 2014 *AsiaHedge Survey*.

– We maintained our top-three ranking in Americas prime brokerage for the second consecutive year, according to *The Absolute Return 2014 Prime Brokerage Survey*.

#### Products and services

Our comprehensive portfolio of products and services is aimed at the needs of the most sophisticated clients, and we increasingly use integrated platforms to ensure efficiency and transparency. Our activities are organized around two broad functional areas: investment banking and global securities. In investment banking, we work in industry, product and country groups. The industry groups include energy, financial institutions, financial sponsors, industrial and services, healthcare, media and telecom, real estate, and technology. The product groups include M&A and financing products. The country groups include Europe, Latin America, North America, Japan, Non-Japan Asia, and Emerging Europe. In global securities, we engage in a broad range of activities across fixed income, currencies, commodities, derivatives and cash equities markets, including sales, structuring, trading, financing, prime brokerage, syndication and origination, with a focus on client-based and flow-based businesses, in line with growing client demand for less complex and more liquid products and structures.

#### Investment banking

The investment banking industry, product and country groups provide the following services.

#### Equity and debt underwriting

Equity capital markets originates, syndicates and underwrites equity in IPOs, common and convertible stock issues, acquisition financing and other equity issues. Debt capital markets originates, syndicates and underwrites corporate and sovereign debt.

Advisory services

Advisory services advises clients on all aspects of M&A, corporate sales and restructurings, divestitures and takeover defense strategies. The fund-linked products group is responsible for the structuring, risk management and distribution of structured mutual fund and alternative investment products and develops innovative products to meet the needs of its clients through specially tailored solutions.

Global securities

Global securities provides access to a wide range of debt and equity securities, derivative products and financing opportunities across the capital spectrum to corporate, sovereign and institutional clients. Global securities is structured into the areas outlined below.

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#### Fixed income

– **Credit products** offers a full range of fixed income products and instruments to clients across investment grade and high yield credits, ranging from standard debt issues and credit research to fund-linked products, derivatives instruments and structured solutions that address specific client needs. We are a leading dealer in flow trading of single-name >>>>credit default swap (CDS) on individual credits, credit-linked notes and index swaps. Investment grade trades domestic corporate and sovereign debt, non-convertible preferred stock and short-term securities such as floating rate notes and >>>>commercial paper. Leveraged finance provides capital raising and advisory services and core leveraged credit products such as bank loans, bridge loans and high yield debt for non-investment grade corporate and financial sponsor-backed companies.

– **Securitized products** trades, securitizes, syndicates, underwrites and provides research for various forms of securities, primarily >>>>residential mortgage-backed securities (RMBS) and asset-backed securities (ABS). Both RMBS and ABS are based on underlying pools of assets, and include both government- and agency-backed, as well as private label loans.

– **Emerging markets** offers a full range of fixed income products and instruments, including sovereign and corporate securities, local currency derivative instruments and tailored emerging market investment products.

– **Global macro products** includes our restructured rates and foreign exchange businesses. Our rates business is a global market maker in cash and derivatives markets and a primary dealer in multiple jurisdictions including the US, Europe and Japan. This business covers a spectrum of government bonds, interest rate swaps and options, and provides liability and liquidity management solutions. Foreign exchange provides market making in products such as spot and options for currencies in developed markets. The foreign exchange product suite also includes proprietary market leading technology to provide clients with electronic trading solutions.

#### Equity

– **Cash equities** provides a comprehensive suite of offerings; such as (i) research, analytics and other content-driven products and services, to meet the needs of clients including mutual funds, investment advisors, banks, pension funds, hedge funds, insurance companies and other global financial institutions; (ii) sales trading, responsible for managing the order flow between our clients and the marketplace and providing clients with trading ideas and capital commitments, identifying trends and delivering the most effective execution; (iii) trading, which executes client orders and makes markets in listed and >>>>over-the-counter (OTC) cash securities, exchange-traded funds and programs, providing liquidity to the market through both capital commitments and risk management; and (iv) Credit Suisse's >>>>advanced execution services (AES), a sophisticated suite of algorithmic trading strategies, tools and analytics to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES helps institutions and hedge funds reduce market impact. AES is a recognized leader in its field and provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

– **Equity derivatives** provides a full range of equity-related products, investment options and financing solutions, as well as sophisticated hedging and risk management expertise and comprehensive execution capabilities to financial institutions, hedge funds, asset managers and corporations.

– **Convertibles** involves both secondary trading and market making and the trading of credit default and asset swaps and distributing market information and research. The global convertibles business is a leading originator of new issues throughout the world.

– **Prime services** offers hedge funds and institutional clients execution, financing, clearing and reporting capabilities across various asset classes through prime brokerage, synthetic financing and listed and OTC derivatives. In addition, prime services is a leading provider of advisory services across capital services and consulting for both start-ups and existing clients.

#### Systematic market-making group

The systematic market-making group operates a range of liquidity-providing and market-making strategies in liquid markets.

#### Other

Other products and activities include lending, certain real estate investments and the distressed asset portfolios.

Lending includes senior bank debt in the form of syndicated loans and commitments to extend credit to investment grade and non-investment grade borrowers.

#### Research and HOLT

Our equity and fixed income businesses are enhanced by the research and HOLT functions. HOLT offers a framework for objectively assessing the performance of 20,000 companies in over 60 countries, with interactive tools and consulting services that clients use to make informed investment decisions.

Equity and fixed income research uses in-depth analytical frameworks, proprietary methodologies and data sources to analyze approximately 3,000 companies worldwide and provide macroeconomic insights into this constantly changing environment.

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## Organizational and regional structure

### Organizational structure

We operate in two global divisions and reporting segments – Private Banking & Wealth Management and Investment Banking. Consistent with our client-focused, capital-efficient business strategy, we coordinate activities in four market regions: Switzerland, EMEA, Americas and Asia Pacific. In addition, Shared Services provides centralized corporate services and business support, as well as effective and independent control procedures in the following areas:

- The Chief Financial Officer (CFO) area covers many diverse functions, including Corporate Development, Information Technology, Corporate Real Estate & Services, Group Insurance, Efficiency Management, New Business, Global Operations, Product Control, Tax and Treasury and Group Finance, including Financial Accounting and Investor Relations.
- The Legal and Compliance area provides legal and compliance support to help protect the reputation of Credit Suisse. It does so by giving legal and regulatory advice and providing employees with the tools and expertise to comply with applicable internal policies and external laws, rules and regulations.
- The Chief Risk Officer (CRO) area comprises market, credit, operational and fiduciary risk management, enterprise risk management and risk & finance data analytics and reporting, which cooperate closely to maintain a strict risk control environment and to help ensure that our risk capital is deployed wisely.
- The Talent, Branding and Centers of Excellence area comprises human resources, corporate branding and advertising and our CoE. Human Resources strives to attract, retain and develop staff, while also creating a stimulating working environment for all employees. Branding works closely with the businesses to manage our brand as a common touchstone, a differentiator in a competitive market and a motivator of behavior and our promise to clients. Our CoE support our global operations in process optimization by providing services and best practices away from the on-shore locations and are an essential component in the implementation of our strategy.

Other functions providing corporate services include Corporate Communications, One Bank Collaboration and Public Policy. Corporate Communications provides support in media relations, crisis management, executive and employee communications. One Bank Collaboration facilitates cross-divisional collaboration initiatives throughout the Group and measures and controls collaboration revenues. Public Policy promotes and protects the interests of Credit Suisse and its reputation.

The divisional CEOs report directly to the Group CEO, and, together with the CFO, CRO, General Counsel and Chief Marketing and Talent Officer, they formed the Executive Board of Credit Suisse in 2014.

Our Internal Audit function reports directly to the Audit Committee of the Board of Directors.

Our structure is designed to promote cross-divisional collaboration while leveraging resources and synergies within our four regions. The regions perform a number of essential functions to coordinate and support the global operations of the two divisions. On a strategic level, regions are responsible for corporate development and the establishment of regional business plans, projects and initiatives. They also have an oversight role in monitoring financial performance. Each region is responsible for the regulatory relationships within its boundaries, as well as for regulatory risk management and the resolution of significant issues in the region as a whole or its constituent countries. Other responsibilities include client and people leadership and the coordination of the delivery of Shared Services and business support in the region.

### Market regions

#### Switzerland

Switzerland, our home market, represents a broad business portfolio. We have 17,100 employees in Switzerland. Reflecting our ambition to position Credit Suisse as the “Bank for Entrepreneurs”, we help to consolidate the success of the Swiss economy and to promote entrepreneurship. The Private Banking & Wealth Management division comprises our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients, we offer our clients a distinct value proposition by combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services tailored to different client groups, from private clients to >>>UHNWI. We serve clients in 204 branches. Additionally, we are dedicated experts for our external asset manager business. In Corporate & Institutional Clients, we provide premium advice and solutions within a broad range of banking services, including lending, cash and liquidity management, trade finance, corporate finance, foreign exchange, investment solutions, ship and aviation finance, global custody and asset and liability management. Clients taking advantage of these solutions include SME, global corporations and commodity traders,

banks and Swiss pension funds. Asset Management offers an array of highly specialized investment boutiques, for example, traditional investments, alternatives and discretionary mandates. The Investment Banking division offers a full range of financial services to its Swiss client base, holding market-leading positions in the Swiss debt and capital markets as well as in M&A advisory.

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#### EMEA

We are active in 28 countries across the EMEA region with 9,900 employees working in 51 offices. Our regional headquarters is in the UK, but we have an onshore presence in every major EMEA country. The EMEA region encompasses both developed markets, such as France, Germany, Italy, Spain and the UK, and emerging markets, including the Middle East, Poland, Russia, South Africa and Turkey. We implemented our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. Both divisions are strongly represented in the EMEA region, with the Investment Banking division providing a spectrum of financial advisory services with strong market shares across many key products and markets. The Private Banking & Wealth Management division continues to further develop its integrated UHNWI offerings and to focus on the distribution of a variety of investment products, including alternative investments and core investments such as equities, fixed income, real estate, multi-asset class solutions and index solutions.

#### Americas

We have operations in the US, Canada, the Caribbean and Latin America with 10,900 employees working in 42 offices spanning 14 countries. In the US, our emphasis is on our core client-focused and market-leading businesses in Investment Banking, and on building on market share gains we have achieved in a capital-efficient manner. In Private Banking & Wealth Management, we see considerable potential to leverage our cross-divisional capabilities, as we further develop our onshore wealth management platform in the US, Brazil, Canada and Mexico. In Latin America, particularly in our key markets of Brazil and Mexico, we continue to focus on providing clients with a full range of cross-divisional services.

#### Asia Pacific

We are present in 12 Asia Pacific countries with 7,900 employees working in 25 offices, giving us one of the broadest footprints among international banks in the region. Singapore and Hong Kong are key hubs for our Private Banking & Wealth Management business, while Australia and Japan are home to our expanding domestic private banking franchises. We serve UHNWI and >>>HNWI, combining global reach with a structured advisory process, offering distinct client segment specific value propositions, as well as access to a broad range of comprehensive and sophisticated products and services. We also deliver innovative and integrated solutions in close collaboration with our Investment Banking division. Our market-leading Investment Banking business operates principally in Hong Kong and Singapore. The strong equity and research platform helps underpin a robust capital markets and Investment Banking franchise. The Investment Banking division is recognized as a leader in the industry, contributing thought leadership through research, conferences and industry commentary.

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## Regulation and supervision

### Overview

Our operations are regulated by authorities in each of the jurisdictions in which we have offices, branches and subsidiaries.

Central banks and other bank regulators, financial services agencies, securities agencies and exchanges and self-regulatory organizations are among the regulatory authorities that oversee our businesses. There is coordination among many of our regulators, in particular among our primary regulators in Switzerland, the US, the EU and the UK as well as in the Asia Pacific region.

The supervisory and regulatory regimes of the countries in which we operate determine to some degree our ability to expand into new markets, the services and products that we are able to offer in those markets and how we structure specific operations. We are in compliance with our regulatory requirements in all material respects and in compliance with regulatory capital requirements.

Governments and regulatory authorities around the world have responded to the challenging market conditions beginning in 2007 by proposing and enacting numerous reforms of the regulatory framework for financial services firms such as the Group. In particular, a number of reforms have been proposed and enacted by regulators, including our primary regulators, which could potentially have a material effect on our business. These regulatory developments could result in additional costs or limit or restrict the way we conduct our business. Although we expect regulatory-related costs and capital requirements for all major financial services firms (including the Group) to continue to be high, we cannot predict the likely impact of proposed regulations on our businesses or results. We believe, however, that overall we are well positioned for regulatory reform, as we have reduced risk and maintained strong capital, funding and liquidity.

> Refer to “Risk factors” for further information on risks that may arise relating to regulation.

### Recent regulatory developments and proposals

Some of the most significant regulations proposed or enacted during 2014 and early 2015 are discussed below.

#### Switzerland

As of January 1, 2013, the >>>Basel III framework was implemented in Switzerland along with the Swiss >>>“Too Big to Fail” legislation and regulations thereunder. Together with the related implementing ordinances, the legislation includes capital, liquidity, leverage and large exposure requirements, and rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency. Certain requirements under the legislation, including those regarding capital, are to be phased in through year-end 2018.

> Refer to “Liquidity and funding management” and “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

#### Supervision

On April 30, 2014, the Swiss Federal Council enacted an encompassing revision of the Swiss Federal Ordinance on Banks and Savings Banks (Banking Ordinance). The revision includes the implementation of the new Swiss accounting legislation of the Swiss Code of Obligations, in force since January 1, 2013, for Swiss banks as well as of the regulations in the Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended (Bank Law), in force since January 1, 2015, regarding dormant assets. The revision entered into force on January 1, 2015, but certain regulations, such as the individual valuation of participations, are subject to transitional provisions until full implementation on January 1, 2020. In December 2014, the Swiss Bankers Association issued new guidelines on the treatment of assets without contact and dormant assets held at Swiss banks. The guidelines entered into effect on January 1, 2015 and have been accepted by the >>>Swiss Financial Market Supervisory Authority FINMA (FINMA) as a minimum standard. The guidelines implement the related provisions in the revised Banking Ordinance and Bank Law in force since January 1, 2015, allowing information on dormant accounts to be published and allowing the transfer of the dormant assets to another bank, in each case without the client’s consent.

On June 3, 2014, FINMA published Circular 2015/1 “Accounting – Banks” which, in conjunction with the revised Banking Ordinance, contains the new accounting guidelines and reporting duties for Swiss financial groups and conglomerates, banks and securities dealers, including us. Circular 2015/1 entered into effect on January 1, 2015. On June 27, 2014, the Swiss Federal Council published the draft Federal Financial Services Act (FFSA) and draft Financial Institutions Act (FinIA) for consultation. The FFSA governs the prerequisites for offering financial

instruments and providing financial services, including the resolution of related disputes and the provision of financial services to Swiss clients on a cross-border basis. The draft FinIA provides for a differentiated supervisory regime for financial institutions and a special due diligence obligation to prevent the acceptance of untaxed assets. The consultation period ended on October 17, 2014. It is expected that dispatches on the FFSA and the FinIA are adopted by the Swiss Federal Council and draft legislation submitted to the Swiss Parliament during the second half of 2015. On December 12, 2014, the Swiss Parliament revised the Bank Law, the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA) and the Collective Investment Schemes Act to improve the protection of non-public information against violations of professional secrecy obligations. Pursuant to the revisions, receivers of the disclosed information are now penalized if they further disclose or utilize such information. The revisions also increased the maximum prison penalty to five years when there is a pecuniary advantage involved. The revisions are subject to a referendum until April 2, 2015.

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On December 12, 2014, the Swiss Parliament adopted the Federal Act on Implementing the Revised Recommendations of 2012 of the Financial Action Task Force. The act revises a number of Swiss federal acts, including the Swiss Federal Act on Combating Money Laundering and Terrorist Financing in the Financial Sector and the Swiss Code of Obligations. Among others, the act intends to improve transparency with respect to legal entities and bearer shares, provide for more stringent obligations for financial intermediaries in connection with the identification of legal entities' beneficial owners, expand the term "politically exposed person" and introduce new predicate offenses for money laundering. This revision is subject to a referendum until April 2, 2015.

#### Derivative regulation

On September 3, 2014, the Swiss Federal Council adopted the dispatch on the Financial Market Infrastructure Act (FMIA) and submitted it to the Swiss Parliament. The core purpose of the FMIA is to adjust Swiss regulation of financial market infrastructure and >>>>derivatives trading to market developments and international requirements, in particular the EU regulation on >>>>OTC Derivatives, Central Counterparties and Trade Repositories (also known as the European Market Infrastructure Regulation, or EMIR).

On November 12, 2014, the International Swaps and Derivatives Association, Inc. (ISDA) published the ISDA 2014 Resolution Stay Protocol (Protocol), which the Chairman of the Financial Stability Board recognized as a crucial element of regulators' global efforts to end "Too Big to Fail." The Protocol provides a contractual approach to cross-border recognition of resolution regimes to supplement and extend the powers available to resolution authorities under national statutory resolution regimes, including the Swiss regime administered by FINMA. Credit Suisse, together with 17 other banking groups identified as global systemically important banks by the Financial Stability Board, voluntarily adhered to the Protocol, which amends the terms of ISDA Master Agreements and related credit-support arrangements between the adhering parties to make such agreements subject to certain designated "Special Resolution Regimes", regardless of the governing law of the agreement. As a result, were one of the parties to the Protocol to enter resolution under a regime covered by the Protocol, the swaps and derivatives documented under ISDA Master Agreements between the party in resolution and the other parties to the Protocol would be subject to the provisions of the resolution regime for the party being resolved, including the provisions that stay or override termination rights. The Protocol also introduces similar stays and overrides in the event that an affiliate of an adhering party becomes subject to proceedings under certain ordinary US insolvency regimes, under which no such stays or overrides currently exist. However, such stays and overrides applicable under ordinary US insolvency regimes will not be effective under this portion of the Protocol until US regulators enact regulations requiring banks and their counterparties generally to trade on terms similar to those provided under the Protocol. As a result of the Protocol, it is anticipated that, upon the resolution of a party to the Protocol, under certain circumstances, derivatives counterparties that have adhered to the Protocol will be prevented from immediately terminating outstanding derivatives contracts, giving regulators time to resolve a troubled institution in an orderly manner. The Protocol was developed by a working group of ISDA member institutions, including Credit Suisse, other dealer banks and buy-side representatives, in coordination with the Financial Stability Board. Regulations resulting in adherence to the Protocol by other of Credit Suisse's counterparties, including other dealer banks that have not yet adhered to the Protocol and end user and buy-side counterparties, are expected in 2015, with effectiveness in 2016 or 2017.

#### Cross-border cooperation

On January 1, 2014, two implementation agreements, which supplement the agreement between Switzerland and Germany to increase cross-border cooperation, entered into effect. The implementation agreements were finalized by FINMA and Germany's Federal Financial Supervisory Authority and define the scope of cooperation. The cross-border cooperation agreement aims to facilitate the ability of financial institutions in both countries to provide banking services and mutual funds to customers in the other country. The agreement is expected to remain effective under the revised Markets in Financial Instruments Directive (MiFID II), subject to the assessment of the Swiss and German authorities on the compatibility of the agreement with MiFID II.

#### Executive compensation

On March 3, 2013, Swiss citizens approved the so-called "Minder Initiative" intended to strengthen shareholder rights. The initiative requires legislation to be passed to impose board and executive compensation-related requirements on Swiss public companies, including requiring a binding (rather than advisory) shareholder vote on total board and total executive management compensation and prohibiting severance payments, salary prepayments and payments related to the acquisition or disposal of companies. The initiative also provides that the board members, the board chairperson

and the compensation committee members be directly elected by shareholders annually, which happened for the first time at Credit Suisse's annual general meeting in 2014. Further, the initiative calls for criminal sanctions in case of noncompliance. The Swiss Federal Council issued the transitional ordinance on November 20, 2013, which entered into force on January 1, 2014. The Ordinance against Excessive Compensation with respect to Listed Stock Corporations (Compensation Ordinance) implements the initiative until the final legal implementation is approved by the parliament and enters into force.

On November 28, 2014, the Swiss Federal Council published a white paper and a consultation draft for the reform of Swiss corporation law. The proposal covers a variety of different matters, such as capital structure and shares, capital increases and reductions, rights of shareholders at and before shareholders' meetings and shareholder lawsuits, and also implements compensation matters currently regulated in the Compensation Ordinance. The consultation period ended on March 15, 2015.

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#### Reimbursement of commissions

The Swiss Federal Supreme Court issued a decision in the fourth quarter of 2012 in a case brought by a client of another bank seeking reimbursement of commissions paid to the client's bank by providers of investment products. The court ruled that such payments ("retrocessions") received in the context of a discretionary asset management mandate from issuers of investment products are owed to the client (including payments from intra-group companies) unless a client waiver is in place. Based on our current evaluation, we expect no material exposure from this decision. In line with industry trends, we have introduced several inducement-free offerings.

