CREDIT SUISSE GROUP AG
Form 20-F
March 24, 2016
As filed with the Securities and Exchange Commission on March 24, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015.
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number: 001-15244
Credit Suisse Group AG
(Exact name of Registrant as specified in its charter)
Canton of Zurich, Switzerland
(Jurisdiction of incorporation or organization)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive offices)
David R. Mathers
Chief Financial Officer
Paradeplatz 8, CH 8001 Zurich, Switzerland
david.mathers@credit-suisse.com
Telephone: +41 44 333 6607
Fax: +41 44 333 1790
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Commission file number: 001-33434
Credit Suisse AG
(Exact name of Registrant as specified in its charter)
Canton of Zurich, Switzerland
(Jurisdiction of incorporation or organization)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive offices)
David R. Mathers
Chief Financial Officer
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david.mathers@credit-suisse.com
Telephone: +41 44 333 6607
Fax: +41 44 333 1790
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class of securities	Name of each exchange on which registered
Credit Suisse Group AG	
American Depositary Shares each representing one Share	New York Stock Exchange
Shares par value CHF 0.04*	New York Stock Exchange*
Credit Suisse AG	
Fixed to Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Credit Suisse X-Links Long/Short Equity ETNs due February 19, 2020	NYSE Arca
Credit Suisse X-Links Cushing® MLP Infrastructure ETNs due April 20, 2020	NYSE Arca
Credit Suisse X-Links Merger Arbitrage ETNs due October 6, 2020	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
Credit Suisse X-Links Gold Shares Covered Call ETNs due February 2, 2033	The Nasdaq Stock Market
Credit Suisse X-Links Silver Shares Covered Call ETNs due April 21, 2033	The Nasdaq Stock Market
Credit Suisse X-Links Commodity Rotation ETNs due June 15, 2033	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	NYSE Arca

Linked to the Russell 1000® Growth Index Total Return	
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
Credit Suisse X-Links Multi-Asset High Income Exchange Traded Notes (ETNs) due September 28, 2035	NYSE Arca
Credit Suisse X-Links WTI Crude Oil Index ETNs due February 8, 2036	NYSE Arca

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

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2015: 1,951,469,020 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 Financial Reporting Standards as issued by the International Accounting Standards Board Other
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

Definitions

For the purposes of this Form 20-F and the attached Annual Report 2015, 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 2015.

Sources

Throughout this Form 20-F and the attached Annual Report 2015, 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 2015.

Explanatory note

For the avoidance of doubt, the information appearing on pages 4 to 10 and A-4 to A-12 of the attached Annual Report 2015 is not included in Credit Suisse and the Bank's Form 20-F for the fiscal year ended December 31, 2015.

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 pages A-2 to A-3 and – Bank on page A-3 of the attached Annual Report 2015. In addition, please see IX – Additional information – Other information – Foreign currency translation rates on page 570 of the attached Annual Report 2015.

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 40 to 48 of the attached Annual Report 2015.

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 – Credit Suisse at a glance on page 12 and –Strategy on pages 13 to 17, IV – Corporate Governance and Compensation – Corporate Governance – Overview – Company details on page 186 and Appendix – Financial calendar and contacts on page A-12 of the attached Annual Report 2015. In addition, for Credit Suisse, please see Note 3 – Business developments, significant shareholders and subsequent events, Note 4 – Discontinued operations and Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 270 to 275 of the attached Annual Report 2015 and, for the Bank, please see Note 3 – Business developments and subsequent events, Note 4 – Discontinued operations and Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 429 to 432 of the attached Annual Report 2015.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company – Divisions on pages 18 to 24 of the attached Annual Report 2015. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 273 to 275 of the attached Annual Report 2015 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 431 to 432 of the attached Annual Report 2015.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Credit Suisse at a glance on page 12, – Strategy on pages 13 to 17 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on pages 62 to 63 of the attached Annual Report 2015. For a list of Credit Suisse's significant subsidiaries, please see Note 40 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 383 to 385 of the attached Annual Report 2015 and, for a list of the Bank's significant subsidiaries, please see Note 39 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 502 to 504 of the attached Annual Report 2015.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on page 570 of the attached Annual Report 2015.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 548 to 564 of the attached Annual Report 2015. 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 page 169 of the attached Annual Report 2015. For Credit Suisse, please see Appendix – Selected five-year information – Group on page A-2 of the attached Annual Report 2015.

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

As stated in our Form 20-F for the year ended December 31, 2014, 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). These credit facilities are supported by a guarantee of the Iranian Ministry of Economic Affairs and Finance and export financing insurance provided by European export credit agencies.

Credit Suisse AG does not generally calculate gross revenues or net profits from individual export finance credit facilities of this type; however, Credit Suisse AG estimates that it recognized approximately CHF 1.1 million in interest income in 2015 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 2015, Credit Suisse AG received insurance payments totaling CHF 2.4 million from the Swiss governmental export credit agency and payments totaling CHF 5.4 million from financial institutions acting as agents of lending syndicates, both in partial payment under certain of these credit facilities. As of December 31, 2015, approximately CHF 2.1 million was owed to Credit Suisse AG under these credit facilities which is not covered by the European export credit agency guarantees, out of a total amount of approximately CHF 36.4 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 export credit agencies.

During 2015, 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 49 to 104 of the attached Annual Report 2015. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 25 to 39 of the attached Annual Report 2015 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 135 of the attached Annual Report 2015.