#### Tax

On February 1, 2013, the Swiss Tax Administrative Assistance Act entered into force. The act governs administrative assistance in double taxation and other international agreements that Switzerland has entered into which provide for the exchange of information relating to tax matters consistent with Article 26 of the Organization for Economic Cooperation and Development (OECD) Model Tax Convention. Under the act, administrative assistance is no longer prohibited for group requests based on a behavioral pattern, but so-called "fishing expeditions" are expressly prohibited. In August 2013, the Swiss Federal Council announced that it would seek to amend the act to comply with international standards. In March 2014, the Swiss Parliament approved amendments relating to the deferred notification of parties concerned, which will allow in certain cases that the affected taxpayer be informed after the information has been communicated to the authorities of the requesting country, and the establishment of a special procedure for informing parties affected by a group request. Such amendments entered into force on August 1, 2014. On December 18, 2013, the Swiss Federal Council adopted the mandate for negotiations regarding a revision of the taxation of savings agreement between the EU and Switzerland. The envisaged revision should bring the agreement in line with the planned revision of the EU Savings Directive and close current perceived gaps. Switzerland and the EU have officially started negotiations on January 17, 2014. In October 2014, the European Union Economic and Financial Affairs Council (ECOFIN) published a revised Directive on Administrative Cooperation in the field of taxation between EU member states, intending to extend the scope for mandatory automatic exchange of information between tax administrations. In December 2014, the ECOFIN agreed on the extended scope and this decision implements the OECD automatic exchange of information standard within the EU. The EU is trying to reach an agreement with third countries such as Switzerland regarding amendments to saving taxation agreements implementing the EU Savings Directive.

On May 6, 2014, Switzerland, along with other 46 countries and the EU, endorsed the Declaration on Automatic Exchange of Information in Tax Matters at the Ministerial Council Meeting of the OECD. The Declaration commits countries to implement a new single global standard on automatic exchange of information. The standard, which was developed at the OECD and endorsed by G20 finance ministers in February 2014, obliges countries and jurisdictions to obtain all financial information from their financial institutions and exchange that information automatically with other jurisdictions on an annual basis.

On June 2, 2014, the agreement on cooperation to simplify the implementation of the Foreign Account Tax Compliance Act (FATCA) between Switzerland and the US entered into force. The corresponding implementing act entered into force on June 30, 2014. FATCA implementation in Switzerland is based on Model 2, which means that Swiss financial institutions disclose account details directly to the US tax authority with the consent of the US clients concerned, and that the US has to request data on recalcitrant clients through normal administrative assistance channels. The agreement is expected to reduce the administrative burden for Swiss financial institutions associated with the implementation of FATCA. FATCA requirements entered into force on July 1, 2014.

On September 22, 2014, the Swiss Federal Council launched a consultation on its draft Corporate Tax Reform III, consisting largely of three elements: (i) the introduction of new measures to tax mobile income in line with international standards, (ii) a proposed general reduction of cantonal income tax rates, which would also require approval at the cantonal level, and (iii) specific adjustments to enhance the corporate income tax system. The consultation period ended on January 31, 2015.

On October 8, 2014, as a consequence of Switzerland's endorsement of the Declaration on Automatic Exchange of Information in Tax Matters at the Ministerial Council Meeting of the OECD, the Swiss Federal Council approved negotiation mandates to introduce the new global standard with partner states, including switching to Model 1 under FATCA, which would provide for the automatic exchange of information with the US tax authority. The results of the negotiations and the proposed legislation would then need to be submitted to the Swiss Parliament.

On November 19, 2014, the Swiss Federal Council approved a declaration on Switzerland joining the multilateral agreement on the automatic exchange of information in tax matters (Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information). This international agreement, which was developed within the OECD framework, forms a basis for the future introduction of the cross-border automatic exchange of information. The Swiss Parliament is expected to separately decide the countries with which Switzerland should introduce this exchange of information. Subject to the approvals by the Swiss Parliament and, if necessary, the Swiss voters, the Federal Council intends to begin the data collection in 2017 and to start the exchange of information in 2018.

On December 17, 2014, the Swiss Federal Council published draft legislation for consultation refining the Swiss federal withholding tax system, in particular to facilitate the raising of capital within Switzerland. The proposal includes the partial introduction of a paying agent-based regime instead of the existing debtor-based regime for withholding tax. Under the current system, withholding tax is imposed and collected irrespective of the beneficiary of the

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taxable payment. Under the new system, withholding tax generally would be imposed only on payments beneficially owned by Swiss tax residents. As a consequence, the paying agent would have to decide whether withholding tax is to be collected on a case by case basis. Certain exceptions from the paying agent-based regime are proposed, in particular with respect to income from Swiss participation rights (e.g. dividend income). In order to avoid evasion by individuals resident in Switzerland through the interposing of a custodian bank abroad, the enactment of the new system depends upon the automatic exchange of information with a sufficient number of other states. In light of this, the Swiss Federal Council mentions 2019 as a potential year for entry into force. The consultations are scheduled to run until March 31, 2015.

On January 14, 2015, the Swiss Federal Council launched two consultations on the international exchange of information in tax matters. The purpose of both consultations is to enable the automatic exchange of information. One consultation relates to Switzerland's participation in the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information and the related Swiss implementing act. The other consultation concerns the OECD's and Council of Europe's administrative assistance convention. The consultation is scheduled to run until April 21, 2015.

On January 16, 2015, Switzerland and Italy reached an agreement in principle on future cooperation in tax matters. Subsequently, they signed a protocol of amendment to the double taxation agreement and a roadmap with parameters. The agreement is expected to improve relations between Switzerland and Italy with regard to financial and tax matters and simplify the regularization of untaxed assets before the automatic exchange of information is introduced. The protocol of amendment provides for an exchange of information upon request according to the OECD Standard on Exchange of Information, applicable from the date of signing of the protocol. In addition, Switzerland and Italy have reached consensus about a roadmap on bilateral topics, including the introduction of automatic exchange of information.

#### Resolution regime

On January 1, 2014, revisions of the Federal Act of 11 April 1889 on Debt Enforcement and Bankruptcy entered into effect. The revisions seek to facilitate the restructuring of companies and to strengthen creditors' rights in provisional or definitive stays. In addition, it introduced certain procedural changes and a special treatment of continuing obligations (i.e., contracts such as leases, rentals or loans that contain a continuing and repeated exchange of money, goods or services), which in case of a provisional or definitive stay, may in the future be terminated at will by the debtor at any time with the permission of the receiver against payment of a compensation if a restructuring would otherwise be defeated.

The draft FMIA submitted by the Swiss Federal Council to the Swiss Parliament on September 3, 2014 also proposes to amend the Bank Law, seeking to subject parent companies of financial groups or conglomerates and certain unregulated companies of groups domiciled in Switzerland to the Swiss resolution regime that applies to banks. If enacted, Credit Suisse Group would, and certain of its unregulated Swiss-domiciled subsidiaries could, become subject to the Swiss bank resolution regime and the resolution authority of FINMA.

#### US

In July 2010, the US enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), which provides a broad framework for regulatory changes. Although rulemaking in respect of many of the provisions of the Dodd-Frank Act has already taken place, implementation will require further detailed rulemaking over several years by different regulators, including the US Department of the Treasury (US Treasury), the US Federal Reserve (Fed), the US Securities and Exchange Commission (SEC), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Commodity Futures Trading Commission (CFTC) and the Financial Stability Oversight Council (FSOC).

#### Supervision

In July 2013, the Fed, the FDIC and the OCC released final capital rules that overhaul the existing US bank regulatory capital rules and implement the Basel III framework and certain provisions of the Dodd-Frank Act. The final rules are largely consistent with the Basel III framework published by the >>>Basel Committee on Banking Supervision (BCBS), although they diverge in several important respects due to requirements of the Dodd-Frank Act and do not address other, more recent aspects of the Basel III framework. On September 3, 2014, the Fed, the OCC and the FDIC issued a final rule to introduce the Basel III >>>liquidity coverage ratio (LCR) in the US, applicable to certain large US banking organizations. The final US LCR rule is generally consistent with the LCR published by the BCBS in

January 2013, but it is stricter in certain respects and would be phased in between January 1, 2015 and January 1, 2017. In future separate rulemakings, the Fed may apply the US LCR requirement to the US operations of certain large foreign banking organizations.

The Dodd-Frank Act also provides regulators with tools to adopt more stringent risk-based capital, leverage and liquidity requirements and other prudential standards, particularly for larger, relatively complex financial institutions. In February 2014, the Fed adopted a rule under the Dodd-Frank Act that creates a new framework for regulation of the US operations of foreign banking organizations. The rule generally requires Credit Suisse to create a single US intermediate holding company (IHC) to hold all of its US subsidiaries with limited exceptions; this requirement will not apply to Credit Suisse AG's New York branch (New York Branch), but it will apply to other Credit Suisse US entities. The IHC will be subject to local risk-based capital and leverage requirements. In addition, both the IHC itself and the combined US operations of Credit Suisse (including the IHC and the New York Branch) will be subjected to other new prudential requirements, including with respect to liquidity risk management, separate liquidity buffers for each of the IHC and the New York Branch, stress testing,

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and other prudential standards. The new framework's prudential requirements generally become effective in July 2016. Under proposals that remain under consideration, the IHC and the combined US operations of Credit Suisse would become subject to limits on credit exposures to any single counterparty, and the combined US operations of Credit Suisse would also become subject to an early remediation regime which could be triggered by risk-based capital, leverage, stress tests, liquidity, risk management and market indicators. On January 1, 2015, Credit Suisse filed an IHC implementation plan with the Fed that sets forth Credit Suisse's approach to come into compliance with the IHC requirements by the July 2016 deadline.

On August 5, 2014, the Fed and the FDIC announced the completion of their review of our 2013 US resolution plan and the 2013 plans of the 10 other "first wave" filers. The Fed and FDIC released a joint statement indicating that the Fed and FDIC had identified shortcomings in the plans and that the Fed and FDIC expect "first wave" filers, including us, to demonstrate that they are making significant progress to address those shortcomings in their 2015 resolutions plans, due July 1, 2015. We are reviewing the specific comments the Fed and FDIC have provided on our 2013 plan, and we intend to work with the Fed and FDIC to identify appropriate actions to address them.

> Refer to "Liquidity and funding management" and "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

On December 10, 2013, US regulators released the final version of the so-called "Volcker Rule", which limits the ability of banking entities to sponsor or invest in certain private equity or hedge funds and to engage in certain types of proprietary trading. Compliance with the Volcker Rule is currently required by July 21, 2015, although the Fed has extended the compliance deadline to July 21, 2016 for investments in and relationships with private equity and hedge funds that were in place prior to December 31, 2013 and has indicated its intention to further extend the conformance deadline for such legacy investments and relationships until July 21, 2017. We continue to analyze the final rule and the Fed's extension order and assess how they affect our businesses, and are conducting an implementation program to come into compliance.

On March 22, 2013, the OCC, the Fed, and the FDIC jointly issued supervisory guidance on leveraged lending (Guidance). The goals of the Guidance include helping financial institutions properly evaluate and monitor underwritten credit risks in leveraged loans, understand the effect of changes in borrowers' enterprise values on credit portfolio quality, assess the sensitivity of future credit losses to changes in enterprise values, and to strengthen their risk management frameworks so that leveraged lending activities do not heighten risk in the banking system or the broader financial system. The Guidance generally applies to all banking organizations supervised by the OCC, FDIC and Fed, including national and state-chartered banks, savings associations, bank holding companies, and the US branches and agencies of foreign banks, including Credit Suisse. On November 7, 2014, the same agencies issued a frequently asked questions document regarding the applicability and implementation of the Guidance indicating that the standards for underwriting and arranging loan transactions that can be classified as leveraged lending may receive increased scrutiny. This heightened standard of scrutiny is negatively impacting Credit Suisse's ability to underwrite and originate leveraged lending transactions.

#### Derivative regulation

On January 16, 22 and 27, 2014, specified types of interest rate swaps and index >>>CDS were deemed "made available to trade" by CFTC-registered swap execution facilities (SEFs). As a result, since February 15, 21 and 26, 2014, those types of swaps have been required to be executed on a SEF or designated contract market, unless an exception or exemption applies.

On June 25, 2014, the SEC adopted final rules addressing the cross-border application of the Dodd-Frank Act's "security-based swap dealer" and "major security-based swap participant" definitions. While the rules do not impose any affirmative compliance requirements, they include the "US person" definition and certain other key elements of the SEC's framework for when the Dodd-Frank Act's security-based swap reforms apply to non-US dealers, such as Credit Suisse. In many respects, the SEC's rules are similar to parallel guidance issued by the CFTC in July 2013. However, the SEC did not address the treatment of swaps between a non-US dealer and non-US counterparty that involve US personnel, an issue of particular importance to Credit Suisse. As a result, the overall impact of the SEC's security-based swap reforms on Credit Suisse continues to depend on future SEC rulemakings. In addition, the SEC's implementation of the derivatives provisions of the Dodd-Frank Act is expected to continue during 2015. On February 11, 2015, the SEC published the texts of two final rules and one proposed rule relating to the reporting and public

dissemination of security-based swap (SBS) transaction data. These rules create a reporting regime for SBS that is generally similar to the reporting regime that the CFTC has already created for swaps pursuant to requirements in the Dodd-Frank Act. In certain areas, however, differences between the SEC's and CFTC's reporting rules could result in additional implementation costs. Also, the SEC has not yet finalized key aspects of its SBS reporting regime, such as the treatment of block trades, cleared transactions and certain cross-border issues. Compliance with the SBS reporting rules by Credit Suisse will not be required until after the SEC adopts final compliance dates and the first SBS data repositories are registered with the SEC, which may not occur until 2016.

On September 3, 2014, US banking regulators re-proposed margin rules for non-cleared swaps and security-based swaps entered into by swap dealers, security-based swap dealers, major swap participants and major security-based swap participants that are banks. On September 18, 2014, the CFTC likewise re-proposed margin rules for non-cleared swaps entered into by swap dealers and major swap participants that are not banks. Under the re-proposals, Credit Suisse International (CSI) and Credit Suisse Securities (Europe) Limited (CSSEL), which have registered with

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the CFTC as swap dealers, would be required to collect and post initial and variation margin for non-cleared swaps and security-based swaps with US counterparties and prohibited from re-using initial margin. These margin requirements would be significantly higher than current market practice, which could adversely affect CSI's and CSSEL's derivatives sales and trading businesses by increasing the cost of and reducing demand for non-cleared swaps and security-based swaps. While the two re-proposals are intended to align with a framework recently established by the BCBS and the International Organization of Securities Commissions and a recent proposal by European supervisory agencies, differences in the scope of products and entities covered by the various proposals could impair the ability of CSI and CSSEL to engage effectively in cross-border derivatives activities. The re-proposals also would apply margin requirements to many inter-affiliate transactions, which could prevent CSI and CSSEL from engaging in certain risk management activities. The two re-proposals would follow a phased implementation schedule, with (i) variation margin requirements coming into effect on December 1, 2015, and (ii) initial margin requirements phasing in annually for different counterparties from December 1, 2015 until December 1, 2019, depending on the transactional volume of the counterparty and its affiliates during the preceding June, July and August.

On September 16, 2014, the US District Court for the District of Columbia ruled against a lawsuit brought by several US financial trade associations challenging July 2013 guidance by the CFTC regarding the cross-border application of its rules to swap dealers, such as CSI and CSSEL. Under the court's ruling, the CFTC's rules and guidance remain in effect, but the court directed the CFTC to conduct a cost-benefit analysis of some of the rules covered by the guidance. The court indicated that it did not expect this cost-benefit analysis to alter how the CFTC applies its rules. Therefore, significant changes to the CFTC's cross-border framework are not anticipated to result from the lawsuit. Nevertheless, the CFTC has received and is considering industry comments on certain aspects of the cross-border guidance that was the subject of the lawsuit and may yet modify the guidance.

On November 14, 2014, CFTC issued a no-action letter that extends from December 31, 2014 until September 30, 2015 the expiration date for relief from a staff advisory stating that CFTC "transaction-level" requirements, such as mandatory clearing, mandatory exchange trading, real-time public reporting and external business conduct, apply to a swap between a non-US swap dealer, such as CSI or CSSEL, and another non-US person if the swap is arranged, negotiated or executed by US personnel or agents of the non-US swap dealer.

On November 24, 2014, the CFTC issued a no-action letter that extends from December 1, 2014 until December 1, 2015 the expiration date for relief from a requirement that certain non-US swap dealers, including CSI and CSSEL, report information about their swaps with non-US counterparties to a US data repository. Expiration of this relief without modifications to the CFTC's guidance and without permitting substituted compliance with the EMIR reporting rules could reduce the willingness of non-US counterparties to trade with CSI and CSSEL, which could negatively affect our swap trading revenue or necessitate changes to how we organize our swap business. We continue to monitor these developments and prepare contingency plans to comply with the final guidance once effective.

#### Securitization

On October 21 and 22, 2014, US federal regulators adopted a joint final rule requiring sponsors of asset-backed securitization transactions to retain 5% of the credit risk of the assets subject of the securitization. The final rule will take effect (i) for >>>RMBS transactions, on December 24, 2015 and (ii) for other securitization transactions, on December 24, 2016. The specific impact of the final rule on different ABS markets is uncertain and will vary, and certain ABS markets may result in fewer issuances or reduced liquidity, or both, and there may in certain markets be an impact on the assets acquired by securitizations.

#### EU

The EU, the UK and other national European jurisdictions have also proposed and enacted a wide range of prudential, securities and governance regulations to address systemic risk and to further regulate financial institutions, products and markets. These proposals are at various stages of the EU pre-legislative, legislative and rule making processes, and their final form and cumulative impact remain uncertain.

#### Supervision

With effect from January 1, 2014, the Capital Requirement Directive IV and Capital Requirements Regulation (CRD IV) has replaced the previous CRD with new measures implementing Basel III and other requirements. Compliance with these requirements will include receiving approval by the UK's Prudential Regulation Authority (PRA) of certain models with respect to regulatory capital requirements of our UK subsidiaries.

On January 29, 2014, the European Commission (EC) published a draft Regulation on Structural Measures Improving the Resilience of EU Banks and Transparency of the Financial Sector which, if enacted, would introduce certain structural measures designed to reduce the risk and complexity of large banks in the EU. It is proposed that the measures would apply to EU banks which qualify as global systemically important institutions, or which have for a period of three consecutive years (i) total assets of at least EUR 30 billion, and (ii) trading activities amounting to at least EUR 70 billion or 10% of their total assets. These banks would be prohibited from engaging in proprietary trading in financial instruments and commodities and would become subject to anti-avoidance rules prohibiting certain transactions with the shadow banking sector. In addition, they may be required by their regulator to separate certain trading activities involving increased risks from their deposit-taking, lending and other business activities. The final text of the draft regulation is not expected to be adopted before June 2015.

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On July 22, 2013, the Alternative Investment Fund Managers Directive (AIFMD) entered into effect. The AIFMD establishes a comprehensive regulatory and supervisory framework for alternative investment fund managers (AIFMs) managing and/or marketing alternative investment funds (AIFs) in the EU. The AIFMD imposes various substantive requirements to authorized AIFMs, including increased transparency towards investors and regulators, and allows authorized AIFMs to market AIFs to professional investors throughout the EU under an “EU passport”. The EU passport has been made available to authorized EU AIFMs since July 2013 and, subject to European Securities and Markets Authority’s (ESMA) and EC’s positive opinion, is expected to be made available to authorized non-EU AIFMs from late 2015. In the meantime (and until at least 2018), non-EU AIFMs may continue to market within the EU under the private placement regimes of the individual member states subject to complying with certain minimum requirements imposed by the AIFMD and any additional requirements that individual member states may impose. The AIFMD also imposes a new, strict depositary regime affecting the manner in which prime brokers may provide custody services to fund managers. Although many member states have now implemented the AIFMD, a number of member states did not meet the transposition deadline of July 22, 2013. As clarified by ESMA, for EU AIFMs authorized under the AIFMD in a member state that has transposed the AIFMD, the passport system should be available even in a member state that has not transposed the AIFMD into national law. EU AIFMs established in EU member states that have not yet transposed the AIFMD cannot rely on the marketing and management passport in other member states. In December 2014, ESMA launched a consultation seeking views on the functioning of the AIFMD passporting regime applicable to EU AIFMs and on the functioning of the national private placement regimes applicable to non-EU AIFMs and non-EU AIFs. This consultation will enable ESMA to determine whether or not to extend the AIFMD passporting regime to non-EU AIFMs and non-EU AIFs.

#### Derivative regulation

In March 2013, certain of the requirements of EMIR came into effect while others will be phased in. EMIR requires that certain standardized OTC derivatives contracts be centrally cleared and, where OTC transactions are not subject to central clearing, specified techniques are employed to monitor, measure and mitigate the operational and counterparty risks presented by those transactions. These risk mitigation techniques include trade confirmation, robust portfolio reconciliation and portfolio compression processes, exchange of initial and variation margins, and the daily mark-to-market valuation of trades. From February 12, 2014, EU counterparties subject to EMIR are required to report any derivative contract to a trade repository that is authorized or recognized under EMIR. ESMA submitted final draft regulatory technical standards for central clearing of interest rate swaps to the EC in October 2014 and the EC indicated that it will endorse those regulatory technical standards subject to certain amendments which are not supported by ESMA. It is expected that the first clearing obligations will take effect during the course of 2015.

A central counterparty (CCP) established in a third country may apply to ESMA for recognition to provide clearing services in the EU. In order for the CCP to be recognized by ESMA, the EC must have determined the third country’s regulatory and supervisory arrangements for CCPs, and the third country’s recognition regime of CCPs authorized out of its jurisdiction, to be equivalent to the requirements laid down in EMIR. The effect of being deemed “equivalent” is that the third country CCPs will be deemed to have fulfilled the requirements of EMIR by applying the provisions of the equivalent third country regime. The EC adopted first positive equivalence decisions for the regulatory regimes for CCPs in Australia, Hong Kong, Japan and Singapore on October 30, 2014.

#### Market abuse

On April 14, 2014, the Market Abuse Directive II legislative package was formally adopted by the Council of the EU. This legislative package includes the Market Abuse Regulation (MAR) and the Directive on Criminal Sanctions for Insider Dealing and Market Manipulation (CSMAD). MAR will replace the existing Market Abuse Directive, and will be complemented by CSMAD, which introduces minimum rules on criminal offenses and criminal sanctions for market abuse. MAR proposals include measures to extend the market abuse regime to new markets such as multilateral trading facilities, organized trading facilities and over-the-counter (OTC) financial instruments. It also extends the market abuse regime to spot commodity contracts related to derivative transactions. The legislative package applies from July 3, 2016.

#### Tax

In January 2013, a group of eleven EU member states (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia) proposed to adopt a financial transaction tax (FTT) applicable only for those countries under an enhanced cooperation scheme, as a proposed EU wide FTT was unsuccessful. If approved in the

proposed form, the tax would apply to a wide range of financial transactions, including minimum rates of 0.01% for derivative products and 0.1% for other financial instruments. The tax would apply to certain financial transactions where at least one party is a financial institution, and at least one party is established in a participating member state. A financial institution may be, or be deemed to be, “established” in a participating member state in a broad range of circumstances, including (a) by transacting with a person established in a participating member state or (b) where the relevant financial instrument is issued in a participating member state. To become effective, the proposed FTT directive will require unanimous agreement of at least nine participating member states. In May 2014, a joint statement by ministers of the participating member states (excluding Slovenia) proposed “progressive implementation” of the FTT, with the initial form applying the tax only to transactions in shares and some derivatives. The

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FTT proposal remains subject to negotiation among the participating member states and has been the subject of legal challenge. It may therefore be altered significantly prior to any implementation, the timing of which remains unclear. Where a participating member state already has a financial transaction tax in place, such as France and Italy, the FTT would be expected to replace those existing national FTT regimes. January 1, 2016 is the target deadline for implementation, with further rollout in 2017, although it may be operationally difficult for the first taxes to be collected prior to 2019. If the FTT is implemented as proposed, certain transactions carried out by Credit Suisse institutions in participating member states, or by Credit Suisse entities with a party established in a participating member state, will be subject to the tax.

#### Regulatory framework

The principal regulatory structures that apply to our operations are discussed below.

#### Switzerland

##### Banking regulation and supervision

Although Credit Suisse Group is not a bank according to the Bank Law and the Banking Ordinance, the Group is required, pursuant to the provisions on consolidated supervision of financial groups and conglomerates of the Bank Law, to comply with certain requirements for banks. Such requirements include capital adequacy, solvency and risk concentration on a consolidated basis, and certain reporting obligations. Our banks in Switzerland are regulated by >>>FINMA on a legal entity basis and, if applicable, on a consolidated basis.

Our banks in Switzerland operate under banking licenses granted by FINMA pursuant to the Bank Law and the Banking Ordinance. In addition, certain of these banks hold securities dealer licenses granted by FINMA pursuant to the SESTA.

FINMA is the sole bank supervisory authority in Switzerland and is independent from the Swiss National Bank (SNB). Under the Bank Law, FINMA is responsible for the supervision of the Swiss banking system. The SNB is responsible for implementing the government's monetary policy relating to banks and securities dealers and for ensuring the stability of the financial system. Under the >>>"Too Big to Fail" legislation, the SNB is also responsible for determining which banks in Switzerland are systemically relevant banks and which functions are systemically relevant in Switzerland. The SNB has identified the Group as a systemically relevant bank.

Our banks in Switzerland are subject to close and continuous prudential supervision and direct audits by FINMA. Under the Bank Law, our banks are subject to inspection and supervision by an independent auditing firm recognized by FINMA, which is appointed by the bank's shareholder meeting and required to perform annual audits of the bank's financial statements and to assess whether the bank is in compliance with laws and regulations, including the Bank Law, the Banking Ordinance and FINMA regulations.

Swiss banks are subject to the >>>Basel III framework and the Swiss "Too Big to Fail" legislation and regulations thereunder, which include capital, liquidity, leverage and large exposure requirements, and rule for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency.

Swiss banks are also required to maintain a specified liquidity standard pursuant to the Liquidity Ordinance (Liquidity Ordinance), which was adopted by the Swiss Federal Council in November 2012 and implements Basel III liquidity requirements into Swiss law subject, in part, to further rule-making. The Liquidity Ordinance entered into force on January 1, 2013. It requires appropriate management and monitoring of liquidity risks, and applies to all banks, but is tiered according to the type, complexity and degree of risk of a bank's activities. It also contains supplementary quantitative and qualitative requirements for systemically relevant banks, including us, which are generally consistent with existing FINMA liquidity requirements. In January 2014, the Swiss Federal Council and FINMA proposed revisions to the Liquidity Ordinance to reflect the final Basel III >>>LCR rules. These revisions have been adopted by the Swiss Federal Council on June 25, 2014 and entered into effect on January 1, 2015. Under the revised Liquidity Ordinance, systemically relevant banks like us are subject to an initial minimum LCR requirement of 100% beginning in 2015.

Our regulatory capital is calculated on the basis of accounting principles generally accepted in the US, with certain adjustments required by, or agreed with, FINMA.

> Refer to "Liquidity and funding management" and "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

Under Swiss banking law, banks and securities dealers are required to manage risk concentration within specific limits. Aggregated credit exposure to any single counterparty or a group of related counterparties must bear an adequate relationship to the bank's adjusted eligible capital (for systemically relevant banks like us, to their core tier 1 capital) taking into account counterparty risks and >>>risk mitigation instruments.

Under the Bank Law and SESTA, Swiss banks and securities dealers are obligated to keep confidential the existence and all aspects of their relationships with customers. These customer confidentiality laws do not, however, provide protection with respect to criminal offenses such as insider trading, money laundering, terrorist financing activities, tax fraud or evasion or prevent the disclosure of information to courts and administrative authorities.

Swiss rules and regulations to combat money laundering and terrorist financing are comprehensive and require banks and other financial intermediaries to thoroughly verify and document customer identity before commencing business. In addition, these rules and regulations include obligations to maintain appropriate policies for dealings with politically exposed persons and procedures and controls to detect and prevent money laundering and terrorist financing activities, including reporting suspicious activities to authorities.

Since January 1, 2010, compensation design and its implementation and disclosure must comply with standards promulgated by FINMA under its Circular on Remuneration Schemes.

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#### Securities dealer and asset management regulation and supervision

Our securities dealer activities in Switzerland are conducted primarily through the Bank and are subject to regulation under SESTA, which regulates all aspects of the securities dealer business in Switzerland, including regulatory capital, risk concentration, sales and trading practices, record-keeping requirements and procedures and periodic reporting procedures. Securities dealers are supervised by FINMA.

Our asset management activities in Switzerland, which include the establishment and administration of mutual funds registered for public distribution, are conducted under the supervision of FINMA.

#### Resolution regime

The Banking Insolvency Ordinance-FINMA (the Banking Insolvency Ordinance) governs resolution (i.e., restructuring or liquidation) procedures of Swiss banks and securities dealers, such as Credit Suisse AG. Instead of prescribing a particular resolution concept, the Banking Insolvency Ordinance provides FINMA with a significant amount of authority and discretion in the case of resolution, as well as various restructuring tools from which FINMA may choose.

FINMA may open resolution proceedings if there is justified concern that the relevant Swiss bank is over-indebted, has serious liquidity problems or no longer fulfills capital adequacy requirements. Resolution proceedings may only take the form of restructuring (rather than liquidation) proceedings if (i) the recovery of, or the continued provision of individual banking services by, the relevant bank appears likely and (ii) the creditors of the relevant bank are likely better off in restructuring proceedings than in liquidation proceedings. All realizable assets in the relevant bank's possession will be subject to such proceedings, regardless of where they are located.

If FINMA were to open restructuring proceedings with respect to Credit Suisse AG, it would have discretion to take decisive actions, including (i) transferring the bank's assets or a portion thereof, together with its debt and other liabilities, or a portion thereof, and contracts, to another entity, (ii) staying (for a maximum of 48 hours) the termination of, and the exercise of rights to terminate relating to, financial contracts to which the bank is a party, (iii) converting the bank's debt into equity (a "debt-to-equity swap"), and/or (iv) partially or fully writing off the bank's obligations (a "haircut").

Prior to any debt-to equity swap or haircut, outstanding equity capital and debt instruments issued by Credit Suisse AG that are part of its regulatory capital (including the bank's outstanding high trigger capital instruments and low trigger capital instruments) must be converted or written-off (as applicable) and cancelled. Any debt-to-equity swap, (but not any haircut) would have to follow the hierarchy of claims to the extent such debt is not excluded from such conversion by the Banking Insolvency Ordinance. Contingent liabilities of Credit Suisse AG such as guarantees could also be subjected to a debt-to-equity swap or a haircut to the extent amounts are due and payable thereunder at any time during restructuring proceedings. For systemically relevant banks such as Credit Suisse AG, creditors have no right to reject the restructuring plan approved by FINMA.

#### US

##### Banking regulation and supervision

Our banking operations are subject to extensive federal and state regulation and supervision in the US. Our direct US offices are composed of our New York Branch and representative offices in California. Each of these offices is licensed with, and subject to examination and regulation by, the state banking authority in the state in which it is located.

Our New York Branch is licensed by the New York Superintendent of Financial Services (Superintendent), examined by the New York State Department of Financial Services, and subject to laws and regulations applicable to a foreign bank operating a New York branch. Under the New York Banking Law, our New York Branch must maintain eligible assets with banks in the state of New York. The amount of eligible assets required, which is expressed as a percentage of third-party liabilities, would increase if our New York Branch is no longer designated well rated by the Superintendent.

The New York Banking Law authorizes the Superintendent to seize our New York Branch and all of Credit Suisse AG's business and property in New York State (which includes property of our New York Branch, wherever it may be located, and all of Credit Suisse AG's property situated in New York State) under circumstances generally including violations of law, unsafe or unsound practices or insolvency. In liquidating or dealing with our New York Branch's business after taking possession, the Superintendent would only accept for payment the claims of depositors and other creditors (unaffiliated with us) that arose out of transactions with our New York Branch. After the claims of those

creditors were paid out of the business and property of the Bank in New York, the Superintendent would turn over the remaining assets, if any, to us or our liquidator or receiver.

Under New York Banking Law and US federal banking laws, our New York Branch is generally subject to single borrower lending limits expressed as a percentage of the worldwide capital of the Bank. Under the Dodd-Frank Act, lending limits take into account credit exposure arising from derivative transactions, securities borrowing and lending transactions and repurchase and reverse repurchase agreements with counterparties.

Our operations are also subject to reporting and examination requirements under US federal banking laws. Our US non-banking operations are subject to examination by the Fed in its capacity as our US umbrella supervisor. The New York Branch is also subject to examination by the Fed and is subject to Fed requirements and limitations on the acceptance and maintenance of deposits. Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the FDIC.

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity

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that is not permissible for a federally licensed branch or agency of a foreign bank unless the Fed has determined that such activity is consistent with sound banking practice. In addition, regulations which the FSOC and the Fed may adopt could affect the nature of the activities which the Bank (including the New York Branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

The Fed may terminate the activities of a US branch or agency of a foreign bank if it finds that the foreign bank: (i) is not subject to comprehensive supervision in its home country; (ii) has violated the law or engaged in an unsafe or unsound banking practice in the US; or (iii) for a foreign bank that presents a risk to the stability of the US financial system, the home country of the foreign bank has not adopted, or made demonstrable progress toward adopting, an appropriate system of financial regulation to mitigate such risk.

A major focus of US policy and regulation relating to financial institutions has been to combat money laundering and terrorist financing. These laws and regulations impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, verify the identity of customers and comply with economic sanctions. Any failure to maintain and implement adequate programs to combat money laundering and terrorist financing, and violations of such economic sanctions, laws and regulations, could have serious legal and reputational consequences. We take our obligations to prevent money laundering and terrorist financing in the US and globally very seriously, while appropriately respecting and protecting the confidentiality of clients. We have policies, procedures and training intended to ensure that our employees comply with “know your customer” regulations and understand when a client relationship or business should be evaluated as higher risk for us.

Credit Suisse Group and the Bank became financial holding companies for purposes of US federal banking law in 2000 and, as a result, may engage in a broad range of non-banking activities in the US, including insurance, securities, private equity and other financial activities, in each case subject to regulatory requirements and limitations. Credit Suisse Group is still required to obtain the prior approval of the Fed (and potentially other US banking regulators) before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of (or otherwise controlling) any US bank, bank holding company or many other US depository institutions and their holding companies, and as a result of the Dodd-Frank Act, before making certain acquisitions involving large non-bank companies. The New York Branch is also restricted from engaging in certain tying arrangements involving products and services, and in certain transactions with certain of its affiliates. If Credit Suisse Group or the Bank ceases to be well-capitalized or well-managed under applicable Fed rules, or otherwise fails to meet any of the requirements for financial holding company status, it may be required to discontinue certain financial activities or terminate its New York Branch. Credit Suisse Group’s ability to undertake acquisitions permitted by financial holding companies could also be adversely affected.

The Dodd-Frank Act requires issuers with listed securities to establish a claw-back policy to recoup erroneously awarded compensation in the event of an accounting restatement, although it is currently unclear if this requirement will apply to foreign private issuers, like the Group.

Broker-dealer and asset management regulation and supervision

Our US broker-dealers are subject to extensive regulation by US regulatory authorities. The SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies. In addition, the US Treasury has the authority to promulgate rules relating to US Treasury and government agency securities, the Municipal Securities Rulemaking Board (MSRB) has the authority to promulgate rules relating to municipal securities, and the MSRB also promulgates regulations applicable to certain securities credit transactions. In addition, broker-dealers are subject to regulation by securities industry self-regulatory organizations, including the Financial Industry Regulatory Authority (FINRA), and by state securities authorities.

Our US broker-dealers are registered with the SEC and our primary US broker-dealer is registered in all 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands. Our US registered entities are subject to extensive regulatory requirements that apply to all aspects of their business activity, including where applicable: capital requirements; the use and safekeeping of customer funds and securities; the suitability of customer investments; record-keeping and reporting requirements; employee-related matters; limitations on extensions of credit in securities transactions; prevention and detection of money laundering and terrorist financing; procedures relating to research analyst independence; procedures for the clearance and settlement of trades; and communications with the public. Our US broker-dealers are also subject to the SEC’s net capital rule, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form. Compliance with the net capital rule could limit

operations that require intensive use of capital, such as underwriting and trading activities and the financing of customer account balances and also could restrict our ability to withdraw capital from our broker-dealers. Our US broker-dealers are also subject to the net capital requirements of FINRA and, in some cases, other self-regulatory organizations.

Our securities and asset management businesses include legal entities registered and regulated as a broker-dealer and investment adviser by the SEC. The SEC-registered mutual funds that we advise are subject to the Investment Company Act of 1940. For pension fund customers, we are subject to the Employee Retirement Income Security Act of 1974 and similar state statutes.

The Dodd-Frank Act grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers and expands the extraterritorial jurisdiction of US courts over actions brought by the SEC or the US with respect to violations of the antifraud provisions in the Securities

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Act of 1933, Securities Exchange Act of 1934 and Investment Advisers Act of 1940. It also requires broader regulation of hedge funds and private equity funds, as well as credit rating agencies.

#### Derivative regulation and supervision

The CFTC is the federal agency primarily responsible for the regulation of futures commission merchants, commodity pool operators and commodity trading advisors. With the effectiveness of the Dodd-Frank Act, these CFTC registration categories have been expanded to include persons engaging in a relevant activity with respect to swaps, and new registration categories have been added for swap dealers and major swap participants. For futures and swap activities, these CFTC registrants are subject to futures industry self-regulatory organizations such as the National Futures Association (NFA).

Each of CSI and CSSEL is registered with the CFTC as a swap dealer as a result of its swap activities with US persons and is therefore subject to requirements relating to reporting, record-keeping, swap confirmation, swap portfolio reconciliation and compression, mandatory clearing, mandatory exchange-trading, swap trading relationship documentation, external business conduct, risk management, chief compliance officer duties and reports and internal controls. It is anticipated that the CFTC will in 2015 finalize rules related to capital and margin requirements and position limits, as well as potentially expand the scope of its mandatory clearing and exchange-trading requirements to cover certain types of foreign exchange transactions.

One of our US broker-dealers, Credit Suisse Securities (USA) LLC, is also registered as a futures commission merchant and subject to the capital, segregation and other requirements of the CFTC and the NFA.

Our asset management businesses include legal entities registered and regulated as commodity pool operators and commodity trading advisors by the CFTC and the NFA.

In addition, we expect the SEC to finalize some of its rules implementing the derivatives provisions of the Dodd-Frank Act during 2015. While the SEC's proposals have largely paralleled many of the CFTC's rules, significant differences between the final CFTC and SEC rules could materially increase the compliance costs associated with, and hinder the efficiency of, our equity and credit derivatives businesses with US persons. In particular, significant differences between the SEC rules regarding capital, margin and segregation requirements for OTC derivatives and related CFTC rules, as well as the cross-border application of SEC and CFTC rules, could have such effects.

#### FATCA

FATCA became law in the US on March 18, 2010. The legislation requires Foreign Financial Institutions (FFIs) (such as Credit Suisse) to enter into an FFI agreement and agree to identify and provide the US Internal Revenue Service (IRS) with information on accounts held by US persons and certain US-owned foreign entities, or otherwise face 30% withholding tax on withholdable payments. In addition, FFIs that have entered into an FFI agreement will be required to withhold on such payments made to FFIs that have not entered into an FFI agreement, account holders who fail to provide sufficient information to classify an account as a US or non-US account, and US account holders who do not agree to the FFI reporting their account to the IRS. Switzerland and the US entered into a "Model 2" intergovernmental agreement to implement the reporting and withholding tax provisions of FATCA that became effective on June 2, 2014. FATCA requirements entered into force on July 1, 2014. The intergovernmental agreement enables FFIs in Switzerland to comply with FATCA while remaining in compliance with Swiss law. Under the agreement, US authorities may ask Swiss authorities for administrative assistance in connection with group requests where consent to provide information regarding potential US accounts is not provided to the FFI. The Swiss Federal Council announced on October 8, 2014 that it intends to negotiate a Model 1 intergovernmental agreement that would replace the existing agreement, and that would instead require FFIs in Switzerland to report US accounts to the Swiss authorities, with an automatic exchange of information between Swiss and US authorities. Complying with the required identification, withholding and reporting obligations requires significant investment in an FFI's compliance and reporting framework. We are continuing to follow developments regarding FATCA closely and are coordinating with all relevant authorities.

#### Resolution regime

The Dodd-Frank Act also establishes an "Orderly Liquidation Authority", a new regime for the orderly liquidation of systemically significant non-bank financial companies, which could potentially apply to certain of our US entities. To finance a resolution under this new regime, the FDIC may borrow funds from the US Treasury, which must be repaid from the proceeds of the resolution. If such proceeds are insufficient to repay the US Treasury in full, the FDIC is required to assess other large financial institutions, including those that have USD 50 billion or more in total

consolidated assets, such as us, in an amount sufficient to repay all of the funds borrowed from the US Treasury in connection with the liquidation under the Orderly Liquidation Authority. In addition, in 2011 the Fed and the FDIC approved final rules to implement the resolution plan requirement in the Dodd-Frank Act, which require bank holding companies with total consolidated assets of USD 50 billion or more, such as us, and certain designated non-bank financial firms to submit annually to the Fed and the FDIC resolution plans describing the strategy for rapid and orderly resolution under the US Bankruptcy Code or other applicable insolvency regimes, though such plans may not rely on the Orderly Liquidation Authority.

EU

Financial services regulation and supervision

Since it was announced in 1999, the EU's Financial Services Action Plan has given rise to numerous measures (both directives and regulations) aimed at increasing integration and harmonization in the European market for financial services. While regulations

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have immediate and direct effect in member states, directives must be implemented through national legislation. As a result, the terms of implementation of directives are not always consistent from country to country. In response to the financial crisis and in order to strengthen European supervisory arrangements, the EU established the European Systemic Risk Board, which has macro-prudential oversight of the financial system. The EU has also established three supervisory authorities responsible for promoting greater harmonization and consistent application of EU legislation by national regulators: the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority.

The CRD IV came into force on January 1, 2014. The CRD IV implemented in various EU countries, including the UK, the Basel III capital framework for banking groups operating in the EU. The CRD IV wholly replaced the current Capital Requirements Directive, which implemented the Basel II capital framework. The CRD IV creates a single harmonized prudential rule book for banks, introduces new corporate governance and certain new remuneration requirements, including a cap on variable remuneration, and enhances the powers of regulators.

The existing Markets in Financial Instruments Directive (MiFID I) establishes high-level organizational and business conduct standards that apply to all investment firms. These include standards for managing conflicts of interest, best execution, enhanced investor protection, including client classification, and the requirement to assess suitability and appropriateness in providing investment services to clients. MiFID I sets standards for regulated markets (i.e., exchanges) and multilateral trading facilities, and sets out pre-trade and post-trade price transparency requirements for equity trading. MiFID I also sets standards for the disclosure of fees and other payments received from or paid to third parties in relation to investment advice and services and regulates investment services relating to commodity derivatives. In relation to these and other EU-based investment services and activities, MiFID I introduced a “passport” for investment firms, enabling them to conduct cross-border activities and establish branches throughout the EU on the basis of authorization from their home state regulator. MiFID I will be significantly reformed by MiFID II and the Markets in Financial Instruments Regulation (MIFIR), which entered into force on July 2, 2014 and will apply as from January 3, 2017, with a few exceptions. Such changes include the creation of a new category of trading venue, that is, the organized trading facility; measures to direct more trading onto regulated trading venues such as regulated markets, multilateral trading facilities and organized trading facilities; and an extension of pre and post-trade reporting requirements to a wide range of equity, fixed income and derivative financial instruments. There will also be new safeguards introduced for high frequency and algorithmic trading activities, requiring the authorization of firms engaging in such trading activities and the proper supervision of high frequency and algorithmic traders. These safeguards are intended to guard against the significant market distortion that high frequency and algorithmic trading could bring about. ESMA provided technical advice to the EC on MiFID II and MIFIR in December 2014 and is expected to publish final regulatory technical standards by mid-2015.