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 106 to 135 of the attached Annual Report 2015. In addition, for Credit Suisse, please see Note 25 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 296 to 297 and Note 37 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 372 of the attached Annual Report 2015 and, for the Bank, please see Note 24 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 449 to 450 and Note 36 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 500 of the attached Annual Report 2015.
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 – Divisions on pages 18 to 24 of the attached Annual Report 2015.
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 179 to 182 of the attached Annual Report 2015. In addition, for Credit Suisse, please see Note 32 – Derivatives and hedging activities, Note 33 – Guarantees and commitments and Note 34 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 325 to 344 of the attached Annual Report 2015 and, for the Bank, please see Note 31 – Derivatives and hedging activities, Note 32 – Guarantees and commitments, Note 33 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 469 to 481, and Note 13 – Derivative financial instruments in VIII – Parent company financial statements – Credit Suisse (Bank) on pages 533 to 535 of the attached Annual Report 2015.
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 182 of the attached Annual Report 2015.
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 192 to 212 of the attached Annual Report 2015.
B – Compensation.
For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 217 to 248 of the attached Annual Report 2015. In addition, for Credit Suisse, please see Note 11 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 278, Note 29 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 308 to 313, Note 31 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 316 to 324, Note 6 – Personnel expenses in VI – Parent company financial statements – Credit Suisse Group on page 406 and Note 23 – Shareholdings of the Board of Directors, Executive Board and employees in VI – Parent company financial statements – Credit Suisse Group on pages 413 to 414 of the attached Annual Report 2015. For the Bank, please see Note 11 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 434, Note 28 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 458 to 460, Note 30 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 462 to 468, Note 6 – Personnel expenses in VIII – Parent company financial statements – Credit Suisse (Bank) on page 527, Note 17 – Pension plans in VIII – Parent company financial statements – Credit Suisse (Bank) on page 537 and Note 23 – Shareholdings of the Board of Directors, Executive Board and employees and information on compensation plans in VIII – Parent company financial statements – Credit Suisse (Bank) on pages 541 to 542 of the attached Annual Report 2015.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance on pages 184 to 216 of the attached Annual Report 2015.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional Information – Employee relations on page 216 of the attached Annual Report 2015. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Credit Suisse – Employees on page 55 of the attached Annual Report 2015.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 217 to 248 of the attached Annual Report 2015. In addition, for Credit Suisse, please see Note 29 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 308 to 313, and Note 23 –Shareholdings of the Board of Directors, Executive Board and employees in VI – Parent company financial statements – Credit Suisse Group on pages 413 to 414 of the attached Annual Report 2015. For the Bank, please see Note 28 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 458 to 460, and Note 23 – Shareholdings of the Board of Directors, Executive Board and employees and information on compensation plans in VIII – Parent company financial statements – Credit Suisse (Bank) on pages 541 to 542 of the attached Annual Report 2015.

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 187 to 191 of the attached Annual Report 2015. 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 270 to 271, Note 17 – Credit Suisse Group shares held by subsidiaries in VI – Parent company financial statements – Credit Suisse Group on page 410, Note 18 – Purchases and sale of treasury shares held by Credit Suisse Group in VI – Parent company financial statements – Credit Suisse Group on page 411 and Note 19 – Significant shareholders in VI – Parent company financial statements – Credit Suisse Group on page 411 of the attached Annual Report 2015. 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 22 – Significant shareholders and groups of shareholders in VIII – Parent company financial statements – Credit Suisse (Bank) on page 540 of the attached Annual Report 2015.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 217 to 248 and – Corporate Governance – Banking relationships with Board and Executive Board Members and related party transactions on page 213 of the attached Annual Report 2015. In addition, for Credit Suisse, please see Note 30 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 314 to 315 and Note 21 – Related parties in VI – Parent company financial statements – Credit Suisse Group on page 412 of the attached Annual Report 2015. For the Bank, please see Note 29 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on page 461 and Note 24 – Amounts receivable from and amounts payable to related parties in VIII – Parent company financial statements – Credit Suisse (Bank) on page 543 of the attached Annual Report 2015.

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 39 – Litigation in V – Consolidated financial statements – Credit Suisse Group on pages 375 to 382 of the attached Annual Report 2015. For a description of the Bank’s legal and arbitration proceedings, please see Note 38 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 501 of the attached Annual Report 2015.

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 135 of the attached Annual Report 2015.

B – Significant changes.

None.

Item 9. The offer and listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Other information – Listing details on page 569 of the attached Annual Report 2015. 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 184 to 196 of the attached Annual Report 2015. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 565 of the attached Annual Report 2015. 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 565 of the attached Annual Report 2015.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 565 to 568 of the attached Annual Report 2015. The Bank does not have any public shareholders.

F – Dividends and paying agents.

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

G – Statement by experts.

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

H – Documents on display.

Credit Suisse and the Bank file annual reports on Form 20-F and furnish or file quarterly and other reports on Form 6-K and other information with the SEC pursuant to the requirements of the Securities Exchange Act of 1934, as amended. These materials are available to the public over the Internet at the SEC's website at www.sec.gov and from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 (telephone 1-800-SEC-0330). SEC reports are also available for review at the offices of the New York Stock Exchange, 20 Broad Street, New York, NY 10005. Further, our reports on Form 20-F, Form 6-K and certain other materials are available on the Credit Suisse website at www.credit-suisse.com. Information contained on our website 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 399 to 416 of the attached Annual Report 2015 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 507 to 546 of the attached Annual Report 2015 and incorporated by reference herein.
I – Subsidiary information.
Not applicable.
Item 11. Quantitative and qualitative disclosures about market risk.
For Credit Suisse and the Bank, please see I – Information on the company – Risk factors on pages 40 to 48 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 136 to 178 of the attached Annual Report 2015.
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 – Fees and charges for holders of ADS on page 216 of the attached Annual Report 2015. 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 397 to 398 of the attached Annual Report 2015. 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 505 to 506 of the attached Annual Report 2015.
Item 16A. Audit committee financial expert.
For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors – Board committees – Audit Committee on pages 197 to 198 of the attached Annual Report 2015.
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 pages 184 to 186 of the attached Annual Report 2015.

Item 16C. Principal accountant fees and services.
For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Audit on page 214 of the attached Annual Report 2015.
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 page 134 of the attached Annual Report 2015. 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 – Additional Information – Complying with rules and regulations on page 215 of the attached Annual Report 2015. 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 249 to 398 of the attached Annual Report 2015 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 417 to 506 of the attached Annual Report 2015 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of December 2, 2015.