The Single Supervisory Mechanism Framework Regulation has entered into force and it empowers the European Central Bank (ECB) to act as a single supervisor for banks in the 17 eurozone countries and for certain non-eurozone countries which may choose to participate in the Single Supervisory Mechanism. The ECB assumed its prudential supervisory duties on November 4, 2014.

#### Resolution regime

The BRRD, which entered into force on July 2, 2014, establishes a framework for the recovery and resolution of credit institutions and investment firms. The Directive introduces requirements for recovery and resolution plans, sets out a new suite of bank resolution tools, including bail-in, and establishes country specific bank resolution financing arrangements. The BRRD also requires banks to hold a certain amount of bail-inable debt at both individual and consolidated levels from 2016. The deadline for transposing the directive into member states’ law and regulation was December 31, 2014 and national authorities were obligated to apply the provisions of the BRRD (with the exception of the bail-in tool) by January 1, 2015.

The BRRD applies to all Credit Suisse EU entities, including branches of the Bank. The Single Resolution Mechanism Regulation, which came into force on August 19, 2014, establishes a board to assess the likelihood of bank failure and prepare for bank resolution. It will apply from January 1, 2016, although certain provisions are already applicable.

#### UK

##### Banking regulation and supervision

The Financial Services Authority (FSA) was the principal statutory regulator of financial services activity in the UK, deriving its powers from the Financial Services and Markets Act 2000 (FSMA). In April 2013, the FSA was replaced

by: the PRA, a subsidiary of the Bank of England, which is responsible for the micro-prudential regulation of banks and larger investment firms and the Financial Conduct Authority (FCA), which regulates markets, the conduct of business of all financial firms, and the prudential regulation of firms not regulated by the PRA. In addition, the Financial Policy Committee of the Bank of England was established as responsible for macro-prudential regulation. As a member state of the EU, the UK is required to implement EU directives into national law. The regulatory regime for banks operating in the UK conforms to required EU standards including compliance with capital adequacy standards, customer protection requirements, conduct of business rules and anti-money laundering rules. These standards, requirements and rules are similarly implemented, under the same directives, throughout the other member states of the EU in which we operate.

CSI, Credit Suisse (UK) Limited and Credit Suisse AG, London Branch are authorized to take deposits. We also have a number of entities authorized to conduct investment business and asset

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management activities. In deciding whether to grant authorization, the PRA must first determine whether a firm satisfies the threshold conditions for authorization, which includes suitability and the requirement for the firm to be fit and proper. In addition to regulation by the PRA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary code of conduct published by the Bank of England which PRA-regulated firms are expected to follow when conducting wholesale money market business.

Our London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a response to the global financial crisis, the PRA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of “self-sufficiency”, such that CSI, CSSEL and Credit Suisse (UK) Limited are required to maintain adequate liquidity resources, under the day-to-day supervision of the entity’s senior management, held in a custodian account in the name of the entity, unencumbered and attributed to the entity balance sheet. In addition, the PRA requires CSI, CSSEL and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the CRD.

The PRA has implemented the requirements of CRD IV, which replaced the current CRD as a whole, and imposed a 1:1 cap on variable remuneration which can rise to 1:2 with explicit shareholder approval.

The UK Financial Services Act 2013 (Banking Reform Act), enacted in December 2013, provides for the creation of a “retail ring-fence” that will prohibit large retail deposit banks from carrying out a broad range of investment and other banking activities in the same entity. Secondary legislation to fully implement the Banking Reform Act is expected to be completed by May 2015. Banks are expected to be required to comply with the ring-fencing requirements by 2019. However, it is expected that our Private Banking & Wealth Management business in the UK may benefit from the de minimis exemption from the retail ring-fence requirements which is anticipated to exclude certain banks that hold core deposits of below GBP 25 billion. The Banking Reform Act also introduces certain other reforms, including requirements for primary loss absorbing capacity in order to facilitate the use of the new bail-in tool, which is itself introduced by the Banking Reform Act. The Banking Reform Act will also establish a more stringent regulatory regime for senior managers and specified risk takers in a bank or PRA authorized investment firm, as well as create a new criminal offense for reckless mismanagement leading to the failure of a firm. The governance rules and the bail-in tool will impact our UK entities, such as CSI and CSSEL.

Broker-dealer and asset management regulation and supervision

Our London bank and broker-dealer subsidiaries are authorized under the FSMA and are subject to regulation by the PRA and FCA. In addition, our asset management companies are authorized under the FSMA and are subject to regulation by the FCA. In deciding whether to authorize an investment firm in the UK, the PRA and FCA will consider the threshold conditions, which includes suitability and the general requirement for a firm to be fit and proper. The PRA and FCA are responsible for regulating most aspects of an investment firm’s business, including its regulatory capital, sales and trading practices, use and safekeeping of customer funds and securities, record-keeping, margin practices and procedures, registration standards for individuals carrying on certain functions, anti-money laundering systems and periodic reporting and settlement procedures.

Tax

Since January 1, 2011, there has been a UK bank levy attributable to the UK operations of large banks, with applicable rates varying over time. In 2014, the UK government considered introducing changes to how the UK bank levy would be charged from January 1, 2015. However, after various discussions, the UK government decided not to proceed with the proposed changes to the charging mechanism.

In the Autumn Statement, the UK Chancellor of the Exchequer announced on December 3, 2014 that the UK government is considering introducing a bank loss-relief restriction which may restrict the extent to which certain Credit Suisse UK entities can use historic losses to offset profits for tax purposes from April 1, 2015.

Resolution regime

The PRA published a consultation paper on the BRRD’s implementation in the UK in July 2014. This consultation was followed by a policy statement with a summary of feedback, final rules and updated supervisory statements issued by the PRA on January 16, 2015. In order to implement the BRRD in the UK, amendments were made to UK primary legislation including the Banking Act 2009, the Financial Services and Markets Act 2000 and the Insolvency Act 1986. The majority of these final rules have come into force. The PRA/FCA’s rules on contractual recognition of bail-in will come into force on January 1, 2016, although for unsecured debt instruments the requirements were implemented on February 19, 2015.



## Risk factors

Our businesses are exposed to a variety of risks that could adversely affect our results of operations and financial condition, including, among others, those described below.

### Liquidity risk

Liquidity, or ready access to funds, is essential to our businesses, particularly our Investment Banking business. We maintain available liquidity to meet our obligations in a stressed liquidity environment.

> Refer to “Liquidity and funding management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our liquidity management.

Our liquidity could be impaired if we were unable to access the capital markets or sell our assets, and we expect our liquidity costs to increase

Our ability to borrow on a secured or unsecured basis and the cost of doing so can be affected by increases in interest rates or credit spreads, the availability of credit, regulatory requirements relating to liquidity or the market perceptions of risk relating to us or the banking sector, including our perceived or actual creditworthiness. An inability to obtain financing in the unsecured long-term or short-term debt capital markets, or to access the secured lending markets, could have a substantial adverse effect on our liquidity. In challenging credit markets, our funding costs may increase or we may be unable to raise funds to support or expand our businesses, adversely affecting our results of operations. Following the financial crisis in 2008 and 2009, our costs of liquidity have been significant and we expect to incur additional costs as a result of regulatory requirements for increased liquidity and the continued challenging economic environment in Europe, the US and elsewhere.

If we are unable to raise needed funds in the capital markets, we may need to liquidate unencumbered assets to meet our liabilities. In a time of reduced liquidity, we may be unable to sell some of our assets, or we may need to sell assets at depressed prices, which in either case could adversely affect our results of operations and financial condition.

Our businesses rely significantly on our deposit base for funding

Our businesses benefit from short-term funding sources, including primarily demand deposits, inter-bank loans, time deposits and cash bonds. Although deposits have been, over time, a stable source of funding, this may not continue. In that case, our liquidity position could be adversely affected and we might be unable to meet deposit withdrawals on demand or at their contractual maturity, to repay borrowings as they mature or to fund new loans, investments and businesses.

Changes in our ratings may adversely affect our business

Ratings are assigned by rating agencies. They may lower, indicate their intention to lower or withdraw their ratings at any time. The major rating agencies remain focused on the financial services industry, particularly on uncertainties as to whether firms that pose systemic risk would receive government or central bank support in a financial or credit crisis, and on such firms’ potential vulnerability to market sentiment and confidence, particularly during periods of severe economic stress. For example, in February 2015, Standard & Poor’s lowered its long-term credit ratings of several European banks, including Credit Suisse Group AG, by one notch. Any downgrades in our assigned ratings, including in particular our credit ratings, could increase our borrowing costs, limit our access to capital markets, increase our cost of capital and adversely affect the ability of our businesses to sell or market their products, engage in business transactions – particularly longer-term and >>>derivatives transactions – and retain our clients.

### Market risk

We may incur significant losses on our trading and investment activities due to market fluctuations and volatility

Although we continued to strive to reduce our balance sheet and made significant progress in executing our client-focused, capital-efficient strategy in 2014, we continue to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that we own assets, or have net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of our net long positions. Conversely, to the extent that we have sold assets that we do not own or have net short positions in any of those markets, an upturn in those markets could expose us to potentially significant losses as we attempt to cover our net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the >>>fair value of our positions and our results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in our net revenues and

profitability.

Our businesses are subject to the risk of loss from adverse market conditions and unfavorable economic, monetary, political, legal and other developments in the countries we operate in around the world

As a global financial services company, our businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the US and elsewhere around the world. The recovery from the economic crisis of 2008 and 2009

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continues to be sluggish in several key developed markets. Additionally, the European sovereign debt crisis, as well as concerns over US debt levels and the federal budget process that led to the downgrade of US sovereign debt in 2011 and the temporary shutdown of many federal governmental operations in 2013, have not been permanently resolved. Our financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which we operate or invest have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions. Concerns about weaknesses in the economic and fiscal condition of certain European countries continued, especially with regard to how such weaknesses might affect other economies as well as financial institutions (including us) which lent funds to or did business with or in those countries. For example, sanctions have been imposed on certain individuals and companies in Russia due to the conflict in the Ukraine. In addition, recent events in Greece have led to renewed concerns about its economic and financial stability and the effects that it could have on the eurozone. Continued concern about European economies could cause disruptions in market conditions in Europe and around the world. Economic disruption in other countries, even in countries in which we do not currently conduct business or have operations, could adversely affect our businesses and results.

Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices, particularly the recent significant decrease in energy prices, European stagnation and renewed concern over Greece's position in the eurozone have affected financial markets and the economy. In recent years, the low interest rate environment, including current negative short-term interest rates in our home market, has adversely affected our net interest income and the value of our trading and non-trading fixed income portfolios. In addition, movements in equity markets have affected the value of our trading and non-trading equity portfolios, while the historical strength of the Swiss franc has adversely affected our revenues and net income. Such adverse market or economic conditions may reduce the number and size of investment banking transactions in which we provide underwriting, mergers and acquisitions advice or other services and, therefore, may adversely affect our financial advisory and underwriting fees. Such conditions may adversely affect the types and volumes of securities trades that we execute for customers and may adversely affect the net revenues we receive from commissions and spreads. In addition, several of our businesses engage in transactions with, or trade in obligations of, governmental entities, including super-national, national, state, provincial, municipal and local authorities. These activities can expose us to enhanced sovereign, credit-related, operational and reputational risks, including the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those officials, which could adversely affect our financial condition and results of operations.

Unfavorable market or economic conditions have affected our businesses over the last years, including the low interest rate environment, continued cautious investor behavior and changes in market structure, particularly in our macro businesses. These negative factors have been reflected in lower commissions and fees from our client-flow sales and trading and asset management activities, including commissions and fees that are based on the value of our clients' portfolios. Investment performance that is below that of competitors or asset management benchmarks could result in a decline in assets under management and related fees and make it harder to attract new clients. There has been a fundamental shift in client demand away from more complex products and significant client deleveraging, and our Private Banking & Wealth Management division's results of operations have been and could continue to be adversely affected as long as this continues.

Adverse market or economic conditions have also negatively affected our private equity investments since, if a private equity investment substantially declines in value, we may not receive any increased share of the income and gains from such investment (to which we are entitled in certain cases when the return on such investment exceeds certain threshold returns), may be obligated to return to investors previously received excess carried interest payments and may lose our pro rata share of the capital invested. In addition, it could become more difficult to dispose of the investment, as even investments that are performing well may prove difficult to exit.

In addition to the macroeconomic factors discussed above, other events beyond our control, including terrorist attacks, military conflicts, economic or political sanctions, disease pandemics, political unrest or natural disasters could have a material adverse effect on economic and market conditions, market volatility and financial activity, with a potential

related effect on our businesses and results.

We may incur significant losses in the real estate sector

We finance and acquire principal positions in a number of real estate and real estate-related products, primarily for clients, and originate loans secured by commercial and residential properties. As of December 31, 2014, our real estate loans (as reported to the SNB) totaled approximately CHF 146 billion. We also securitize and trade in commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including >>>>commercial mortgage-backed securities and >>>>RMBS. Our real estate-related businesses and risk exposures could continue to be adversely affected by any downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on our real estate-related businesses.

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Holding large and concentrated positions may expose us to large losses

Concentrations of risk could increase losses, given that we have sizeable loans to, and securities holdings in, certain customers, industries or countries. Decreasing economic growth in any sector in which we make significant commitments, for example, through underwriting, lending or advisory services, could also negatively affect our net revenues.

We have significant risk concentration in the financial services industry as a result of the large volume of transactions we routinely conduct with broker-dealers, banks, funds and other financial institutions, and in the ordinary conduct of our business we may be subject to risk concentration with a particular counterparty. We, like other financial institutions, continue to adapt our practices and operations in consultation with our regulators to better address an evolving understanding of our exposure to, and management of, systemic risk and risk concentration to financial institutions. Regulators continue to focus on these risks, and there are numerous new regulations and government proposals, and significant ongoing regulatory uncertainty, about how best to address them. There can be no assurance that the changes in our industry, operations, practices and regulation will be effective in managing this risk.

> Refer to “Regulation and supervision” for further information.

Risk concentration may cause us to suffer losses even when economic and market conditions are generally favorable for others in our industry.

Our hedging strategies may not prevent losses

If any of the variety of instruments and strategies we use to hedge our exposure to various types of risk in our businesses is not effective, we may incur losses. We may be unable to purchase hedges or be only partially hedged, or our hedging strategies may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.

Market risk may increase the other risks that we face

In addition to the potentially adverse effects on our businesses described above, market risk could exacerbate the other risks that we face. For example, if we were to incur substantial trading losses, our need for liquidity could rise sharply while our access to liquidity could be impaired. In conjunction with another market downturn, our customers and counterparties could also incur substantial losses of their own, thereby weakening their financial condition and increasing our credit and counterparty risk exposure to them.

Credit risk

We may suffer significant losses from our credit exposures

Our businesses are subject to the fundamental risk that borrowers and other counterparties will be unable to perform their obligations. Our credit exposures exist across a wide range of transactions that we engage in with a large number of clients and counterparties, including lending relationships, commitments and letters of credit, as well as >>>derivative, currency exchange and other transactions. Our exposure to credit risk can be exacerbated by adverse economic or market trends, as well as increased volatility in relevant markets or instruments. In addition, disruptions in the liquidity or transparency of the financial markets may result in our inability to sell, syndicate or realize the value of our positions, thereby leading to increased concentrations. Any inability to reduce these positions may not only increase the market and credit risks associated with such positions, but also increase the level of >>>risk-weighted assets on our balance sheet, thereby increasing our capital requirements, all of which could adversely affect our businesses.

> Refer to “Credit risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for information on management of credit risk.

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

Management’s determination of the provision for loan losses is subject to significant judgment. Our banking businesses may need to increase their provisions for loan losses or may record losses in excess of the previously determined provisions if our original estimates of loss prove inadequate, which could have a material adverse effect on our results of operations.

> Refer to “Credit risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management and “Note 1 – Summary of significant accounting policies”, “Note 10 – Provision for credit losses” and “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group for information on

provisions for loan losses and related risk mitigation.

We have experienced in the past, and may in the future experience, competitive pressure to assume longer-term credit risk, extend credit against less liquid collateral and price derivative instruments more aggressively based on the credit risks that we take. We expect our capital and liquidity requirements, and those of the financial services industry, to increase as a result of these risks.

Defaults by a large financial institution could adversely affect financial markets generally and us specifically. Concerns or even rumors about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about defaults by and failures of many financial institutions, particularly those with significant exposure to the eurozone, continued in 2014 and could continue to lead to losses or defaults by financial institutions and financial intermediaries with which we interact on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. Our credit risk exposure will also increase if the

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collateral we hold cannot be realized upon or can only be liquidated at prices insufficient to cover the full amount of exposure.

The information that we use to manage our credit risk may be inaccurate or incomplete

Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. We may also fail to receive full information with respect to the credit or trading risks of a counterparty.

Risks from estimates and valuations

We make estimates and valuations that affect our reported results, including measuring the >>>fair value of certain assets and liabilities, establishing provisions for contingencies and losses for loans, litigation and regulatory proceedings, accounting for goodwill and intangible asset impairments, evaluating our ability to realize deferred tax assets, valuing equity-based compensation awards, modeling our risk exposure and calculating expenses and liabilities associated with our pension plans. These estimates are based upon judgment and available information, and our actual results may differ materially from these estimates.

> Refer to “Critical accounting estimates” in II – Operating and financial review and “Note 1 – Summary of significant accounting policies” in V – Consolidated financial statements – Credit Suisse Group for information on these estimates and valuations.

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

Risks relating to off-balance sheet entities

We enter into transactions with special purpose entities (SPEs) in our normal course of business, and certain SPEs with which we transact business are not consolidated and their assets and liabilities are off-balance sheet. We may have to exercise significant management judgment in applying relevant accounting consolidation standards, either initially or after the occurrence of certain events that may require us to reassess whether consolidation is required. Accounting standards relating to consolidation, and their interpretation, have changed and may continue to change. If we are required to consolidate an SPE, its assets and liabilities would be recorded on our consolidated balance sheets and we would recognize related gains and losses in our consolidated statements of operations, and this could have an adverse impact on our results of operations and capital and leverage ratios.

> Refer to “Off-balance sheet” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and contractual obligations for information on our transactions with and commitments to SPEs.

Cross-border and CURRENCY exchange risk

Cross-border risks may increase market and credit risks we face

Country, regional and political risks are components of market and credit risk. Financial markets and economic conditions generally have been and may in the future be materially affected by such risks. Economic or political pressures in a country or region, including those arising from local market disruptions, currency crises, monetary controls or other factors, may adversely affect the ability of clients or counterparties located in that country or region to obtain foreign currency or credit and, therefore, to perform their obligations to us, which in turn may have an adverse impact on our results of operations.

We may face significant losses in emerging markets

As a global financial services company doing business in emerging markets, we are exposed to economic instability in emerging market countries. We monitor these risks, seek diversity in the sectors in which we invest and emphasize client-driven business. Our efforts at limiting emerging market risk, however, may not always succeed. In addition, various emerging market countries have experienced and may continue to experience severe economic and financial disruptions. The possible effects of any such disruptions may include an adverse impact on our businesses and increased volatility in financial markets generally.

Currency fluctuations may adversely affect our results of operations

We are exposed to risk from fluctuations in exchange rates for currencies, particularly the US dollar. In particular, a substantial portion of our assets and liabilities are denominated in currencies other than the Swiss franc, which is the primary currency of our financial reporting. Our capital is also stated in Swiss francs and we do not fully hedge our

capital position against changes in currency exchange rates. Despite some weakening, the Swiss franc remained strong against the US dollar and euro in 2014. The appreciation of the Swiss franc in particular and exchange rate volatility in general have had an adverse impact on our results of operations and capital position in recent years and may have such an effect in the future.

In addition, on January 15, 2015, the SNB decided to discontinue the minimum exchange rate of CHF 1.20 per euro. As we incur a significant part of our expenses in Swiss francs while we generate a large proportion of our revenues in other currencies, our earnings are sensitive to changes in the exchange rates between the Swiss franc and other major currencies. Had the SNB taken this action at the beginning of 2014, our 2014 results would have been adversely effected. Although we are implementing a number of measures designed to offset the impact of recent exchange rate fluctuations on our results of operations, the continuing strength and further appreciation of the Swiss franc could have a material adverse impact on our results.

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#### Operational risk

We are exposed to a wide variety of operational risks, including information technology risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In general, although we have business continuity plans, our businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure. As a global financial services company, we rely heavily on our financial, accounting and other data processing systems, which are varied and complex. Our business depends on our ability to process a large volume of diverse and complex transactions, including >>>derivatives transactions, which have increased in volume and complexity. We are exposed to operational risk arising from errors made in the execution, confirmation or settlement of transactions or in transactions not being properly recorded or accounted for. Regulatory requirements in this area have increased and are expected to increase further.

Information security, data confidentiality and integrity are of critical importance to our businesses. Despite our wide array of security measures to protect the confidentiality, integrity and availability of our systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to our systems and information. We could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties. In addition, we may introduce new products or services or change processes, resulting in new operational risk that we may not fully appreciate or identify.

These threats may derive from human error, fraud or malice, or may result from accidental technological failure.

There may also be attempts to fraudulently induce employees, clients, third parties or other users of our systems to disclose sensitive information in order to gain access to our data or that of our clients.