1.2 Articles of association (Statuten) of Credit Suisse AG as of September 4, 2014 (incorporated by reference to Exhibit 1.2 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2014 filed on March 20, 2015).

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG as of June 19, 2014 (incorporated by reference to Exhibit 1.3 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2014 filed on March 20, 2015).

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 564 of the attached Annual Report 2015 and incorporated by reference herein.

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 40 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 383 to 385, and significant subsidiaries of the Bank are set forth in Note 39 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 502 to 504 in the attached Annual Report 2015 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).

20-F/14

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 24, 2016

/s/ Tidjane Thiam	/s/ David R. Mathers
Name: Tidjane Thiam	Name: David R. Mathers
Title: Chief Executive Officer	Title: Chief Financial Officer

CREDIT SUISSE AG

(Registrant)

Date: March 24, 2016

/s/ Tidjane Thiam	/s/ David R. Mathers
Name: Tidjane Thiam	Name: David R. Mathers
Title: Chief Executive Officer	Title: Chief Financial Officer

Key metrics

		in / end of		% change	
	2015	2014	2013	15 / 14	14 / 13
Credit Suisse (CHF million, except where indicated)					
Net income/(loss) attributable to shareholders	(2,944)	1,875	2,326	–	(19)
of which from continuing operations	(2,944)	1,773	2,181	–	(19)
Basic earnings/(loss) per share from continuing operations (CHF)	(1.73)	0.99	1.10	–	(10)
Diluted earnings/(loss) per share from continuing operations (CHF)	(1.73)	0.98	1.10	–	(11)
Return on equity attributable to shareholders (%)	(6.8)	4.4	5.7	–	–
Effective tax rate (%)	(21.6)	38.7	31.2	–	–
Core Results (CHF million, except where indicated)					
Net revenues	23,384	25,074	24,226	(7)	4
Provision for credit losses	192	153	90	25	70
Total operating expenses	23,104	17,721	17,482	30	1
Income before taxes	88	7,200	6,654	(99)	8
Cost/income ratio (%)	98.8	70.7	72.2	–	–
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,214.1	1,368.7	1,248.6	(11.3)	9.6
Net new assets from continuing operations	46.9	29.9	35.0	56.9	(14.6)
Balance sheet statistics (CHF million)					
Total assets	820,805	921,462	872,806	(11)	6
Net loans	272,995	272,551	247,054	0	10
Total shareholders' equity	44,382	43,959	42,164	1	4
Tangible shareholders' equity	39,378	35,066	33,955	12	3
Basel III regulatory capital and leverage statistics					
Risk-weighted assets (CHF million)	294,950	291,410	273,846	1	6
CET1 ratio (%)	14.3	14.9	15.7	–	–
Look-through CET1 ratio (%)	11.4	10.1	10.0	–	–
Look-through CET1 leverage ratio (%)	3.3	2.5	–	–	–
Look-through Tier 1 leverage ratio (%)	4.5	3.5	–	–	–
Share information					
Shares outstanding (million)	1,951.5	1,599.5	1,590.9	22	1
of which common shares issued	1,957.4	1,607.2	1,596.1	22	1
of which treasury shares	(5.9)	(7.7)	(5.2)	(23)	48
Book value per share (CHF)	22.74	27.48	26.50	(17)	4
Tangible book value per share (CHF)	20.18	21.92	21.34	(8)	3
Market capitalization (CHF million)	42,456	40,308	43,526	5	(7)
Dividend per share	0.70	0.70	0.70	–	–
Number of employees (full-time equivalents)					
Number of employees	48,200	45,800	46,000	5	0

See relevant tables for additional information on these metrics.

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.

Interview with the Chairman and the Chief Executive Officer

In relation to the 2015 results, there have been several unfavorable reactions from the markets and analysts. What is your view of the current sentiment towards Credit Suisse and its annual results?

Tidjane Thiam: I believe one should not get sidetracked by immediate market reactions. There is no point denying it: the fourth quarter was a significant disappointment. Some of the losses incurred in our investment bank surprised investors as they came from activities that were not consistent with our new strategy. The losses and the impact on the capital position as well as the goodwill write-down in the fourth quarter made market participants nervous, especially in the context of a decline in the price of oil, worries about growth in China and the asynchronous nature of central bank policies. We have been explained on the difficulties encountered and what we are doing to address them and this is increasingly better understood by the market. Beyond these issues, it is important to measure the progress made by looking at our underlying business performance. Between now and 2018, the bank's restructuring will make the analysis of our performance more complex. We have therefore introduced a definition of adjusted results, which by correcting for the most visible impacts of the restructuring, will make it easier to monitor our progress on the implementation of our new strategy. Our adjusted results in the last quarter of 2015 contained some encouraging trends despite volatile market conditions. The performance of the Asia Pacific division in particular highlighted the growth potential in the region and our strong market position. In addition, net new asset generation was strong for both Asia Pacific and the Swiss Universal Bank, and we continued to increase our mandates penetration in all three geographical divisions. One of the direct outcomes of the changes we have made is the fact that Credit Suisse as of the end of 2015 has a stronger look-through CET1 capital position than before.

You mention the Group's capital level, which is deemed insufficient by some observers and thus remains a target for criticism. How strong is Credit Suisse's capital base?

Thiam: In fact, with 11.4% at the end of 2015, we now have the strongest look-through CET1 ratio that Credit Suisse has ever had. I feel that needs to be said again. We are also strong in terms of liquidity. While internationally we may not be on the absolute top of the rankings, we are without any doubt well capitalized. With a strengthened balance sheet, I am confident that we can deliver on our commitments. Our capital allocation process going forward will ensure that we focus on businesses that offer the best risk-adjusted returns, particularly in our three geographically focused divisions.

Urs Rohner: Moreover, we continue to further strengthen our capital base. We aim to operate the bank at a look-through CET1 capital ratio between 11-12% during 2016, while managing through the changes to our strategy. We are targeting a look-through CET1 capital ratio of approximately 13% and a Tier 1 leverage ratio between 5% and 6% with a look-through CET1 component of 3.5% to 4% by the end of 2018. Building up a strong capital base is the right choice from the business perspective. I also believe that capital will remain a key regulatory topic. Therefore, we will remain very much focused on growing in the right businesses, which are capital accretive and which generate the necessary returns under the ever stricter regulatory capital requirements.

The goodwill impairment of CHF 3.8 billion in the investment banking businesses was subject to significant attention. Notably, the decision was considered long overdue – would you agree?

Rohner: The goodwill impairment charge, mostly related to the acquisition of Donaldson, Lufkin & Jenrette (DLJ) in 2000, needed to be taken in the fourth quarter of 2015 as a direct consequence of the implementation of our new strategy and organizational structure. This resulted in changes to the former Investment Banking division, leading to a reassessment of certain assets and consequential goodwill impairment charge. Since the DLJ acquisition, the goodwill impairment test was conducted annually and verified by external experts. The rules are clear: as long as the goodwill is covered under the applicable methodology, no impairment charge is to be booked. Once this is no longer applicable, however, such charge must be booked, as was the case in 2015.

In October of last year, you have introduced the new strategy for the Group. Is the execution on schedule and can the ambitious timeline be met?

Thiam: We have made a good start in implementing the strategy we presented in October 2015. Before year-end, the important milestone of the capital raise was completed. Our capital ratios have been strengthened, allowing us to start implementing important restructuring measures, which consume capital. The new structure, which impacted all of our almost 50,000 staff, was fully in place by end-2015. In parallel, we have been strengthening the Group's control functions and making substantial investments in our risk management and control capabilities. The process of right-sizing our investment banking activities is well under way and have further been accelerated in Global Markets,

reflecting the persistently challenging market environment. We have already exited many activities. Our look-through CET1 capital position as of end-2015 is the strongest it has ever been and we are implementing the announced changes with determination. Once completed, this comprehensive change program will position us well to deliver profitable growth and returns for our shareholders in 2018 and beyond.
In this new strategy, is Credit Suisse predominantly implementing actions that other banks have taken already? How can Credit Suisse differentiate itself from its peers?
Rohner: The strategy is tailored to Credit Suisse and reflects three important elements: the Group's cultural and historical heritage, its strengths as an integrated bank and current external demands, such as key regulatory and market developments. In terms of regulation and markets, we face similar conditions as our peers but in other regards, our strategy is unique. Accordingly, our Swiss roots as a "Bank for Entrepreneurs" remain at the core of our strategy. That combines with our global presence and ultimately, our unique capability to provide both private banking and investment banking services to our clients. This offering is absolutely crucial for our differentiation in the highly competitive ultra-high-net-worth individual client segment.
In the course of this year, which are the most important steps in the execution of your new strategy?
Thiam: We will continue to restructure the bank to ensure that we can react to the changing market environment. In light of the challenging environment in the first few months of 2016, we have accelerated the right-sizing of our investment banking activities, particularly in the Global Markets

Urs Rohner, Chairman of the Board of Directors (left) and Tidjane Thiam, Chief Executive Officer.

division. These efforts aim at improving our ability to serve our clients and generate over time compliant, well controlled, profitable growth. We will continue to focus on growing our wealth management business and on the reduction of our investment banking activities so that they consume less capital, generate more stable earnings and better support the development of our wealth management offering. Our strategy is focused on deploying all of our capabilities and expertise to best service our clients. We will continue to implement it with determination.

You often mention innovation. Which areas does Credit Suisse prioritize in terms of innovation and how will your clients benefit from the innovative process?

Rohner: Credit Suisse was one of the first banks to introduce an innovation-focused think-tank as early as in 2012. We have launched Digital Private Banking in 2013 and now continue to roll out its various offerings to our clients across different markets. As in any innovation process, clients are the ultimate beneficiaries, as service quality improves and prices tend to decline. Particularly in banking, clients today receive a much broader online and mobile offering and a more powerful advisory support which uses intelligent computing and big data. Ultimately, digitization allows banks to deliver more tailored, better accessible and user-friendly service than ever before. In terms of next focus areas, innovation in compliance and risk management areas will be crucial – here as well, we are already actively engaged.

Thiam: Technology-driven innovation has disrupted several areas of banking, although the innovators have so far focused on the retail segment. With the fintech trend slowing down gradually, I think we will see more fintech exits – often as acquisitions by established banks – and we will also see business collaborations. I also believe the back office space offers a much greater disruption potential than has been captured so far. Ultimately, I am convinced that innovation will remain one of the key drivers of competitiveness in banking and our strategy will continue to consider that.

What role does compliance and risk culture play in the new strategy?

Rohner: To ensure the future success of our business, it is important that we place our clients at the center of all that we do. We have to encourage an entrepreneurial mindset and constantly ask ourselves whether we are doing the right thing. Openness, integrity and principled behavior are key in this context. We are committed to promoting a strong risk culture and to providing our businesses with sophisticated and independent risk management, compliance and control processes. The Board of Directors and the Executive Board expect all employees at all levels of our organization to adhere to the very highest compliance standards. We clearly communicate these expectations and have implemented appropriate internal regulations and training courses to support employees in this area. We do not tolerate any breaches of these rules, regulations or laws. To further strengthen our efforts to protect our reputation, we have created the new Compliance & Regulatory Affairs function, which oversees the bank’s activities at all levels. The high level of professionalism and dedication demonstrated by our employees when implementing our strategy inspires me with confidence that we will also be able to meet our ambitious goals in this area.

Message from the Chairman and the Chief Executive Officer

Dear shareholders, clients and colleagues

2015 was a year of transition for Credit Suisse. Following the change in Chief Executive Officer in July 2015, we conducted an in-depth review of our businesses and long-term objectives and subsequently announced a new strategic direction for our Group on October 21, 2015. Our ambition is to be a leading private bank and wealth manager with distinctive investment banking capabilities that is able to grow profitably and generate capital through the economic cycle.