Given our global footprint and the high volume of transactions we process, the large number of clients, partners and counterparties with which we do business, and the increasing sophistication of cyber-attacks, a cyber-attack could occur without detection for an extended period of time. In addition, we expect that any investigation of a cyber-attack will be inherently unpredictable and it may take time before any investigation is complete. During such time, we may not know the extent of the harm or how best to remediate it and certain errors or actions may be repeated or compounded before they are discovered and rectified, all or any of which would further increase the costs and consequences of a cyber-attack.

If any of our systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorized access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, we could be subject to litigation or suffer financial loss not covered by insurance, a disruption of our businesses, liability to our clients, regulatory intervention or reputational damage. Any such event could also require us to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures.

We may suffer losses due to employee misconduct

Our businesses are exposed to risk from potential non-compliance with policies, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In recent years, a number of multinational financial institutions have suffered material losses due to the actions of “rogue traders” or other employees. It is not always possible to deter employee misconduct and the precautions we take to prevent and detect this activity may not always be effective.

#### Risk management

We have risk management procedures and policies designed to manage our risk. These techniques and policies, however, may not always be effective, particularly in highly volatile markets. We continue to adapt our risk management techniques, in particular >>>value-at-risk and economic capital, which rely on historical data, to reflect changes in the financial and credit markets. No risk management procedures can anticipate every market development or event, and our risk management procedures and hedging strategies, and the judgments behind them, may not fully mitigate our risk exposure in all markets or against all types of risk.

> Refer to “Risk management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information on our risk management.

#### Legal and regulatory risks

Our exposure to legal liability is significant

We face significant legal risks in our businesses, and the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are increasing.

We and our subsidiaries are subject to a number of material legal proceedings, regulatory actions and investigations, and an adverse result in one or more of these proceedings could have a material adverse effect on our operating results for any particular period, depending, in part, upon our results for such period.

> Refer to “Note 38 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for information relating to these and other legal and regulatory proceedings involving our Investment Banking and other businesses.

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

> Refer to “Critical accounting estimates” in II – Operating and financial review and “Note 1 – Summary of significant accounting policies” in V – Consolidated financial statements – Credit Suisse Group for more information.

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Regulatory changes may adversely affect our business and ability to execute our strategic plans

As a participant in the financial services industry, we are subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organizations in Switzerland, the EU, the UK, the US and other jurisdictions in which we operate around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to our compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit our activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which we may operate or invest. Such limitations can have a negative effect on our business and our ability to implement strategic initiatives. To the extent we are required to divest certain businesses, we could incur losses, as we may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.

Since 2008, regulators and governments have focused on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk, including potentially ring-fencing certain activities and operations within specific legal entities. We are already subject to extensive regulation in many areas of our business and expect to face increased regulation and regulatory scrutiny and enforcement. These various regulations and requirements could require us to reduce assets held in certain subsidiaries, inject capital into or otherwise change our operations or the structure of our subsidiaries and Group. We expect such increased regulation to continue to increase our costs, including, but not limited to, costs related to compliance, systems and operations, as well as affecting our ability to conduct certain businesses, which could adversely affect our profitability and competitive position. Variations in the details and implementation of such regulations may further negatively affect us, as certain requirements currently are not expected to apply equally to all of our competitors or to be implemented uniformly across jurisdictions.

For example, the additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by >>>Basel III, together with more stringent requirements imposed by the Swiss >>>“Too Big To Fail” legislation and its implementing ordinances and related actions by our regulators, have contributed to our decision to reduce >>>risk-weighted assets and the size of our balance sheet, and could potentially impact our access to capital markets and increase our funding costs. In addition, the ongoing implementation in the US of the provisions of the Dodd-Frank Act, including the “Volcker Rule”, >>>derivatives regulation, and other regulatory developments described in “Regulation and supervision”, have imposed, and will continue to impose, new regulatory burdens on certain of our operations. These requirements have contributed to our decision to exit certain businesses (including a number of our private equity businesses) and may lead us to exit other businesses. New CFTC and SEC rules could materially increase the operating costs, including compliance, information technology and related costs, associated with our derivatives businesses with US persons, while at the same time making it more difficult for us to transact derivatives business outside the US. Further, in February 2014, the Fed adopted a final rule under the Dodd-Frank Act that created a new framework for regulation of the US operations of foreign banking organizations such as ours. Although the final impact of the new rule cannot be fully predicted at this time, it is expected to result in our incurring additional costs and to affect the way we conduct our business in the US, including by requiring us to create a single US intermediate holding company. Similarly, recently enacted and possible future cross-border tax regulation with extraterritorial effect, such as the US Foreign Account Tax Compliance Act, bilateral tax treaties, such as Switzerland’s treaties with the UK and Austria, and agreements on the automatic exchange of information in tax matters, impose detailed reporting obligations and increased compliance and systems-related costs on our businesses. Additionally, implementation of EMIR, CRD IV and the proposed revisions to MiFID II may negatively affect our business activities. If Switzerland does not pass legislation that is deemed equivalent to EMIR and MiFID II in a timely manner, Swiss banks, including us, may be limited from participating in businesses regulated by such laws. Finally, new total loss-absorbing capacity requirements may increase our funding costs or limit the availability of funding. We expect the financial services industry, including us, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2015 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect our results of operations.

Despite our best efforts to comply with applicable regulations, a number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against us, which could result in, among other things, suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect our results of operations and seriously harm our reputation.

> Refer to “Regulation and supervision” for a description of our regulatory regime and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry as well as to “Liquidity and funding management” and “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet for information regarding our current regulatory framework and expected changes to this framework affecting capital and liquidity standards.

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Swiss resolution proceedings may affect our shareholders and creditors

Pursuant to Swiss banking laws, >>>FINMA has broad powers and discretion in the case of resolution proceedings with respect to a Swiss bank, such as Credit Suisse AG. These broad powers include the power to cancel Credit Suisse AG's outstanding equity (which currently is Credit Suisse Group AG's primary asset), convert debt instruments and other liabilities of Credit Suisse AG into equity and cancel such liabilities in whole or in part. As of the date hereof, FINMA's broad resolution powers apply only to duly licensed banks in Switzerland such as Credit Suisse AG, and not to a parent company of a financial group such as Credit Suisse Group AG. However, a proposed amendment to the Swiss banking laws would extend the scope of the Swiss bank resolution regime to Swiss parent companies of financial groups, such as Credit Suisse Group AG, and certain other unregulated Swiss-domiciled companies belonging to a financial group. It is not possible to predict whether or when such amendment will be enacted, what final form it would take and what effect it could have on shareholders or creditors of Credit Suisse Group AG or Credit Suisse Group AG generally. However, if the Swiss banking laws were amended so that the same resolution regime that currently applies to Credit Suisse AG were to apply to Credit Suisse Group AG, FINMA would be able to exercise its resolution powers thereunder to, among other things, cancel Credit Suisse Group AG's outstanding equity, convert debt instruments and other liabilities of Credit Suisse Group AG into equity and cancel such liabilities in whole or in part in restructuring proceedings.

> Refer to "Recent regulatory developments and proposals – Switzerland" and "Regulatory framework – Switzerland – Resolution regime" in Regulation and supervision for a description of the current resolution regime under Swiss banking laws as it applies to Credit Suisse AG.

Changes in monetary policy are beyond our control and difficult to predict

We are affected by the monetary policies adopted by the central banks and regulatory authorities of Switzerland, the US and other countries. The actions of the SNB and other central banking authorities directly impact our cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments we hold and the competitive and operating environment for the financial services industry. Many central banks have implemented significant changes to their monetary policy. We cannot predict whether these changes will have a material adverse effect on us or our operations. In addition, changes in monetary policy may affect the credit quality of our customers. Any changes in monetary policy are beyond our control and difficult to predict.

Legal restrictions on our clients may reduce the demand for our services

We may be materially affected not only by regulations applicable to us as a financial services company, but also by regulations and changes in enforcement practices applicable to our clients. Our business could be affected by, among other things, existing and proposed tax legislation, antitrust and competition policies, corporate governance initiatives and other governmental regulations and policies, and changes in the interpretation or enforcement of existing laws and rules that affect business and the financial markets. For example, focus on tax compliance and changes in enforcement practices could lead to further asset outflows from our Wealth Management Clients business.

Any conversion of our convertible capital instruments will dilute the ownership interests of existing shareholders. Under Swiss regulatory capital rules, we are required to issue a significant amount of contingent capital instruments, certain of which will convert into common equity upon the occurrence of specified triggering events, including our CET1 ratio falling below prescribed thresholds, or a determination by FINMA that conversion is necessary, or that we require public sector capital support, to prevent us from becoming insolvent. We have already issued in the aggregate an equivalent of CHF 8.6 billion in principal amount of such convertible contingent capital, and we may issue more such convertible contingent capital in the future. The conversion of some or all of our convertible contingent capital due to the occurrence of a triggering event will result in the dilution of the ownership interests of our then existing shareholders, which dilution could be substantial. Additionally, any conversion, or the anticipation of the possibility of a conversion, could depress the market price of our ordinary shares.

> Refer to "Banking relationships and related party transactions" in IV – Corporate Governance and Compensation – Corporate Governance for more information on the triggering events related to our convertible contingent capital instruments.

Competition

We face intense competition

We face intense competition in all financial services markets and for the products and services we offer. Consolidation through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased

competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like us, have the ability to offer a wide range of products, from loans and deposit-taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than we do, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in our industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. Although we expect the increasing consolidation and changes in our industry to offer

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opportunities, we can give no assurance that our results of operations will not be adversely affected.

Our competitive position could be harmed if our reputation is damaged

In the highly competitive environment arising from globalization and convergence in the financial services industry, a reputation for financial strength and integrity is critical to our performance, including our ability to attract and maintain clients and employees. Our reputation could be harmed if our comprehensive procedures and controls fail, or appear to fail, to address conflicts of interest, prevent employee misconduct, produce materially accurate and complete financial and other information or prevent adverse legal or regulatory actions.

> Refer to “Reputational risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for more information.

We must recruit and retain highly skilled employees

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is intense. We have devoted considerable resources to recruiting, training and compensating employees.

Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on our ability to attract and retain highly skilled employees. In particular, new limits on the amount and form of executive compensation imposed by recent regulatory initiatives, including the Compensation Ordinance in Switzerland and the implementation of CRD IV in the UK, could potentially have an adverse impact on our ability to retain certain of our most highly skilled employees and hire new qualified employees in certain businesses.

We face competition from new trading technologies

Our businesses face competitive challenges from new trading technologies, which may adversely affect our commission and trading revenues, exclude our businesses from certain transaction flows, reduce our participation in the trading markets and the associated access to market information and lead to the creation of new and stronger competitors. We have made, and may continue to be required to make, significant additional expenditures to develop and support new trading systems or otherwise invest in technology to maintain our competitive position.

Risks relating to our strategy

We may not achieve all of the expected benefits of our strategic initiatives

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, to optimize our use of capital and improve our cost structure we have continued to adapt our client-focused, capital-efficient strategy and have implemented new cost-savings measures while decreasing the size of our balance sheet and reducing our >>>risk-weighted assets. In the fourth quarter of 2013, we created non-strategic units within our Investment Banking and Private Banking & Wealth Management divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on our strategic businesses and growth initiatives. Factors beyond our control, including but not limited to the market and economic conditions, changes in laws, rules or regulations and other challenges discussed in this report, could limit our ability to achieve some or all of the expected benefits of these initiatives.

In addition, acquisitions and other similar transactions we undertake as part of our strategy subject us to certain risks. Even though we review the records of companies we plan to acquire, it is generally not feasible for us to review all such records in detail. Even an in-depth review of records may not reveal existing or potential problems or permit us to become familiar enough with a business to assess fully its capabilities and deficiencies. As a result, we may assume unanticipated liabilities (including legal and compliance issues), or an acquired business may not perform as well as expected. We also face the risk that we will not be able to integrate acquisitions into our existing operations effectively as a result of, among other things, differing procedures, business practices and technology systems, as well as difficulties in adapting an acquired company into our organizational structure. We face the risk that the returns on acquisitions will not support the expenditures or indebtedness incurred to acquire such businesses or the capital expenditures needed to develop such businesses.

We may also seek to engage in new joint ventures and strategic alliances. Although we endeavor to identify appropriate partners, our joint venture efforts may prove unsuccessful or may not justify our investment and other commitments.

We have announced a program to evolve our legal entity structure and cannot predict its final form or potential effects

In 2013, we announced key components of our program to evolve our legal entity structure. The program is designed to meet developing and future regulatory requirements. Subject to further analysis and approval by [FINMA](#) and other regulators, implementation of the program is underway, with a number of key components expected to be implemented throughout 2015 and 2016. This program remains subject to a number of uncertainties that may affect its feasibility, scope and timing. In addition, significant legal and regulatory changes affecting us and our operations may require us to make further changes in our legal structure. The implementation of these changes will require significant time and resources and may potentially increase operational, capital, funding and tax costs as well as our counterparties' credit risk.

> Refer to “Evolution of legal entity structure” in II – Operating and financial review – Credit Suisse – Information and developments for further information on our legal entity structure.

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Operating and financial review

Operating environment

Credit Suisse

Core Results

Private Banking & Wealth Management

Investment Banking

Corporate Center

Assets under management

Critical accounting estimates

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#### Operating environment

While in 2014 economic conditions improved in the US, growth remained weak in the eurozone. Equity markets ended the year higher. Interest rates remained low. Commodity prices decreased significantly, driven by lower energy prices. The US dollar appreciated against all major currencies in 2014.

#### Economic environment

The year was marked by solid US economic growth following signs of softening in the first quarter. Unemployment continued its declining trend and inflationary pressure remained largely absent. The steep decline in energy prices late in the year caused headline inflation metrics to recede markedly. Economic growth in the eurozone remained weak, impacted by rising uncertainty and geopolitical tensions weighing on the economies. While a recession was avoided in Europe, the risk of deflation in certain eurozone countries increased sharply. Japan's economy fell into recession following the consumption tax increase in April. Among major emerging markets, economic growth in Brazil, China and Russia slowed down to varying degrees while India's economy reported higher growth rates.

Throughout 2014, the US Federal Reserve (Fed) steadily reduced its asset purchase program, fully ending it by the end of October. In contrast, the European Central Bank (ECB) cut its policy rate to 0.05%, introduced a negative deposit rate and a purchase program for private sector assets, and injected new liquidity into the banking system. In December 2014, the Swiss National Bank (SNB) announced a negative interest rate in order to make Swiss franc deposits less attractive. The Bank of Japan (BoJ) continued its asset purchase program and announced a significant increase in October. In emerging markets, China's central bank lowered its policy rate towards the end of the year, while India's central bank kept its stable throughout 2014. Brazil's central bank tightened monetary policy following elevated inflation pressure and Russia's central bank increased interest rates significantly in the second half following a period of intense selling pressure on the ruble.

Equity markets increased more than 9% in 2014, despite the uncertainties arising from the sell-off in oil markets in the fourth quarter. US equities benefited from strong macroeconomic momentum throughout the year, ending with a double-digit increase. European equities faced a less favorable economic environment and uncertainties surrounding the anticipated ECB actions also weighed on them. Japanese equities benefited from the BoJ's expansionary monetary policy and ended 2014 among the best performing regions. Emerging markets, which were mainly impacted by geopolitical tensions, had a weaker performance. Equity market volatility, as indicated by the Chicago Board Options Exchange Market Volatility Index (VIX), increased in the second half of the year (refer to the charts "Equity markets"). The Credit Suisse Hedge Fund Index increased 4.1% in 2014.

Most fixed income assets delivered a strong performance in 2014. This was led by long-dated benchmark government bonds, which particularly benefited from the decline in inflation expectations and continued central bank easing measures in the eurozone and Japan. While eurozone government bonds, particularly those of the periphery (with the exception of Greece), outperformed, Japanese government bonds lagged the rest of the government bonds in developed markets. With the long-end declining more than the short-end, yield curves flattened in all major currencies (refer to the chart “Yield curves”). In light of deflationary pressures, inflation-linked bonds underperformed nominal government bonds. Credit spreads widened since the end of June within a narrow band (refer to the chart “Credit spreads”). Weakness in the energy sector particularly weighed on the US high yield market and also negatively impacted the performance of emerging market hard currency bonds. Sovereign bonds from net oil exporting countries experienced strong credit spread widening.

The US dollar appreciated against all major currencies in 2014, supported by the solid economic growth in the US and market expectations of higher US interest rates. Easing of monetary policy in the eurozone helped to weaken the euro against the US dollar. The Japanese yen also weakened against the US dollar as the BoJ pursued its expansionary monetary policy. The SNB maintained its minimum exchange rate for the euro against the Swiss franc at 1.20 in 2014. On January 15, 2015, the SNB decided to discontinue the minimum exchange rate of CHF 1.20 per euro and continued to lower short-term interest rates. These actions dramatically altered the market environment for a number of Swiss companies, which typically incur the majority of their expenses in Swiss francs, while they generate a large proportion of their revenues in other currencies. Commodity currencies, such as the Australian and Canadian dollars and the Russian ruble, depreciated as prices of commodities, particularly oil, declined sharply in the second half of 2014.

Commodities had a challenging 2014, with benchmark indices losing significant ground towards year-end. Initial weather-related advances in agricultural markets were followed by gains in metals and energy segments through the second quarter of 2014. The trend turned during the second half of the year when global demand began to decrease while supplies continued to grow firmly. Energy markets in particular witnessed the sharpest decrease since the global financial crisis as energy prices lost more than 40% in 2014. The Credit Suisse Commodities Benchmark decreased 26% for the year, mainly due to energy prices. Gold markets had a less turbulent year, but prices ended 1% lower due to lack of investor demand.

Market volumes (growth in % year on year)

2014	Global	Europe
Equity trading volume <sup>1</sup>	17	19
Announced mergers and acquisitions <sup>2</sup>	27	21
Completed mergers and acquisitions <sup>2</sup>	7	(11)
Equity underwriting <sup>2</sup>	18	62
Debt underwriting <sup>2</sup>	(1)	3
Syndicated lending - investment-grade <sup>2</sup>	20	–

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

2

Dealogic.

Sector environment

The banking sector was influenced by central bank measures while it continued to transition to new regulatory requirements. Global banks took significant steps to restructure businesses and decrease costs while also taking measures to increase capital and liquidity ratios. North American bank stocks outperformed global equity indices and ended the year 13.3% higher. European bank stocks finished the year 0.4% lower (refer to the charts “Equity markets”).

In private banking, clients maintained a cautious investment stance, with cash deposits remaining high despite ongoing low or falling interest rates. Global net new asset trends in wealth management remained positive. In Switzerland, concerns about a real estate market correction and its impact on Swiss banking remained pronounced, with the SNB reiterating concerns about the imbalances in mortgage and real estate markets. Overall, the wealth management sector continued to adapt to further industry-specific regulatory changes.

In investment banking, US and European equity trading volumes increased compared to 2013, particularly in the fourth quarter of 2014. US fixed income volumes decreased compared to 2013, driven by weaker mortgage-backed and government volumes. Compared to 2013, global completed mergers and acquisitions (M&A) volumes increased 7%, but were negatively impacted by lower volumes in Europe which decreased 11%. Global announced M&A volumes rose 27%. Global equity underwriting volumes increased 18%, driven by a 62% increase in Europe, while global debt underwriting volumes decreased slightly compared to 2013.

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## Credit Suisse

In 2014, we recorded net income attributable to shareholders of CHF 1,875 million. Diluted earnings per share from continuing operations were CHF 1.01 and return on equity attributable to shareholders was 4.4%.

As of the end of 2014, our Basel III CET1 ratio was 14.9% and 10.1% on a look-through basis. Our risk-weighted assets increased 6% compared to 2013 to CHF 291.4 billion.

## Results

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Statements of operations (CHF million)					
Net interest income	9,034	8,115	7,143	11	14
Commissions and fees	13,051	13,226	12,724	(1)	4
Trading revenues	2,026	2,739	1,196	(26)	129
Other revenues	2,131	1,776	2,548	20	(30)
<b>Net revenues</b>	<b>26,242</b>	<b>25,856</b>	<b>23,611</b>	1	10
<b>Provision for credit losses</b>	<b>186</b>	<b>167</b>	<b>170</b>	11	(2)
Compensation and benefits	11,334	11,256	12,303	1	(9)
General and administrative expenses	9,534	8,599	7,246	11	19
Commission expenses	1,561	1,738	1,702	(10)	2
Total other operating expenses	11,095	10,337	8,948	7	16
<b>Total operating expenses</b>	<b>22,429</b>	<b>21,593</b>	<b>21,251</b>	4	2
<b>Income from continuing operations before taxes</b>	<b>3,627</b>	<b>4,096</b>	<b>2,190</b>	(11)	87
Income tax expense	1,405	1,276	465	10	174
<b>Income from continuing operations</b>	<b>2,222</b>	<b>2,820</b>	<b>1,725</b>	(21)	63
Income/(loss) from discontinued operations	102	145	(40)	(30)	–
<b>Net income</b>	<b>2,324</b>	<b>2,965</b>	<b>1,685</b>	(22)	76
Net income attributable to noncontrolling interests	449	639	336	(30)	90
<b>Net income/(loss) attributable to shareholders</b>	<b>1,875</b>	<b>2,326</b>	<b>1,349</b>	(19)	72
of which from continuing operations	1,773	2,181	1,389	(19)	57
of which from discontinued operations	102	145	(40)	(30)	–
Earnings per share (CHF)					
Basic earnings per share from continuing operations	1.02	1.14	0.82	(11)	39
Basic earnings per share	1.08	1.22	0.79	(11)	54
Diluted earnings per share from continuing operations	1.01	1.14	0.82	(11)	39
Diluted earnings per share	1.07	1.22	0.79	(12)	54
Return on equity (%)					
Return on equity attributable to shareholders	4.4	5.7	3.9	–	–
Return on tangible equity attributable to shareholders <sup>1</sup>	5.4	7.2	5.2	–	–
Number of employees (full-time equivalents)					
Number of employees	45,800	46,000	47,400	0	(3)

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

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## Credit Suisse and Core Results

in	Core Results			Noncontrolling interests without SEI			Credit Suisse		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Statements of operations (CHF million)									
<b>Net revenues</b>	<b>25,815</b>	<b>25,217</b>	<b>23,251</b>	<b>427</b>	<b>639</b>	<b>360</b>	<b>26,242</b>	<b>25,856</b>	<b>23,611</b>
<b>Provision for credit losses</b>	<b>186</b>	<b>167</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>186</b>	<b>167</b>	<b>170</b>
Compensation and benefits	11,310	11,221	12,267	24	35	36	11,334	11,256	12,303
General and administrative expenses	9,526	8,587	7,224	8	12	22	9,534	8,599	7,246
Commission expenses	1,561	1,738	1,702	0	0	0	1,561	1,738	1,702
Total other operating expenses	11,087	10,325	8,926	8	12	22	11,095	10,337	8,948
<b>Total operating expenses</b>	<b>22,397</b>	<b>21,546</b>	<b>21,193</b>	<b>32</b>	<b>47</b>	<b>58</b>	<b>22,429</b>	<b>21,593</b>	<b>21,251</b>
<b>Income from continuing operations before taxes</b>	<b>3,232</b>	<b>3,504</b>	<b>1,888</b>	<b>395</b>	<b>592</b>	<b>302</b>	<b>3,627</b>	<b>4,096</b>	<b>2,190</b>
Income tax expense	1,405	1,276	465	0	0	0	1,405	1,276	465
<b>Income from continuing operations</b>	<b>1,827</b>	<b>2,228</b>	<b>1,423</b>	<b>395</b>	<b>592</b>	<b>302</b>	<b>2,222</b>	<b>2,820</b>	<b>1,725</b>
Income/(loss) from discontinued operations	102	145	(40)	0	0	0	102	145	(40)
<b>Net income</b>	<b>1,929</b>	<b>2,373</b>	<b>1,383</b>	<b>395</b>	<b>592</b>	<b>302</b>	<b>2,324</b>	<b>2,965</b>	<b>1,685</b>
Net income attributable to noncontrolling interests	54	47	34	395	592	302	449	639	336
<b>Net income attributable to shareholders</b>	<b>1,875</b>	<b>2,326</b>	<b>1,349</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,875</b>	<b>2,326</b>	<b>1,349</b>
Statement of operations metrics (%)									
Cost/income ratio	86.8	85.4	91.1	–	–	–	85.5	83.5	90.0
Pre-tax income margin	12.5	13.9	8.1	–	–	–	13.8	15.8	9.3
Effective tax rate	43.5	36.4	24.6	–	–	–	38.7	31.2	21.2
Net income margin <sup>1</sup>	7.3	9.2	5.8	–	–	–	7.1	9.0	5.7

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Based on amounts attributable to shareholders.

Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking & Wealth Management and Investment Banking segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the two segments. However, since they are legally owned

by the Group, they are not included in the Bank’s consolidated financial statements. These relate principally to the activities of Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking & Wealth Management, financing vehicles of the Group and hedging activities relating to share-based compensation awards. Core Results also includes certain Corporate Center activities of the Group that are not applicable to the Bank. These operations and activities vary from period to period and give rise to differences between the Bank’s assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group.

> Refer to “Note 40 – Subsidiary guarantee information” in V – Consolidated financial statements – Credit Suisse Group for further information on the Bank.

Differences between Group and Bank businesses

Entity	Principal business activity
Neue Aargauer Bank	Banking (in the Swiss canton of Aargau) Private credit and car leasing (in Switzerland)
BANK-now	Special purpose vehicles for various funding activities of the Group, including for purposes of raising capital
Financing vehicles of the Group	

## Comparison of consolidated statements of operations

in	2014	2013	Group 2012	2014	2013	Bank 2012
Statements of operations (CHF million)						
<b>Net revenues</b>	<b>26,242</b>	<b>25,856</b>	<b>23,611</b>	<b>25,589</b>	<b>25,314</b>	<b>22,976</b>
<b>Total operating expenses</b>	<b>22,429</b>	<b>21,593</b>	<b>21,251</b>	<b>22,503</b>	<b>21,567</b>	<b>21,109</b>
<b>Income from continuing operations before taxes</b>	<b>3,627</b>	<b>4,096</b>	<b>2,190</b>	<b>2,961</b>	<b>3,654</b>	<b>1,779</b>
Income tax expense	1,405	1,276	465	1,299	1,170	365
<b>Income from continuing operations</b>	<b>2,222</b>	<b>2,820</b>	<b>1,725</b>	<b>1,662</b>	<b>2,484</b>	<b>1,414</b>
Income/(loss) from discontinued operations	102	145	(40)	102	145	(40)
<b>Net income</b>	<b>2,324</b>	<b>2,965</b>	<b>1,685</b>	<b>1,764</b>	<b>2,629</b>	<b>1,374</b>
Net income attributable to noncontrolling interests	449	639	336	445	669	333
<b>Net income attributable to shareholders</b>	<b>1,875</b>	<b>2,326</b>	<b>1,349</b>	<b>1,319</b>	<b>1,960</b>	<b>1,041</b>

## Comparison of consolidated balance sheets

end of	2014	Group 2013	2014	Bank 2013
Balance sheet statistics (CHF million)				
Total assets	921,462	872,806	904,849	854,429
Total liabilities	876,461	825,640	860,208	810,797

## Capitalization and indebtedness

end of	2014	Group 2013	2014	Bank 2013
Capitalization and indebtedness (CHF million)				
Due to banks	26,009	23,108	26,506	23,147
Customer deposits	369,058	333,089	357,569	321,678
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	70,119	94,032	70,119	94,032
Long-term debt	177,898	130,042	172,947	126,741
Other liabilities	233,377	245,369	233,067	245,199
<b>Total liabilities</b>	<b>876,461</b>	<b>825,640</b>	<b>860,208</b>	<b>810,797</b>
<b>Total equity</b>	<b>45,001</b>	<b>47,166</b>	<b>44,641</b>	<b>43,632</b>
<b>Total capitalization and indebtedness</b>	<b>921,462</b>	<b>872,806</b>	<b>904,849</b>	<b>854,429</b>

## Capital adequacy – Basel III

end of	2014	Group 2013	2014	Bank 2013
Eligible capital (CHF million)				
Common equity tier 1 (CET1) capital	43,322	42,989	40,853	37,700
Total tier 1 capital	49,804	46,061	47,114	40,769
Total eligible capital	60,751	56,288	58,111	52,346
Capital ratios (%)				
CET1 ratio	14.9	15.7	14.4	14.3
Tier 1 ratio	17.1	16.8	16.6	15.4
Total capital ratio	20.8	20.6	20.5	19.8

Dividends of the Bank to the Group		
end of	2014	2013
Per share issued (CHF)		
Dividend <sup>1, 2</sup>	0.00 <sub>3</sub>	0.00

The Bank's total share capital is fully paid and consisted of 4,399,680,200 and 4,399,665,200 registered shares as of December 31, 2014 and 2013, respectively.

1  
Dividends are determined in accordance with Swiss law and the Bank's articles of incorporation.

2  
In each of 2012, 2011 and 2010, dividends per share issued were CHF 0.23.

3  
Proposal of the Board of Directors to the annual general meeting of the Bank for a dividend of CHF 10 million.

#### Information and developments

##### Format of presentation and changes in reporting

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

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

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

> Refer to "Swiss leverage ratio" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Swiss capital metrics for further information.

Beginning in the second quarter of 2014, the majority of the balance sheet usage related to a portfolio of high-quality liquid assets previously recorded in the Corporate Center has been allocated to the business divisions. Prior periods have been restated for the related impact on assets and Swiss leverage exposures.

> Refer to "Swiss liquidity requirements" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management – Regulatory framework for further information.

#### Non-strategic units

In the fourth quarter of 2013, we created non-strategic units within our Private Banking & Wealth Management and Investment Banking divisions and separated non-strategic items in the Corporate Center to further accelerate our reduction of capital and costs associated with non-strategic activities and positions and to shift resources to focus on our strategic businesses and growth initiatives. The results are disclosed separately within the divisional results and we have implemented a governance structure to accelerate position and expense reductions. We believe this reporting structure, which clearly delineates between strategic and non-strategic results, enhances the transparency of our financial disclosures while providing increased focus on our strategic businesses within the business divisions and on the Group level.

We decided to retain these non-strategic units within the divisions, rather than establishing a single non-strategic unit, so as to benefit from senior management's expertise and focus. The non-strategic units have separate management within each division and a clear governance structure through the establishment of a Non-Strategic Oversight Board. As a result, we expect that the establishment of these non-strategic units will drive further reductions in Swiss leverage exposure and >>>risk-weighted assets. It is also expected to free up capital for future growth in Private Banking & Wealth Management, accelerating a move towards a more balanced capital allocation between Investment Banking and Private Banking & Wealth Management, and to allow us to return capital to our shareholders.

Non-strategic activities and positions are defined as:

- activities with significant capital absorption under new regulations and returns below expectations;
- activities with significant leverage exposures identified for de-risking;
- activities no longer feasible or economically attractive under emerging regulatory frameworks;
- assets and liabilities of business activities we are winding down;
- infrastructure associated with activities deemed non-strategic or redundant; and
- other items reported in the Corporate Center, which we do not consider representative of our core performance.

> Refer to “Non-strategic results” in Private Banking & Wealth Management and Investment Banking and “Results overview” in Corporate Center for further information on non-strategic items.

#### Discontinued operations

The Private Banking & Wealth Management division completed the sale of Customized Fund Investment Group (CFIG) in January 2014 and the sale of the domestic private banking business booked in Germany to ABN AMRO in the third quarter 2014. These transactions qualify for discontinued operations treatment under US generally accepted accounting principles (US GAAP), and revenues and expenses of these businesses and the relevant gains on disposal are classified as discontinued operations in the Group's consolidated statements of operations. In the Private Banking & Wealth Management segment, the gains and expenses related to the business disposals are included in the segment's non-strategic results. The reclassification of the revenues and expenses from the segment results to discontinued operations for reporting at the Group level is effected through the Corporate Center. Prior periods for the Group's results have been restated to conform to the current presentation.

#### Significant litigation matters in 2014

In May 2014, we entered into a comprehensive and final settlement regarding all outstanding US cross-border matters, including agreements with the United States Department of Justice, the New York State Department of Financial Services, the Board of Governors of the Fed and, as announced in the first quarter 2014, the US Securities and Exchange Commission (SEC). The final settlement amount was USD 2,815 million (CHF 2,510 million). In prior periods, we had taken litigation provisions totaling CHF 892 million related to this matter. As a result, a pre-tax litigation settlement charge of CHF 1,618 million was recognized in the second quarter of 2014 in the non-strategic results of the Private Banking & Wealth Management division. The settlement included a guilty plea entered into by our Swiss banking entity, Credit Suisse AG.

In March 2014, we entered into an agreement with the Federal Housing Finance Agency (FHFA) to settle litigation claims related to the sale of approximately USD 16.6 billion of residential mortgage-backed securities between 2005 and 2007. Under the terms of the agreement, we paid USD 885 million to resolve all claims in two pending securities lawsuits filed by the FHFA against us. This settlement had no impact on our 2014 results as it was covered by provisions recorded in prior periods.

> Refer to “Note 38 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for further information on litigation.

Board of Directors and management changes

At our Annual General Meeting (AGM) in May 2014, shareholders elected Severin Schwan and Sebastian Thrun as new members of the Board of Directors. Walter B. Kielholz and Peter Brabeck-Letmathe, having reached the internal term limits, retired from the Board of Directors at the 2014 AGM. The Chairman, Urs Rohner, and the other existing members of the Board of Directors proposed for re-election were all elected for a further term of one year.

Effective October 17, 2014, Eric Varvel was appointed as Chairman Asia Pacific and Middle East and stepped down from the Executive Board and his position as joint head of the Investment Banking division. James L. Amine and Timothy P. O'Hara were appointed to the Executive Board to jointly lead the Investment Banking division with Gaël de Boissard. James L. Amine will continue to have responsibility for the investment banking department, while Timothy P. O'Hara will continue to head the equities business and his role as President and Chief Executive Officer (CEO) of Credit Suisse Securities USA remains unchanged. Gaël de Boissard will continue to head the fixed income business and his role as CEO of Europe, Middle East and Africa (EMEA) remains unchanged.

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Effective October 17, 2014, Helman Sitohang assumed the role of CEO of Asia Pacific reporting directly to the Group CEO. He will continue to retain his role as head of Investment Banking for Asia Pacific.

On March 10, 2015, we announced that the Board of Directors has appointed Tidjane Thiam as the new CEO of the Group. He will take over this position from Brady W. Dougan, who will step down at the end of June 2015 after eight years as CEO of the Group. Tidjane Thiam currently is Group Chief Executive of Prudential plc, a London-based international financial services group with operations in the US, Asia, Europe and Latin America.

At the AGM on April 24, 2015, Jean-Daniel Gerber, Board member since 2012, and Anton van Rossum, Board member since 2005, will be stepping down from the Board, and the Board will propose Seraina Maag, President and CEO of EMEA for American International Group (AIG), for election as a new member to the Board.

#### Capital distribution proposal

Our Board of Directors will propose to the shareholders at the AGM on April 24, 2015 a distribution of CHF 0.70 per share out of reserves from capital contributions for the financial year 2014. The distribution will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. The distribution will be payable in cash or, subject to any legal restrictions applicable in shareholders' home jurisdictions, in new shares of Credit Suisse Group at the option of the shareholder.

#### Share issuances

We issued 11.0 million new Group shares in connection with share-based compensation awards in 2014.

> Refer to "Additional share information" in V – Consolidated financial statements – Credit Suisse Group – Note 25 – Accumulated other comprehensive income and additional share information for further information on share issuances.

#### Evolution of legal entity structure

It has been more than a year since we announced the program to evolve the Group's legal entity structure to meet developing and future regulatory requirements. The program has been prepared in discussion with the Swiss Financial Market Supervisory Authority FINMA (FINMA), our primary regulator, and will address regulations in Switzerland, the US and the UK with respect to future requirements for global recovery and resolution planning by systemically important banks such as Credit Suisse that will facilitate resolution of an institution in the event of a failure. We expect these changes will result in a substantially less complex and more efficient operating infrastructure for the Group. Furthermore, Swiss banking law provides for the possibility of a limited reduction in capital requirements in the event of an improvement in resolvability which this program intends to deliver.

The key components of the program are:

- In Switzerland we continue the process of establishing a subsidiary for our Swiss-booked business, which is planned to become operational in 2016 pending regulatory approval. During 2015, we plan to apply for a Swiss banking license and to incorporate the new legal entity and register it with the Commercial Register of the Canton of Zurich. We expect that the new legal entity structure in Switzerland will not significantly impact either our current business proposition or our client servicing model;
- Our UK operations will remain the hub of our European investment banking business and we are progressing with our plan to consolidate our UK business into a single subsidiary. In 2014, we began to implement the infrastructure changes required to effectuate the consolidation;
- Our US-based businesses will be subject to the Fed rules for Enhanced Prudential Standards for Foreign Banking Organizations. On January 1, 2015, we filed a US Intermediate Holding Company (IHC) implementation plan with the Fed that sets forth our approach to come into compliance with the IHC requirements by the July 2016 deadline. It is anticipated that our US derivatives business will be transferred from Credit Suisse International to Credit Suisse Securities USA LLC;
- In Asia, we are enhancing the infrastructure in our Singapore branch to enable migration of the Asia Pacific derivatives businesses from Credit Suisse International. The transfer of these positions to the Singapore branch has begun and we plan to continue these migrations over the next two years;
- We intend to create a separately capitalized global infrastructure legal entity in Switzerland and a US subsidiary of the IHC, which will contain the Shared Services functions; and
- We expect to issue senior unsecured debt that may qualify for future capital treatment under >>>total loss-absorbing capacity (TLAC) rules from entities linked to (and guaranteed by) the Group holding company to facilitate a Single Point of Entry bail-in resolution strategy in 2015, subject to market conditions.

The program has been approved by the Board of Directors of the Group. It remains subject to final approval by FINMA and other regulators. Implementation of the program is underway, with a number of key components expected to be implemented throughout 2015 and 2016.

Allocations and funding

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses.

Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis.

The aim of revenue-sharing and service level agreements is to reflect the pricing structure of unrelated third-party transactions.

Corporate services and business support in finance, operations, including human resources, legal and compliance, risk management and IT are provided by the Shared Services area. Shared Services costs are allocated to the segments and Corporate Center based on their requirements and other relevant measures.

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## Funding

We centrally manage our funding activities. New securities for funding and capital purposes are issued primarily by the Bank.

> Refer to “Funding” in V – Consolidated financial statements – Credit Suisse Group – Note 5 – Segment information for further information.

## Fair valuations

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

> Refer to “Note 1 – Summary of significant accounting policies” and “Note 34 – Financial instruments” in V – Consolidated financial statements – Credit Suisse Group for further information.

The fair value of the majority of the Group’s financial instruments is based on quoted prices in active markets (level 1) or observable inputs (level 2). These instruments include government and agency securities, certain >>>commercial paper, most investment grade corporate debt, certain high yield debt securities, exchange-traded and certain >>>over-the-counter (OTC) derivative instruments and most listed equity securities.

In addition, the Group holds financial instruments for which no prices are available and which have little or no observable inputs (level 3). For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management’s own judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These instruments include certain OTC derivatives, including equity and credit derivatives, certain corporate equity-linked securities, mortgage-related and >>>collateralized debt obligation securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance instruments.

Models were used to value these products. Models are developed internally and are reviewed by functions independent of the front office to ensure they are appropriate for current market conditions. The models require subjective assessment and varying degrees of judgment depending on liquidity, concentration, pricing assumptions and risks affecting the specific instrument. The models consider observable and unobservable parameters in calculating the value of these products, including certain indices relating to these products. Consideration of these indices is more significant in periods of lower market activity.

As of the end of 2014, 47% and 30% of our total assets and total liabilities, respectively, were measured at fair value. While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Private Banking & Wealth Management’s Asset Management business, specifically certain private equity investments. Total assets recorded as level 3 increased by CHF 4.4 billion during 2014, primarily reflecting the foreign exchange translation impact, mainly in trading assets and loans, and realized and unrealized gains, primarily in trading assets, partially offset by net sales, primarily in other investments.

Our level 3 assets, excluding noncontrolling interests and assets of consolidated variable interest entities (VIEs) that are not risk-weighted assets under the Basel framework, were CHF 35.5 billion, compared to CHF 29.8 billion as of the end of 2013. As of the end of 2014, these assets comprised 4% of total assets and 8% of total assets measured at fair value, both adjusted on the same basis, unchanged from 2013.

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

## Adoption of funding valuation adjustments

Credit Suisse adopted the application of >>>funding valuation adjustments (FVA) on uncollateralized derivatives in the fourth quarter of 2014 in its Investment Banking division. FVA also apply to collateralized derivatives where the collateral received cannot be used for funding purposes. The banking industry has increasingly moved towards this valuation methodology, which accounts for the funding costs of uncollateralized derivatives at their present value rather than accruing for these costs over the life of the derivatives. The one-time transitional charge at adoption recognized in the Investment Banking division was CHF 279 million in the fourth quarter of 2014.

Regulatory developments and proposals

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

> Refer to “Regulation and supervision” in I – Information on the company for further information.

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Relationship between total shareholders' equity, tangible shareholders' equity and regulatory capital  
Credit Suisse measures firm-wide returns against total shareholders' equity and tangible shareholders' equity. In addition, it also measures the efficiency of the firm and its divisions with regards to the usage of capital as determined by the minimum requirements set by regulators. This regulatory capital, a non-GAAP financial measure, is calculated as the average of 10% of average risk-weighted assets and 2.4% of the average leverage exposure utilized by each division and the firm as a whole. These percentages are used in the calculation in order to reflect the 2019 fully phased in Swiss regulatory minimum requirements for >>>Basel III CET1 capital and leverage ratio.

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## Core Results

For 2014, net income attributable to shareholders was CHF 1,875 million. Net revenues were CHF 25,815 million and total operating expenses were CHF 22,397 million.

In our strategic businesses, we reported income from continuing operations before taxes of CHF 6,790 million and in our non-strategic businesses we reported a loss from continuing operations before taxes of CHF 3,558 million in 2014.