In line with our new strategy, we announced a simplified organizational structure with three geographically focused divisions – the Swiss Universal Bank (Swiss UB), Asia Pacific (APAC) and International Wealth Management (IWM). They are supported by two divisions focusing on our investment banking capabilities – Global Markets (GM) and Investment Banking & Capital Markets (IBCM). With this new structure, we can respond more flexibly to our clients' needs through enabling our geographical divisions to leverage our combined expertise and resources in wealth management and investment banking. This new organization also gives our business heads clearer accountability both in terms of managing client relationships and the resources they require to maximize value creation. In parallel, we have strengthened the Group's control and compliance functions with significant investments in our risk management, control and information capabilities. The refocusing of the Group necessitated changes to the leadership structure resulting in a new composition of the executive team to drive the new business units and the central functions forward.

To ensure that Credit Suisse has a strong capital position to deliver on its strategy and capture attractive opportunities for growth, we announced a capital increase by way of a private placement and a rights offering in October 2015. The capital increase was approved by shareholders at our Extraordinary General Meeting in November and was concluded in December 2015. With this capital raise completed, our look-through CET1 capital ratio as of the end of 2015 has never been stronger, allowing us to implement important restructuring measures aimed at delivering profitable growth for our shareholders through the economic cycle. With the strengthened balance sheet, we are confident that we can deliver on our commitments and our capital allocation strategy is focused on businesses that offer returns in excess of their cost of capital. We believe that this will lead to increased investment in our three geographically focused divisions, notably our home market of Switzerland, where we have a strong franchise and capabilities, and to our growth markets in the emerging economies, particularly in the Asia Pacific region, where we also have a strong franchise. Our IWM division unifies the teams serving clients in other parts of the world.

In addition, we continue to reduce the size of our investment bank to ensure that it supports our wealth management activities, consumes less capital and generates less volatile earnings. In particular, we continue to right-size our operations in GM and are exiting or reducing selected activities consistent with the desire for higher return on capital and a lower risk profile. We have already substantially reduced risk-weighted assets and leverage exposure, exceeding our end-2015 targets, and are now targeting further significant reductions within the GM division until end-2016. In particular, we intend to reduce GM's risk-weighted assets target of USD 83-85 billion to approximately USD 60 billion, and lower the division's leverage exposure target from USD 380 billion to USD 290 billion by year-end. We are accelerating the right-sizing of our GM division and plan to further invest in our leading equities franchise and reduce our fixed income activities to operate on a substantially lower cost base and generate more stable earnings through the economic cycle. In our IBCM division, we are rebalancing our activities towards advisory and equity underwriting and towards investment grade corporates, which should help us to generate higher-quality earnings.

Cost competitiveness and flexibility are imperatives for our bank in today's rapidly evolving operating environment. We are therefore applying a rigorous, disciplined approach to cost management across the Group to reduce our cost base and lower the bank's break-even point, thus enhancing our ability to generate capital through the economic cycle. In February 2016, we announced plans to accelerate our cost savings program and in March we announced further savings and increased our gross cost reduction target for end-2018 from CHF 3.0-3.5 to CHF 4.0 – 4.5 billion and announced an operating cost base target of CHF 19.5 – 20.0 billion by end-2016. The majority of these cost savings will largely be driven by the accelerated reduction of the GM division. Combined with the measures already implemented in 4Q15 (including the transfer of our US Private Banking operations), we have already made considerable progress on reducing our cost base and thanks to the better cross divisional collaboration, we are able to further accelerate the pace of targeted cost savings. We believe that this will provide us with the flexibility we need to successfully navigate periods of market uncertainty and to fund the investments we intend to make to deliver profitable growth through the economic cycle for our shareholders.

Economic and political trends that shaped the market

2015 was a challenging period for the entire industry. Central bank actions remained a prominent topic during the year, with interest rates at historically low levels. On January 15, 2015, the Swiss National Bank announced the discontinuation of the minimum exchange rate of CHF 1.20 per euro – a move that caused a sharp appreciation of the Swiss franc and had a significant impact on the Swiss economy and the domestic banking sector for the remainder of the year. Thanks to the mitigating actions that we implemented, we were able to limit the impact on Credit Suisse.

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Also in January 2015, the European Central Bank announced its plans to begin purchasing eurozone government bonds as a means of lowering bond yields and pushing the rate of inflation back towards its medium-term target of 2%. While the conflicts in parts of the Middle East continued to intensify – heightening the global climate of uncertainty – the Greek debt crisis and discussions about a potential UK exit from the EU added to concerns about a destabilization of Europe's monetary union. With worries about a growth slowdown in China and the emerging markets rising in the second half of 2015, the European Central Bank cut the deposit rate again in December 2015 and decided to extend its bond purchase program until at least the end of March 2017. At its meeting on March 10, 2016, the European Central Bank yet again cut all of its key interest rates in a further attempt to boost inflation and growth rates, given the persisting volatile market environment.

In contrast, the question about when the US Federal Reserve would tighten its own monetary policy remained a subject of intense public speculation during 2015. Following the decision by the People's Bank of China to devalue the renminbi against the US dollar – partly to offset decelerating growth – the US Federal Reserve postponed its first interest rate increase in almost a decade at its September meeting. The increase that finally occurred in December 2015 was largely motivated by strong US employment data and robust economic growth. While financial markets barely reacted to the actual announcement, which had widely been expected, discussions since the beginning of 2016 have focused on the question of the pace at which the US Federal Reserve is likely to raise interest rates going forward, especially following its decision to hold off on a further rate rise at the March meeting. Moreover, the global effects of the divergent monetary policies of the US Federal Reserve and the European Central Bank remain a prominent topic of discussion.