## Results

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Statements of operations (CHF million)					
Net interest income	9,055	8,100	7,126	12	14
Commissions and fees	13,058	13,249	12,751	(1)	4
Trading revenues	2,007	2,750	1,162	(27)	137
Other revenues	1,695	1,118	2,212	52	(49)
<b>Net revenues</b>	<b>25,815</b>	<b>25,217</b>	<b>23,251</b>	2	8
of which strategic results	25,126	25,475	25,385	(1)	0
of which non-strategic results	689	(258)	(2,134)	–	(88)
<b>Provision for credit losses</b>	<b>186</b>	<b>167</b>	<b>170</b>	11	(2)
Compensation and benefits	11,310	11,221	12,267	1	(9)
General and administrative expenses	9,526	8,587	7,224	11	19
Commission expenses	1,561	1,738	1,702	(10)	2
Total other operating expenses	11,087	10,325	8,926	7	16
<b>Total operating expenses</b>	<b>22,397</b>	<b>21,546</b>	<b>21,193</b>	4	2
of which strategic results	18,184	18,211	18,962	0	(4)
of which non-strategic results	4,213	3,335	2,231	26	49
<b>Income/(loss) from continuing operations before taxes</b>	<b>3,232</b>	<b>3,504</b>	<b>1,888</b>	(8)	86
of which strategic results	6,790	7,173	6,295	(5)	14
of which non-strategic results	(3,558)	(3,669)	(4,407)	(3)	(17)
Income tax expense	1,405	1,276	465	10	174
<b>Income from continuing operations</b>	<b>1,827</b>	<b>2,228</b>	<b>1,423</b>	(18)	57
Income/(loss) from discontinued operations	102	145	(40)	(30)	–
<b>Net income</b>	<b>1,929</b>	<b>2,373</b>	<b>1,383</b>	(19)	72
Net income attributable to noncontrolling interests	54	47	34	15	38
<b>Net income/(loss) attributable to shareholders</b>	<b>1,875</b>	<b>2,326</b>	<b>1,349</b>	(19)	72
of which strategic results	4,962	5,095	4,803	(3)	6
of which non-strategic results	(3,087)	(2,769)	(3,454)	11	(20)
Statement of operations metrics (%)					
Return on regulatory capital <sup>1</sup>	8.1	8.9	–	–	–
Cost/income ratio	86.8	85.4	91.1	–	–
Pre-tax income margin	12.5	13.9	8.1	–	–
Effective tax rate	43.5	36.4	24.6	–	–
Net income margin <sup>2</sup>	7.3	9.2	5.8	–	–
Return on equity (% annualized)					
Return on equity – strategic results	12.2	13.4	–	–	–
Number of employees (full-time equivalents)					
Number of employees	45,800	46,000	47,400	0	(3)

Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 2014 and 27% in 2013 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

2

Based on amounts attributable to shareholders.

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Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Core Results		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Statements of operations (CHF million)									
<b>Net revenues</b>	<b>25,126</b>	<b>25,475</b>	<b>25,385</b>	<b>689</b>	<b>(258)</b>	<b>(2,134)</b>	<b>25,815</b>	<b>25,217</b>	<b>23,251</b>
<b>Provision for credit losses</b>	<b>152</b>	<b>91</b>	<b>128</b>	<b>34</b>	<b>76</b>	<b>42</b>	<b>186</b>	<b>167</b>	<b>170</b>
Compensation and benefits	10,550	10,447	11,142	760	774	1,125	11,310	11,221	12,267
Total other operating expenses	7,634	7,764	7,820	3,453	2,561	1,106	11,087	10,325	8,926
<b>Total operating expenses</b>	<b>18,184</b>	<b>18,211</b>	<b>18,962</b>	<b>4,213</b>	<b>3,335</b>	<b>2,231</b>	<b>22,397</b>	<b>21,546</b>	<b>21,193</b>
<b>Income/(loss) from continuing operations before taxes</b>	<b>6,790</b>	<b>7,173</b>	<b>6,295</b>	<b>(3,558)</b>	<b>(3,669)</b>	<b>(4,407)</b>	<b>3,232</b>	<b>3,504</b>	<b>1,888</b>
Income tax expense/(benefit)	1,774	2,031	1,458	(369)	(755)	(993)	1,405	1,276	465
<b>Income/(loss) from continuing operations</b>	<b>5,016</b>	<b>5,142</b>	<b>4,837</b>	<b>(3,189)</b>	<b>(2,914)</b>	<b>(3,414)</b>	<b>1,827</b>	<b>2,228</b>	<b>1,423</b>
Income/(loss) from discontinued operations	0	0	0	102	145	(40)	102	145	(40)
<b>Net income/(loss)</b>	<b>5,016</b>	<b>5,142</b>	<b>4,837</b>	<b>(3,087)</b>	<b>(2,769)</b>	<b>(3,454)</b>	<b>1,929</b>	<b>2,373</b>	<b>1,383</b>
Net income attributable to noncontrolling interests	54	47	34	0	0	0	54	47	34
<b>Net income/(loss) attributable to shareholders</b>	<b>4,962</b>	<b>5,095</b>	<b>4,803</b>	<b>(3,087)</b>	<b>(2,769)</b>	<b>(3,454)</b>	<b>1,875</b>	<b>2,326</b>	<b>1,349</b>
Balance sheet statistics (CHF billion)									
Risk-weighted assets – Basel III	268,428	241,680	252,662	15,820	24,423	31,448	284,248	266,103	284,110
Total assets	887,450	821,607	860,136	32,791	47,575	60,038	920,241	869,182	920,174
Swiss leverage exposure	1,138,450	1,030,749	–	75,046	99,856	–	1,213,496	1,130,605	–

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

Results overview

Core Results include the results of our two segments, the Corporate Center and discontinued operations. Core Results exclude revenues and expenses in respect of noncontrolling interests in which we do not have significant economic interest (SEI).

Certain reclassifications have been made to prior periods to conform to the current presentation.

> Refer to "Format of presentation and changes in reporting" in Credit Suisse – Information and developments for further information.

Full-year 2014 results

In 2014, Core Results net income attributable to shareholders was CHF 1,875 million, down 19% compared to 2013, and net revenues of CHF 25,815 million increased 2% compared to 2013.

Strategic net revenues were stable at CHF 25,126 million compared to 2013, with slightly lower net revenues for Private Banking & Wealth Management and stable net revenues for Investment Banking. Strategic net revenues for Private Banking & Wealth Management mainly reflected lower net interest income and lower transaction- and performance-based revenues, partially offset by higher other revenues. Strategic net revenues for Investment Banking were stable, as higher results in our fixed income sales and trading and underwriting and advisory franchises were offset by lower results in equity sales and trading.

In our non-strategic businesses, net revenues of CHF 689 million in 2014 improved from negative net revenues of CHF 258 million in 2013. An improvement in Corporate Center mainly reflected fair value gains of CHF 545 million from movements in own credit spreads in 2014 compared to fair value losses from movements in own credit spreads of CHF 315 million in 2013 and gains on sales of real estate of CHF 414 million in 2014 compared to CHF 68 million in 2013. The improvement in Corporate Center was partially offset by a decrease in Private Banking & Wealth Management, primarily reflecting the winding-down of non-strategic operations during 2014, as well as lower gains from sales of businesses, and higher negative net revenues in Investment Banking, reflecting the recognition of >>>FVA of CHF 171 million, which was partially offset by better results and lower funding costs from proactive management of both our legacy debt instruments and trading assets.

**Provision for credit losses** of CHF 186 million reflected net provisions of CHF 123 million in Private Banking & Wealth Management and CHF 61 million in Investment Banking.

**Total operating expenses** of CHF 22,397 million increased 4% compared to 2013, primarily reflecting 11% higher general and administrative expenses. In our strategic businesses, total operating expenses were stable at CHF 18,184 million. In our non-strategic businesses, total operating expenses of CHF 4,213 million increased 26% compared to 2013, reflecting a 37% increase in general and administrative expenses, primarily driven by the litigation settlement charge of CHF 1,618 million relating to the final settlement of all outstanding US cross-border matters.

> Refer to “Note 38 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for further information on litigation.

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## Strategic results

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Statements of operations (CHF million)					
<b>Net revenues</b>	<b>25,126</b>	<b>25,475</b>	<b>25,385</b>	(1)	0
<b>Provision for credit losses</b>	<b>152</b>	<b>91</b>	<b>128</b>	67	(29)
Compensation and benefits	10,550	10,447	11,142	1	(6)
General and administrative expenses	6,128	6,098	6,199	0	(2)
Commission expenses	1,506	1,666	1,621	(10)	3
Total other operating expenses	7,634	7,764	7,820	(2)	(1)
<b>Total operating expenses</b>	<b>18,184</b>	<b>18,211</b>	<b>18,962</b>	0	(4)
<b>Income from continuing operations before taxes</b>	<b>6,790</b>	<b>7,173</b>	<b>6,295</b>	(5)	14
Income tax expense	1,774	2,031	1,458	(13)	39
<b>Net income</b>	<b>5,016</b>	<b>5,142</b>	<b>4,837</b>	(2)	6
Net income attributable to noncontrolling interests	54	47	34	15	38
<b>Net income attributable to shareholders</b>	<b>4,962</b>	<b>5,095</b>	<b>4,803</b>	(3)	6
Statement of operations metrics (%)					
Return on regulatory capital <sup>1</sup>	18.3	19.9	–	–	–
Cost/income ratio	72.4	71.5	74.7	–	–
Pre-tax income margin	27.0	28.2	24.8	–	–
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	268,428	241,680	252,662	11	(4)
Total assets	887,450	821,607	860,136	8	(4)
Swiss leverage exposure	1,138,450	1,030,749	–	10	–

1  
Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 2014 and 29% in 2013 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

2

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

## Core Results reporting by region

	2014	2013	in 2012	14 / 13	% change 13 / 12
Net revenues (CHF million)					
Switzerland	6,750	7,224	7,400	(7)	(2)
EMEA	5,687	6,180	6,737	(8)	(8)
Americas	9,471	9,567	9,507	(1)	1
Asia Pacific	3,244	3,036	2,388	7	27
Corporate Center	663	(790)	(2,781)	–	(72)
<b>Net revenues</b>	<b>25,815</b>	<b>25,217</b>	<b>23,251</b>	2	8
Income/(loss) from continuing operations before taxes (CHF million)					
Switzerland	2,326	2,463	2,544	(6)	(3)
EMEA	364	641	872	(43)	(26)
Americas	360	1,085	2,512	(67)	(57)
Asia Pacific	868	770	(151)	13	–
Corporate Center	(686)	(1,455)	(3,889)	(53)	(63)
<b>Income from continuing operations before taxes</b>	<b>3,232</b>	<b>3,504</b>	<b>1,888</b>	(8)	86

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

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The **Core Results effective tax rate** was 43.5% in 2014, compared to 36.4% in 2013. The effective tax rate for full-year 2014 was mainly impacted by the geographical mix of results, the tax benefits for audit closures and tax settlements, the recognition of additional deferred tax assets relating to timing differences following certain changes in Swiss GAAP as well as the reassessment of deferred tax balances in Switzerland following the annual business plan process. It also reflected changes in valuation allowances against deferred tax assets mainly in the UK. In addition, the tax rate was negatively affected by the impact of a change in New York state tax law and reflected the impact relating to the non-deductible portion for litigation provisions and litigation settlements. Overall, net deferred tax assets increased CHF 239 million to CHF 6,030 million during 2014.

> Refer to “Note 27 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information.

Full-year 2013 results

In 2013, Core Results net income attributable to shareholders was CHF 2,326 million, up 72% compared to 2012, and net revenues of CHF 25,217 million increased 8% compared to 2012.

Strategic net revenues were stable at CHF 25,475 million compared to 2012, with stable net revenues for Private Banking & Wealth Management, reflecting higher transaction- and performance-based revenues and higher recurring commissions and fees offset by lower net interest income and other revenues. Strategic net revenues for Investment Banking were stable, reflecting decreased revenues in fixed income sales and trading and advisory revenues, offset by increased revenues in equity sales and trading and debt and equity underwriting.

In our non-strategic businesses, negative net revenues of CHF 258 million in 2013 improved from negative net revenues of CHF 2,134 million in 2012. An improvement in Corporate Center mainly reflected fair value losses of CHF 315 million from movements in own credit spreads in 2013 compared to fair value losses from movements in own credit spreads of CHF 2,939 million in 2012. Improved results in Investment Banking were driven by portfolio valuation gains and lower funding costs, while a decrease in Private Banking & Wealth Management reflected lower gains on sales of businesses and lower fee-based revenues resulting from those sales.

**Provision for credit losses** of CHF 167 million reflected net provisions of CHF 152 million in Private Banking & Wealth Management and CHF 13 million in Investment Banking.

**Total operating expenses** of CHF 21,546 million increased 2% compared to 2012, primarily reflecting 19% higher general and administrative expenses, partially offset by 9% lower compensation and benefits. In our strategic businesses, total operating expenses of CHF 18,211 million decreased 4% from 2012, mainly reflecting lower compensation and benefits, driven by lower deferred compensation expense from prior-year awards and lower salary expenses, reflecting lower headcount. In our non-strategic businesses, total operating expenses of CHF 3,335 million increased 49% from 2012, primarily reflecting higher general and administrative expenses, partially offset by a decrease in compensation and benefits. The increase in general and administrative expenses was primarily due to substantially higher litigation provisions in Investment Banking and Private Banking & Wealth Management. In 2013, we recorded provisions of CHF 1,223 million in connection with mortgage-related matters, including in connection with the agreement with the FHFA on March 21, 2014 to settle certain litigation relating to mortgage-backed securities, and CHF 600 million in connection with the US cross-border matters, including CHF 175 million in connection with the settlement with the SEC in February 2014.

The **Core Results effective tax rate** was 36.4% in 2013, compared to 24.6% in 2012. The effective tax rate for full-year 2013 was mainly impacted by the geographical mix of results, an increase and a reassessment in deferred tax balances in Switzerland and also reflected changes in valuation allowances against deferred tax assets mainly in the UK. In addition, the tax charge was negatively affected by the impact of the change in UK corporation tax from 23% to 20%. Overall, net deferred tax assets decreased CHF 1,181 million to CHF 5,791 million during 2013.

> Refer to “Note 27 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information.

## Non-strategic results

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Statements of operations (CHF million)					
<b>Net revenues</b>	<b>689</b>	<b>(258)</b>	<b>(2,134)</b>	–	(88)
<b>Provision for credit losses</b>	<b>34</b>	<b>76</b>	<b>42</b>	(55)	81
Compensation and benefits	760	774	1,125	(2)	(31)
Total other operating expenses	3,453	2,561	1,106	35	132
<b>Total operating expenses</b>	<b>4,213</b>	<b>3,335</b>	<b>2,231</b>	26	49
<b>Loss from continuing operations before taxes</b>	<b>(3,558)</b>	<b>(3,669)</b>	<b>(4,407)</b>	(3)	(17)
Income tax benefit	(369)	(755)	(993)	(51)	(24)
<b>Loss from continuing operations</b>	<b>(3,189)</b>	<b>(2,914)</b>	<b>(3,414)</b>	9	(15)
Income/(loss) from discontinued operations	102	145	(40)	(30)	–
<b>Loss attributable to shareholders</b>	<b>(3,087)</b>	<b>(2,769)</b>	<b>(3,454)</b>	11	(20)
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	15,820	24,423	31,448	(35)	(22)
Total assets	32,791	47,575	60,038	(31)	(21)
Swiss leverage exposure	75,046	99,856	–	(25)	–

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

## Information and developments

## Compensation and benefits

Compensation and benefits for a given year reflect the strength and breadth of the business results and staffing levels and include fixed components, such as salaries, benefits and the amortization of share-based and other deferred compensation from prior-year awards, and a discretionary variable component. The variable component reflects the performance-based variable compensation for the current year. The portion of the performance-based compensation for the current year deferred through share-based and other awards is expensed in future periods and is subject to vesting and other conditions.

Our shareholders' equity reflects the effect of share-based compensation. Share-based compensation expense (which is generally based on >>>>fair value at the time of grant) reduces equity; however, the recognition of the obligation to deliver the shares increases equity by a corresponding amount. Equity is generally unaffected by the granting and vesting of share-based awards and from the settlement of these awards through the issuance of shares from approved conditional capital. The Group issues shares from conditional capital to meet its obligations to deliver share-based compensation awards. If Credit Suisse purchases shares from the market to meet its obligation to employees, these purchased treasury shares reduce equity by the amount of the purchase price. Shareholders' equity also includes, as additional paid-in capital, the excess tax benefits/charges that arise at settlement of share-based awards.

> Refer to "Compensation" in IV – Corporate Governance and Compensation for further information.

> Refer to "Consolidated statements of changes in equity" and "Note 28 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for further information.

> Refer to "Tax benefits associated with share-based compensation" in Note 27 – Tax in V – Consolidated financial statements – Credit Suisse Group for further information.

## Personnel

Headcount at the end of 2014 was 45,800, down 200 from the end of 2013. This reflected headcount reductions in connection with our cost efficiency initiatives in Investment Banking and Private Banking & Wealth Management, partially offset by graduate hiring and contractor employee conversion.

> Refer to "Overview" in IV – Corporate Governance and Compensation – Corporate Governance for additional information on personnel.

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Overview of Core Results

in / end of Statements of operations (CHF million)	Private Banking & Wealth Management			Investment Banking			Corporate Center			2014
	2014	2013	2012	2014	2013	2012	2014	2013	2012	
<b>Net revenues</b>	<b>12,637</b>	<b>13,442</b>	<b>13,474</b>	<b>12,515</b>	<b>12,565</b>	<b>12,558</b>	<b>663</b>	<b>(790)</b>	<b>(2,781)</b>	<b>25,815</b>
<b>Provision for credit losses</b>	<b>123</b>	<b>152</b>	<b>182</b>	<b>61</b>	<b>13</b>	<b>(12)</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>186</b>
Compensation and benefits	4,984	5,331	5,561	5,649	5,435	6,070	677	455	636	11,310
General and administrative expenses	4,768	3,914	3,209	4,090	4,477	3,551	668	196	464	9,526
Commission expenses	674	805	747	885	921	947	2	12	8	1,561
Total other operating expenses	5,442	4,719	3,956	4,975	5,398	4,498	670	208	472	11,087
<b>Total operating expenses</b>	<b>10,426</b>	<b>10,050</b>	<b>9,517</b>	<b>10,624</b>	<b>10,833</b>	<b>10,568</b>	<b>1,347</b>	<b>663</b>	<b>1,108</b>	<b>22,397</b>
<b>Income/(loss) from continuing operations before taxes</b>	<b>2,088</b>	<b>3,240</b>	<b>3,775</b>	<b>1,830</b>	<b>1,719</b>	<b>2,002</b>	<b>(686)</b>	<b>(1,455)</b>	<b>(3,889)</b>	<b>3,232</b>
Income tax expense/(benefit)	–	–	–	–	–	–	–	–	–	1,405
<b>Income/(loss) from continuing operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,827</b>
Income/(loss) from discontinued operations	–	–	–	–	–	–	–	–	–	102
<b>Net income/(loss)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,929</b>
Net income attributable to noncontrolling interests	–	–	–	–	–	–	–	–	–	54
<b>Net income/(loss) attributable to shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,875</b>
Statement of operations metrics (%)										
Return on regulatory capital	15.4	25.6	–	7.7	6.7	–	–	–	–	8.1 <sub>2</sub>
Cost/income ratio	82.5	74.8	70.6	84.9	86.2	84.2	–	–	–	86.8
Pre-tax income margin	16.5	24.1	28.0	14.6	13.7	15.9	–	–	–	12.5
Effective tax rate	–	–	–	–	–	–	–	–	–	43.5

Net income  
margin

– – – – – – – – – – 7.3

Balance sheet statistics (CHF million)

Risk-weighted

assets – Basel III<sup>1</sup>

108,261 95,507 96,665 159,815 155,290 170,855 16,172 15,306 16,590 284,248 26

Total assets

345,949 316,491 308,230 529,044 519,712 578,495 45,248 32,979 33,449 920,241 86

Swiss leverage

exposure

380,602 347,784 – 785,836 744,220 – 47,058 38,601 – 1,213,496 1,13

Net loans

238,124 215,713 207,702 34,402 31,319 34,501 25 22 20 272,551 24

Goodwill

2,314 2,164 2,409 6,330 5,835 5,980 – – – 8,644 7

1

Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontrolling

2

Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 2014 and 27% in 2013 and capital allocated leverage exposure.

3

Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 2014 and 29% in 2013 and capital allocated leverage exposure.

4

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

Cost savings and strategy implementation

We continued to adapt our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure. We target cost savings of more than CHF 4.5 billion by the end of 2015, of which about CHF 3.5 billion of adjusted annualized savings were delivered as of the end of 2014. This target is measured against our annualized six month 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses.

The majority of the targeted future savings is expected to be realized from shared infrastructure and support services across the Group, mainly through the rationalization of internal and external services with front-to-back and regional optimization and more effective demand management.

We have also targeted further savings within our two operating divisions. Within Private Banking & Wealth Management, we expect to deliver cost benefits mainly from the wind-down of non-strategic operations, the rationalization and further offshoring of support functions, increasing automation and platform consolidation.

Within Investment Banking, we expect to deliver cost benefits from infrastructure initiatives, continued progress on the restructuring of our macro businesses and the exit of certain businesses.

We expect to incur approximately CHF 0.3 billion of costs associated with these measures during the course of 2015. We incurred CHF 608 million of business realignment costs and CHF 293 million of IT architecture simplification expenses associated with these measures in 2014, compared to CHF 484 million and CHF 128 million, respectively, in 2013.

In addition to the above cost saving targets for 2015, we are targeting a further CHF 200 million of annualized cost savings to be achieved by the end of 2017. We expect to incur CHF 200 million of costs associated with these measures during the course of 2015 to 2017.

As of the end of 2014, total assets for the Group were CHF 921.4 billion, up CHF 48.6 billion, or 6%, from 2013. Excluding the foreign exchange translation impact, total assets decreased CHF 13.8 billion, reflecting measures taken in connection with our announced balance sheet reduction initiative.

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

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## Key performance indicators

Our historical key performance indicators (KPIs) are provided in the table below. Our stated KPIs are measured on the basis of reported results. We believe the execution of our strategic initiatives, including the run-off of non-strategic operations, will enable us to achieve our targets over a three to five year period across market cycles.

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

## Collaboration revenues

Collaboration revenues are calculated as the percentage of the Group’s net revenues represented by the aggregate collaboration revenues arising when more than one of the Group’s divisions participate in a transaction.