The divergence in monetary policy, uncertainty about economic growth in China, the decline in oil prices, lower market liquidity, widening credit spreads and the renewed strength of the Swiss franc have all led to a challenging market environment for Credit Suisse, particularly during the fourth quarter of 2015. All of these factors have contributed to lower levels of client activity and issuances, and large fund redemptions by market participants affecting asset prices. Market conditions have also remained challenging during the initial months of 2016, however, it is too early to determine how these challenges will evolve over the remainder of 2016.

Regulatory Issues

Regulatory requirements continued to evolve throughout 2015. In February 2015, the Swiss Federal Council presented its evaluation report on Switzerland's "Too Big to Fail" (TBTF) regime, which proposed the implementation of the new global standard for Total Loss-Absorbing Capacity (TLAC). The implementation of TLAC is largely seen as the last building block to end TBTF. The new Swiss capital rules are more strict than the TLAC standard issued by the Financial Stability Board. In fact, the Swiss requirements will be stronger than those of other financial centers. Based on the end 2015 balance sheet, Credit Suisse would be subject to a going and gone concern requirement of 28.6% of risk-weighted assets. Throughout 2015, Credit Suisse issued CHF 15 billion of senior bail-in instruments, which we expect to be TLAC eligible, marking an important step towards achieving our total requirement in accordance with the proposed amendments to the Swiss TBTF regime.

In addition to these new TLAC requirements, the new draft Swiss TBTF regime will increase the going concern capital and leverage requirements. Under these new going concern requirements, Credit Suisse would need to fulfill a 14.3% Tier 1 capital ratio with a minimum CET1 component of 10% and a minimum Swiss leverage ratio of 5%, of which the minimum CET1 component is 3.5%, by end-2019. The new requirements are expected to become effective on July 1, 2016, subject to phase-in.

The continued tightening of regulatory requirements for banks is likely to remain a dominant topic. Although the new rules announced by the Swiss Federal Council are yet to be finalized, we believe that the completion of our capital increase in December 2015 and our success in improving our leverage exposure will enable us to meet these requirements on a look-through basis ahead of the 2019 deadline. We also aim to further strengthen our capital base through operating profitably and focusing on maximizing the free capital generation. We aim at maintaining a CET1 capital ratio of between 11-12% during 2016 and are targeting a CET1 capital ratio of approximately 13% and a Tier 1 leverage ratio between 5-6% with a CET1 component of 3.5-4.0% by end-2018. Over the next three years, through a disciplined capital allocation process, we intend to release capital from those parts of the Group that are being wound down in the Strategic Resolution Unit (SRU) and to fund further growth in our APAC and IWM divisions.

2015 Results

Against the challenging backdrop of 2015, we reported a net loss attributable to shareholders of CHF 2.9 billion and a pre-tax loss of CHF 2.4 billion. Our results for the full year 2015 were mainly affected by a significant goodwill impairment charge of CHF 3.8 billion that we recognized primarily in respect of the acquisition of Donaldson, Lufkin & Jenrette in 2000. In addition, restructuring costs of CHF 355 million were taken in 4Q15 across all the divisions in connection with the implementation of our new strategy and our results were further impacted by charges relating to significant litigation items and a pre-tax loss in the SRU as we wind down businesses that no longer fit with our strategic direction. The losses we incurred, especially during the fourth quarter, the impact of the losses on our capital position, as well as the goodwill write-down, in combination with the challenging market conditions, have led to negative reactions by market participants.

Beyond these issues, as we move ahead with the implementation of our strategy and work towards our 2018 targets, we consider it important to measure the progress made in terms of our underlying business performance. Between now and 2018, the bank's restructuring will make the analysis of our performance more complex. Hence, we are focusing on adjusted Core results, which are measured excluding SRU activities, goodwill impairment, restructuring expenses, real estate transactions, deconsolidation, business sales, significant litigation expenses and the impact from fair value of own debt. Until 2018, we plan to report on this same adjusted basis at Group, Core and business level, as we believe that this will allow investors to most effectively monitor our progress on the implementation of our new strategy, given the material restructuring charges and other one-off items we expect to be borne in the interim period.

Our adjusted results reflect a positive start in the implementation of the new strategy and contained some encouraging trends despite volatile market conditions in 4Q15. The Group delivered adjusted* Core pre-tax income of CHF 4.2 billion for 2015 and the underlying performance of our three newly created geographic divisions – Swiss UB, IWM and APAC – highlights the long-term attractiveness of the opportunities that exist for wealth managers.

The performance of the APAC division in particular highlighted the growth potential in the region and our strong market position: at over CHF 1.1 billion, APAC delivered the highest full-year adjusted* pre-tax income in five years and generated CHF 17.8 billion of net new assets. The Swiss Universal Bank increased its 2015 adjusted* pre-tax income by 4% to CHF 1.6 billion and is on track for a partial IPO (20-30%) planned by year-end 2017, market conditions permitting[1]. IWM's Private Banking business grew its 2015 adjusted* pre-tax income by 6% to CHF 0.8 billion.

Net new asset generation was particularly strong in APAC and Swiss UB, which generated CHF 17.8 billion and CHF 13.8 billion of net new assets, respectively, in 2015. Additionally, we increased mandates penetration from 15% to 26% in Swiss UB and from 23% to 30% in IWM.

Our full year performance, particularly in the geographic divisions, was obscured to a degree by poorer results during the fourth quarter, particularly from our investment banking divisions. We have continued to rebalance our investment banking businesses and to rebuild our IBCM division through targeted investments and by shifting activity towards advisory, equity underwriting and investment grade corporates in order to reduce the volatility of our earnings in this attractive, capital-light activity. In the GM division, our full-year performance was additionally adversely impacted by certain legacy inventory positions, which had to be written down as a result of the low liquidity and poor market conditions in the fourth quarter of 2015. While these positions have already been reduced aggressively since we announced the new strategy, we believe that it will be essential for us to continue to restructure our GM activities to lower our risk profile. We will maintain our focus on lowering the fixed-cost base of all our businesses.