Additionally, within the Private Banking & Wealth Management division, collaboration revenues include revenues arising from cross-selling and client referral activities between the Wealth Management Clients and Corporate & Institutional Clients businesses on the one hand and the Asset Management and the securities trading and sales businesses on the other hand.

Collaboration revenues are measured by a dedicated governance structure and implemented through an internal revenue sharing structure. Only the net revenues generated by a transaction are considered. >>>Position risk related to trading revenues, private equity and other investment-related gains, valuation adjustments and centrally managed treasury revenues are not included in collaboration revenues.

## Key performance indicators

Our KPIs are targets to be achieved over a three- to five-year period across market cycles. Our KPIs are assessed annually as part of our normal planning process and may be revised to reflect our strategic plan, the regulatory environment and market and industry trends.

in / end of	Target	2014	2013	2012
Growth (%)				
	18–20% of net revenues			
Collaboration revenues		16.7	17.7	18.6
Efficiency and performance (%)				
	Superior return vs peer group			
Total shareholder return (Credit Suisse) <sup>1</sup>		(5.6)	26.0	4.8
Total shareholder return of peer group <sup>1, 2</sup>	–	(0.7)	34.3	52.8
Return on equity attributable to shareholders	Above 15%	4.4	5.7	3.9
	Below 70%			
Core Results cost/income ratio Capital (%)		86.8	85.4	91.1
Look-through CET1 ratio <sup>3</sup>	11%	10.1	10.0	–

1

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

2

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

3

Updated in the second quarter of 2014 from a previous target of a look-through Swiss  
Core Capital ratio above 10%.

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## Private Banking &amp; Wealth Management

For 2014, we reported income before taxes of CHF 2,088 million and net revenues of CHF 12,637 million.

In our strategic businesses, we reported income before taxes of CHF 3,726 million and net revenues of CHF 12,108 million. Compared to 2013, income before taxes increased 3% with lower operating expenses partially offset by lower net revenues. The decrease in net revenues mainly reflected lower net interest income and significantly lower performance fees, partially offset by higher other revenues driven by a lower impairment related to an equity investment, a gain on the sale of the local affluent and upper affluent business in Italy and a gain related to the partial sale of an investment in Euroclear. Operating expenses were 5% lower, reflecting lower compensation and benefits and slightly lower general and administrative expenses from our ongoing efficiency measures.

In our non-strategic businesses, we reported a loss before taxes of CHF 1,638 million, driven by the litigation settlement charge of CHF 1,618 million relating to the final settlement of all outstanding US cross-border matters. In 2013, we reported a loss before taxes of CHF 387 million, including litigation provisions in connection with the US cross-border matters, partially offset by gains from the sale of former Asset Management businesses.

In 2014, assets under management for the division were CHF 1,377.3 billion and we attracted net new assets of CHF 28.2 billion.

## Divisional results

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Statements of operations (CHF million)					
<b>Net revenues</b>	<b>12,637</b>	<b>13,442</b>	<b>13,474</b>	(6)	0
of which strategic results	12,108	12,434	12,343	(3)	1
of which non-strategic results	529	1,008	1,131	(48)	(11)
<b>Provision for credit losses</b>	<b>123</b>	<b>152</b>	<b>182</b>	(19)	(16)
Compensation and benefits	4,984	5,331	5,561	(7)	(4)
General and administrative expenses	4,768	3,914	3,209	22	22
Commission expenses	674	805	747	(16)	8
Total other operating expenses	5,442	4,719	3,956	15	19
<b>Total operating expenses</b>	<b>10,426</b>	<b>10,050</b>	<b>9,517</b>	4	6
of which strategic results	8,270	8,725	8,830	(5)	(1)
of which non-strategic results	2,156	1,325	687	63	93
<b>Income/(loss) before taxes</b>	<b>2,088</b>	<b>3,240</b>	<b>3,775</b>	(36)	(14)
of which strategic results	3,726	3,627	3,374	3	7
of which non-strategic results	(1,638)	(387)	401	323	–
Statement of operations metrics (%)					
Return on regulatory capital <sup>1</sup>	15.4	25.6	–	–	–
Cost/income ratio	82.5	74.8	70.6	–	–
Pre-tax income margin	16.5	24.1	28.0	–	–
Economic risk capital and return					
Average economic risk capital (CHF million)	9,551	9,792	10,209	(2)	(4)
Pre-tax return on average economic risk capital (%) <sup>2</sup>	22.4	33.7	37.6	–	–
Assets under management (CHF billion)					
Assets under management	1,377.3	1,282.4	1,250.8	7.4	2.5
Net new assets	28.2	32.1	10.8	(12.1)	197.2
Number of employees and relationship managers					
Number of employees (full-time equivalents)	26,100	26,000	27,300	0	(5)
Number of relationship managers	4,260	4,330	4,550	(2)	(5)

Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 2014 and 29% in 2013 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

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Calculated using a return excluding interest costs for allocated goodwill.

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## Divisional results (continued)

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Net revenue detail (CHF million)					
Net interest income	3,924	4,252	4,551	(8)	(7)
Recurring commissions and fees	4,772	4,956	4,797	(4)	3
Transaction- and performance-based revenues	3,657	3,967	3,678	(8)	8
Other revenues <sup>1</sup>	284	267	448	6	(40)
<b>Net revenues</b>	<b>12,637</b>	<b>13,442</b>	<b>13,474</b>	(6)	0
Provision for credit losses (CHF million)					
New provisions	216	281	316	(23)	(11)
Releases of provisions	(93)	(129)	(134)	(28)	(4)
<b>Provision for credit losses</b>	<b>123</b>	<b>152</b>	<b>182</b>	(19)	(16)
Balance sheet statistics (CHF million)					
<b>Net loans</b>	<b>238,124</b>	<b>215,713</b>	<b>207,702</b>	10	4
of which Wealth Management Clients	167,516	149,728	144,856	12	3
of which Corporate & Institutional Clients	68,590	62,446	58,877	10	6
<b>Deposits</b>	<b>303,576</b>	<b>288,770</b>	<b>276,571</b>	5	4
of which Wealth Management Clients	219,490	208,210	203,376	5	2
of which Corporate & Institutional Clients	80,291	74,459	65,849	8	13

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

## Key performance indicators

We target a divisional cost/income ratio of 65% for the Private Banking & Wealth Management division. In 2014, the cost/income ratio was 82.5%, up eight percentage points compared to 2013 and up twelve percentage points compared to 2012. The cost/income ratio for our strategic results was 68.3% in 2014, down two percentage points compared to 2013 and down three percentage points compared to 2012.

We also target net new asset growth of 6% for both the Wealth Management Clients and Asset Management businesses. In 2014, the growth rates in Wealth Management Clients and Asset Management were 3.5% and 1.1%, respectively.

> Refer to “Key performance indicators” in Core Results – Information and developments for further information.

## Strategic and non-strategic results

in / end of	Strategic results			Non-strategic results			Private Banking & Wealth Management		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Statements of operations (CHF million)									
<b>Net revenues</b>	<b>12,108</b>	<b>12,434</b>	<b>12,343</b>	<b>529</b>	<b>1,008</b>	<b>1,131</b>	<b>12,637</b>	<b>13,442</b>	<b>13,474</b>
<b>Provision for credit losses</b>	<b>112</b>	<b>82</b>	<b>139</b>	<b>11</b>	<b>70</b>	<b>43</b>	<b>123</b>	<b>152</b>	<b>182</b>
Compensation and benefits	4,775	5,027	5,186	209	304	375	4,984	5,331	5,561
Total other operating expenses	3,495	3,698	3,644	1,947	1,021	312	5,442	4,719	3,956
<b>Total operating expenses</b>	<b>8,270</b>	<b>8,725</b>	<b>8,830</b>	<b>2,156</b>	<b>1,325</b>	<b>687</b>	<b>10,426</b>	<b>10,050</b>	<b>9,517</b>
<b>Income/(loss) before taxes</b>	<b>3,726</b>	<b>3,627</b>	<b>3,374</b>	<b>(1,638)</b>	<b>(387)</b>	<b>401</b>	<b>2,088</b>	<b>3,240</b>	<b>3,775</b>
Balance sheet statistics (CHF billion)									
Risk-weighted assets –									
Basel III	102,407	89,428	88,937	5,854	6,079	7,728	108,261	95,507	96,665
Total assets	335,382	295,799	284,263	10,567	20,692	23,967	345,949	316,491	308,230
Swiss leverage exposure	369,355	326,195	–	11,247	21,589	–	380,602	347,784	–

## Strategic results

## Overview

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

## Full-year 2014 results

In 2014, our strategic businesses reported income before taxes of CHF 3,726 million and net revenues of CHF 12,108 million. Net revenues were slightly lower compared to 2013, with lower net interest income and lower transaction- and performance-based revenues partially offset by higher other revenues. Recurring commissions and fees were stable. Provision for credit losses was CHF 112 million in 2014, compared to CHF 82 million in 2013, on a net loan portfolio of CHF 236 billion. Total operating expenses were lower compared to 2013, reflecting lower compensation and benefits, lower commission expenses and slightly lower general and administrative expenses.

## Full-year 2013 results

In 2013, our strategic businesses reported income before taxes of CHF 3,627 million and net revenues of CHF 12,434 million. Net revenues were stable compared to 2012, with higher transaction- and performance-based revenues and higher recurring commissions and fees offset by lower net interest income and lower other revenues. Provision for credit losses was CHF 82 million in 2013, compared to CHF 139 million in 2012, on a net loan portfolio of CHF 212 billion. Total operating expenses were stable compared to 2012, reflecting slightly lower compensation and benefits offset by higher commission expenses.

## Capital metrics

At the end of 2014, our strategic businesses reported >>>risk-weighted assets under >>>Basel III of CHF 102 billion, an increase of CHF 13 billion compared to the end of 2013. This increase was driven by methodology changes, increases in risk levels due to business growth and foreign exchange movements. Swiss leverage exposure was CHF 369 billion, reflecting an increase of 13% compared to the end of 2013.

## Strategic results

	in / end of			% change	
	2014	2013	2012	14 / 13	13 / 12
Statements of operations (CHF million)					
Net interest income	3,870	4,155	4,438	(7)	(6)
Recurring commissions and fees	4,601	4,554	4,329	1	5
Transaction- and performance-based revenues	3,587	3,818	3,482	(6)	10
Other revenues	50	(93)	94	–	–
<b>Net revenues</b>	<b>12,108</b>	<b>12,434</b>	<b>12,343</b>	(3)	1
New provisions	186	210	274	(11)	(23)
Releases of provisions	(74)	(128)	(135)	(42)	(5)
<b>Provision for credit losses</b>	<b>112</b>	<b>82</b>	<b>139</b>	37	(41)
Compensation and benefits	4,775	5,027	5,186	(5)	(3)
General and administrative expenses	2,847	2,938	2,963	(3)	(1)
Commission expenses	648	760	681	(15)	12
Total other operating expenses	3,495	3,698	3,644	(5)	1
<b>Total operating expenses</b>	<b>8,270</b>	<b>8,725</b>	<b>8,830</b>	(5)	(1)
<b>Income before taxes</b>	<b>3,726</b>	<b>3,627</b>	<b>3,374</b>	3	7
of which Wealth Management Clients	2,260	2,050	1,971	10	4
of which Corporate & Institutional Clients	917	965	941	(5)	3
of which Asset Management	549	612	462	(10)	32
Statement of operations metrics (%)					
Return on regulatory capital <sup>1</sup>	29.0	30.7	–	–	–
Cost/income ratio	68.3	70.2	71.5	–	–
Pre-tax income margin	30.8	29.2	27.3	–	–
Balance sheet statistics (CHF million)					
Risk-weighted assets – Basel III	102,407	89,428	88,937	15	1
Total assets	335,382	295,799	284,263	13	4
Swiss leverage exposure	369,355	326,195	–	13	–

1

Calculated using income after tax denominated in CHF; assumes tax rate of 30% in 2014 and 29% in 2013 and capital allocated based on average of 10% of average risk-weighted assets and 2.4% of average leverage exposure.

## Results detail

The following provides a comparison of our 2014 strategic results versus 2013 and 2013 results versus 2012.

## Net revenues

Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans.

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

2014 vs 2013: Down 3% from CHF 12,434 million to CHF 12,108 million

Net revenues were slightly lower with lower net interest income and lower transaction- and performance-based revenues partially offset by higher other revenues. In a low interest rate environment, lower net interest income primarily reflected significantly lower deposit margins on slightly higher average deposit volumes, partially offset by stable loan margins on higher average loan volumes. Lower transaction- and performance-based revenues reflected

significantly lower performance fees and lower foreign exchange client business, partially offset by higher corporate advisory fees arising from integrated solutions revenues. Other revenues increased, mainly reflecting a lower impairment related to Asset Management Finance LLC (AMF) in 2014, the gain on the sale of the local affluent and upper affluent business in Italy and the gain related to the partial sale of our investment in Euroclear, mostly recorded in Wealth Management Clients with the remainder in Corporate & Institutional Clients. Recurring commissions and fees were stable with higher discretionary mandate management fees and higher investment account and services fees offset by lower investment product management fees.

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2013 vs 2012: Stable at CHF 12,434 million

Net revenues were stable, with higher transaction- and performance-based revenues and higher recurring commissions and fees offset by lower net interest income and lower other revenues. Higher transaction- and performance-based revenues reflected higher revenues across all major revenue categories, primarily higher performance fees and carried interest as well as higher brokerage and product issuing fees. Higher recurring commissions and fees mainly reflected higher investment account and service fees as well as higher asset management fees. Lower net interest income reflected significantly lower deposit margins and stable loan margins on higher average deposit and loan volumes. Other revenues decreased mainly due to a decrease in investment-related gains and equity participations gains, mainly due to a gain of CHF 45 million in 2012 from the sale of Wincasa.

Provision for credit losses

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

2014 vs 2013: Up 37% from CHF 82 million to CHF 112 million

Wealth Management Clients recorded net provisions of CHF 60 million and Corporate & Institutional Clients recorded net provisions of CHF 52 million. The increase in provision for credit losses compared to 2013 is mainly due to higher releases of provisions in 2013 in Corporate & Institutional Clients. The net loan portfolio increased from CHF 212.2 billion to CHF 236.1 billion.

2013 vs 2012: Down 41% from CHF 139 million to CHF 82 million

Provision for credit losses of CHF 82 million was down CHF 57 million compared to 2012. Provision for credit losses reflected net provisions of CHF 78 million in Wealth Management Clients and CHF 4 million in Corporate & Institutional Clients.

Operating expenses

Compensation and benefits

2014 vs 2013: Down 5% from CHF 5,027 million to CHF 4,775 million

Lower compensation and benefits mainly reflected lower salary expenses as a result of the ongoing cost efficiency measures.

2013 vs 2012: Down 3% from CHF 5,186 million to CHF 5,027 million

Compensation and benefits decreased slightly, driven by lower salary expenses, reflecting lower headcount.

General and administrative expenses

2014 vs 2013: Down 3% from CHF 2,938 million to CHF 2,847 million

Slightly lower general and administrative expenses mainly reflected lower infrastructure and occupancy expenses and slightly lower travel and entertainment expenses, partially offset by higher professional services fees and higher litigation provisions.

2013 vs 2012: Stable at CHF 2,938 million

General and administrative expenses were stable and included higher expense provisions, higher professional services and lower travel and entertainment expenses.

Wealth Management Clients

Net revenues

Net interest income

2014 vs 2013: Down 9% from CHF 3,050 million to CHF 2,784 million

The decrease in net interest income reflected significantly lower deposit margins on stable average deposit volumes, slightly lower loan margins on higher average loan volumes and lower levels of deposits eligible as stable funding.

2013 vs 2012: Down 7% from CHF 3,268 million to CHF 3,050 million

The decrease in net interest income reflected significantly lower deposit margins on slightly higher average deposit volumes and slightly lower loan margins on higher average loan volumes.

Recurring commissions and fees

2014 vs 2013: Stable at CHF 2,967 million

Recurring commissions and fees were stable with higher discretionary mandate management fees and higher investment account and services fees offset by lower investment product management fees.

2013 vs 2012: Up 5% from CHF 2,811 million to CHF 2,956 million

The increase reflected higher revenues across all major revenue categories, primarily higher investment account and services fees, driven by higher investment advisory fees and higher security account fees.

Transaction- and performance-based revenues

2014 vs 2013: Stable at CHF 2,442 million

Transaction- and performance-based revenues were stable with significantly higher corporate advisory fees, higher placement and transaction fees and higher brokerage and product issuing fees, offset by lower foreign exchange client business and significantly lower performance fees from Hedging-Griffo.

2013 vs 2012: Up 4% from CHF 2,355 million to CHF 2,438 million

Higher transaction- and performance-based revenues reflected higher brokerage and product issuing fees, primarily in equities and funds, higher equity participations income and higher foreign exchange client business.

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## Results – Wealth Management Clients

	2014	2013	in 2012	% change	
				14 / 13	13 / 12
Statements of operations (CHF million)					
<b>Net revenues</b>	<b>8,286</b>	<b>8,444</b>	<b>8,475</b>	(2)	0
<b>Provision for credit losses</b>	<b>60</b>	<b>78</b>	<b>110</b>	(23)	(29)
<b>Total operating expenses</b>	<b>5,966</b>	<b>6,316</b>	<b>6,394</b>	(6)	(1)
<b>Income before taxes</b>	<b>2,260</b>	<b>2,050</b>	<b>1,971</b>	10	4
Statement of operations metrics (%)					
Cost/income ratio	72.0	74.8	75.4	–	–
Pre-tax income margin	27.3	24.3	23.3	–	–
Net revenue detail (CHF million)					
Net interest income	2,784	3,050	3,268	(9)	(7)
Recurring commissions and fees	2,967	2,956	2,811	0	5
Transaction- and performance-based revenues	2,442	2,438	2,355	0	4
Other revenues	93 <sub>1</sub>	0	41 <sub>2</sub>	–	(100)
<b>Net revenues</b>	<b>8,286</b>	<b>8,444</b>	<b>8,475</b>	(2)	0
Gross and net margin on assets under management (bp)					
Net interest income	33	38	44	–	–
Recurring commissions and fees	36	38	38	–	–
Transaction- and performance-based revenues	29	31	32	–	–
Other revenues	1	0	0	–	–
<b>Gross margin<sup>3</sup></b>	<b>99</b>	<b>107</b>	<b>114</b>	–	–
<b>Net margin<sup>4</sup></b>	<b>27</b>	<b>26</b>	<b>27</b>	–	–
Number of relationship managers					
Switzerland	1,670	1,590	1,630	5	(2)
EMEA	1,030	1,180	1,300	(13)	(9)
Americas	540	560	620	(4)	(10)
Asia Pacific	490	440	440	11	0
<b>Number of relationship managers</b>	<b>3,730</b>	<b>3,770</b>	<b>3,990</b>	(1)	(6)

1 Reflects a gain on the sale of the local affluent and upper affluent business in Italy and a gain related to the partial sale of an investment in Euroclear.

2 Reflects gains related to the sale of a business from the integration of Clariden Leu in 2012.

3 Net revenues divided by average assets under management.

4 Income before taxes divided by average assets under management.

## Gross margin

Our gross margin was 99 basis points in 2014, eight basis points lower compared to 2013, mainly reflecting a 5.7% increase in average assets under management and the continued adverse interest rate environment.

## Net margin

Our net margin was 27 basis points in 2014, one basis point higher compared to 2013, reflecting lower operating expenses and the gains from the sales, partially offset by the 5.7% increase in average assets under management and lower net interest income.

## Assets under management – Wealth Management Clients

	2014	2013	in / end of 2012	14 / 13	% change 13 / 12
Assets under management by region (CHF billion)					
Switzerland	290.0	270.9	243.5	7.1	11.3
EMEA	244.5	231.3	243.2	5.7	(4.9)
Americas	196.5	172.9	164.5	13.6	5.1
Asia Pacific	143.5	115.6	106.8	24.1	8.2
<b>Assets under management</b>	<b>874.5</b>	<b>790.7</b>	<b>758.0</b>	10.6	4.3
Average assets under management (CHF billion)					
Average assets under management	833.0	788.2	741.2	5.7	6.3
Assets under management by currency (CHF billion)					
USD	361.4	306.1	286.4	18.1	6.9
EUR	153.6	152.6	149.0	0.7	2.4
CHF	194.9	187.1	184.6	4.2	1.4
Other	164.6	144.9	138.0	13.6	5.0
<b>Assets under management</b>	<b>874.5</b>	<b>790.7</b>	<b>758.0</b>	10.6	4.3
Net new assets by region (CHF billion)					
Switzerland	5.7	0.9	2.3	–	(60.9)
EMEA	1.9	1.8	(2.0)	5.6	–
Americas	2.6	4.7	10.2	(44.7)	(53.9)
Asia Pacific	17.3	11.5	10.1	50.4	13.9
<b>Net new assets</b>	<b>27.5</b>	<b>18.9</b>	<b>20.6</b>	45.5	(8.3)
Growth in assets under management (CHF billion)					
Net new assets	27.5	18.9	20.6	–	–
Other effects	56.3	13.8	27.9	–	–
of which market movements	22.9	40.2	47.4	–	–
of which currency	39.0	(17.6)	(12.4)	–	–
of which other	(5.6)	(8.8)	(7.1)	–	–
<b>Growth in assets under management</b>	<b>83.8</b>	<b>32.7</b>	<b>48.5</b>	–	–
Growth in assets under management (%)					
Net new assets	3.5	2.5	2.9	–	–
Other effects	7.1	1.8	3.9	–	–
<b>Growth in assets under management</b>	<b>10.6</b>				