Changes to the Executive Board

The refocusing of the Group and its structural reorganization necessitated changes to the leadership structure, resulting in a new composition of the executive team, which was further enriched by six new members in order to drive forward the new business units and the central functions: Pierre-Olivier Bouée, Peter Goerke, Thomas Gottstein, Iqbal Khan, Helman Sitohang and Lara Warner. In October 2015, Gaël de Boissard, Hans-Ulrich Meister, Robert Shafir and Pamela Thomas-Graham stepped down from the Executive Board, and we thank them for their considerable contributions to our bank's progress over the years.

Positioned for Growth

Given the persisting challenges in the operating environment for banks, we have taken decisive measures to further accelerate the implementation of our strategy by increasing the pace with which our GM division will be right-sized in order to substantially lower our cost base and break-even point and thus decrease the volatility of our earnings going forward. With these changes in place, we are confident that with our strategy, our regionally and client-focused structure and our new management team, we are positioned to deliver over time compliant, well-controlled and profitable growth and returns for our shareholders. Thanks to our clients' and shareholders' continued trust in Credit Suisse, as well as our employees' dedication, we will continue to remain focused on deploying all our capabilities and expertise to best service our clients. We will implement our strategy with determination and are confident to deliver on the targets we have set for end-2018.

Best regards

Urs Rohner	Tidjane Thiam
Chairman of the Board of Directors	Chief Executive Officer

March 2016

* Adjusted results are non-GAAP financial measures. For a reconciliation of the adjusted results to the most directly comparable US GAAP measures, see the "Reconciliation of adjusted results" part of this letter.

[1]Any such IPO would involve the sale of a minority stake and would be subject to, among other things, all necessary approvals and would be intended to generate / raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG.

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Reconciliation of adjusted results

Adjusted results are non-GAAP financial measures that exclude goodwill impairment and certain other items included in our reported results. Management believes that adjusted results provide a useful presentation of our operating results for purposes of assessing our Group and divisional performance over time, on a basis that excludes items that management does not consider representative of our underlying performance. Provided below is a reconciliation of our adjusted results to the most directly comparable US GAAP measures.

Core Results

		in
CHF million	2015	2014
Income before taxes reported	**88**	**7,200**
Fair value gains on own debt	(298)	(543)
Real estate gains	(95)	(414)
Gains on business sales	(34)	(101)
Adjustments to net revenues	(427)	(1,058)
Goodwill impairment	3,797	–
Restructuring expenses	202	–
Major litigation provisions	530	111
Adjustments to total operating expenses	4,529	111
Total adjustments	4,102	(947)
Adjusted income before taxes	**4,190**	**6,253**

Swiss Universal Bank

		in
CHF million	2015	2014
Income before taxes reported	**1,659**	**1,976**
Real estate gains	(95)	(414)
Gains on business sales	(23)	(24)
Adjustments to net revenues	(118)	(438)
Restructuring expenses	39	–
Major litigation provisions	25	–
Adjustments to total operating expenses	64	–
Total adjustments	(54)	(438)
Adjusted income before taxes	**1,605**	**1,538**

International Wealth Management

		in
CHF million	2015	2014
Income before taxes reported	**709**	**1,212**
Gains on business sales	(11)	(77)
Adjustments to net revenues	(11)	(77)
Restructuring expenses	33	–
Major litigation provisions	268	51
Adjustments to total operating expenses	301	51
Total adjustments	290	(26)
Adjusted income before taxes	**999**	**1,186**

International Wealth Management – Private Banking

		in
CHF million	2015	2014
Income before taxes reported	**526**	**795**
Gains on business sales	(11)	(77)
Adjustments to net revenues	(11)	(77)
Restructuring expenses	30	–
Major litigation provisions	268	51

Adjustments to total operating expenses	298	51
Total adjustments	287	(26)
Adjusted income before taxes	**813**	**769**

Asia Pacific

in CHF million	2015	2014
Income before taxes reported	**377**	**900**
Goodwill impairment	756	–
Restructuring expenses	3	–
Major litigation provisions	6	–
Adjustments to total operating expenses	765	–
Total adjustments	765	–
Adjusted income before taxes	**1,142**	**900**

Global Markets

in CHF million	2015	2014
Income/(loss) before taxes reported	**(1,944)**	**2,657**
Goodwill impairment	2,661	–
Restructuring expenses	105	–
Major litigation provisions	231	60
Adjustments to total operating expenses	2,997	60
Total adjustments	2,997	60
Adjusted income before taxes	**1,053**	**2,717**

Investment Banking & Capital Markets

in CHF million	2015	2014
Income/(loss) before taxes reported	**(353)**	**508**
Goodwill impairment	380	–
Restructuring expenses	22	–
Adjustments to total operating expenses	402	–
Total adjustments	402	–
Adjusted income before taxes	**49**	**508**

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As of January 1, 2013, Basel III was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. As of January 1, 2015, the BIS leverage ratio framework, as issued by BCBS, was implemented in Switzerland by FINMA. The related disclosures are in accordance with Credit Suisse's interpretation of such requirements, including relevant assumptions. Changes in the interpretation of these requirements in Switzerland or in any of Credit Suisse's assumptions or estimates could result in different numbers from those shown herein.

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

Unless otherwise noted, leverage exposure is based on the BIS leverage ratio framework and consists of period-end balance sheet assets and prescribed regulatory adjustments.

Cost reduction program measured on constant FX rates and based on expense run rate excluding major litigation expenses, restructuring costs and goodwill impairment taken in 4Q15, but including other costs to achieve savings.

We may not achieve all of the expected benefits of our strategic 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 our public filings, could limit our ability to achieve some or all of the expected benefits of these initiatives.

This document contains forward-looking statements that involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements. A number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions we express in these forward-looking statements, including those we identify in "Risk Factors" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2015, and in other public filings and press releases. We do not intend to update these forward-looking statements except as may be required by applicable law.

Mandates penetration means advisory and discretionary mandates in private banking businesses as a percentage of the related assets under management, excluding those from the external asset manager business.

Credit Suisse at a glance

Credit Suisse

Our strategy builds on Credit Suisse's core strengths: its position as a leading global wealth manager, its specialist investment banking capabilities and its strong presence in our home market of Switzerland. We take a balanced approach to capture the wealth management opportunities in emerging markets, the largest of which is in the Asia Pacific region, while also serving key developed markets with an emphasis on Switzerland. Founded in 1856, we today have a global reach with operations in over 50 countries and 48,200 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 three regionally focused divisions: Swiss Universal Bank, International Wealth Management and Asia Pacific. These regional businesses are supported by two other divisions specializing in investment banking capabilities: Global Markets and Investment Banking & Capital Markets. The Strategic Resolution Unit consolidates the remaining portfolios from the former non-strategic units plus additional businesses and positions that do not fit with our strategic direction. Our business divisions cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

Swiss Universal Bank

The Swiss Universal Bank division offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients primarily domiciled in our home market of Switzerland, which offers attractive growth opportunities and where we can build on a strong market position across our key businesses. Our private banking business has a leading franchise in our Swiss home market and serves ultra-high-net-worth individuals, high-net-worth individuals and retail clients. Our corporate and institutional banking business serves large corporate clients, small and medium-sized enterprises, institutional clients and financial institutions.

International Wealth Management

The International Wealth Management division offers tailored financial solutions to wealthy private clients and external asset managers in Europe, the Middle East, Africa and Latin America through its private banking business. The division's footprint spans emerging economies as well as mature European markets and it has access to the broad spectrum of Credit Suisse's global resources and capabilities. Our asset management business offers investment solutions and services globally to our private banking businesses and a wide range of other clients, including pension funds, governments, foundations and endowment funds, corporations and individuals.

Asia Pacific

The Asia Pacific division offers integrated private banking and investment banking financial solutions to wealthy individuals, institutional investors and corporate clients in the Asia Pacific region, drawing on Credit Suisse's global resources. The division is well positioned to capture market opportunities in Asia Pacific, which is experiencing rapid wealth creation and where the number of ultra-high-net-worth individuals is growing. We offer institutional investors access to broader financial markets and differentiated product offerings.

Global Markets

The Global Markets division offers a broad range of equities and fixed income products and services and focuses on client-driven businesses and on supporting Credit Suisse's private banking businesses and their clients. Our suite of products and services includes global securities sales, trading and execution services, prime brokerage, underwriting and comprehensive investment research. Our clients include financial institutions, corporations, governments, institutional investors – including pension funds and hedge funds – and private individuals around the world.

Investment Banking & Capital Markets

The Investment Banking & Capital Markets division offers a broad range of investment banking services to corporations, financial institutions, financial sponsors and ultra-high-net-worth individuals and sovereign clients. Our range of products and services includes advisory services related to mergers and acquisitions, divestitures, takeover defense mandates, business restructurings and spin-offs. The division also engages in debt and equity underwriting of public securities offerings and private placements.

Strategic Resolution Unit

The Strategic Resolution Unit was created to facilitate the immediate right-sizing of our business divisions from a capital perspective and includes remaining portfolios from former non-strategic units plus transfers of additional exposures from the business divisions. The unit's primary focus is on facilitating the rapid wind-down of capital usage and costs to reduce the negative impact on the Group's performance. Repositioned as a separate division, this provides clearer accountability, governance and reporting.

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Strategy

A new strategy to reposition Credit Suisse for the future

In 2015, Credit Suisse embarked on a new chapter of its 160 year history. Under the leadership of our new CEO, Tidjane Thiam, and the Board of Directors, we conducted an in-depth strategy review that has resulted in a new strategic direction, structure and organization of the Group.

Credit Suisse strategy

Our new strategy aims to strengthen our position as a leading private bank and wealth manager, with strong and distinctive investment banking capabilities, to achieve our goal of profitable growth while generating significant capital through the cycle. We are accelerating the rebalancing of capital towards our private banking businesses to optimize its allocation and focus on the highest-returning, most scalable opportunities.

We are focused on growing in Asia Pacific and other emerging markets in order to capture the significant wealth management prospects in those markets. We expect that emerging markets will account for approximately 60% of the growth in global wealth in the coming years, with first generation entrepreneurs driving much of the wealth opportunity. We believe that positioning ourselves as the "Bank for Entrepreneurs" by leveraging our strengths in wealth management and investment banking will provide us with key competitive advantages to succeed in these markets as we provide clients with a range of services to protect and grow their wealth.

Despite slower growth, mature markets are still expected to remain important and account for more than half of wealth distribution by 2019. As a result, we plan to take a balanced approach to resource allocation with the goal of capitalizing on opportunities in markets such as Western Europe and Japan. In Western Europe, we also plan to accelerate efficiencies by consolidating booking centers and developing a hub and spoke service model. In the US, we have exited private banking investment advisory but plan to continue to cover the corporate and complex personal wealth needs of >>>ultra-high-net-worth individuals (UHNWI) from our Investment Banking & Capital Markets business.

Switzerland, as our home market, provides compelling opportunities for Credit Suisse. To further expand our position with Swiss private, corporate and institutional clients and take advantage of consolidation opportunities, we have created a dedicated Swiss Universal Bank. Management focus and accountability will be enhanced, simplifying the prior structure and allowing the bank to build on its entrepreneurial heritage and further leveraging its brand. We provide a full range of services to private, corporate and institutional clients with a specific focus on becoming the "Bank for Entrepreneurs." We intend to pursue an initial public offering (IPO) by the end of 2017, market conditions permitting, of between 20% and 30% of the legal entity Credit Suisse (Schweiz) AG. Any such IPO would be subject to, among other things, all necessary approvals and would be intended to generate/raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG.

Our intention is to focus on the investment banking businesses that support our wealth management clients, and businesses that deliver returns in excess of their cost of capital and have leading market positions. Within our Global Markets division, we continue to right-size our operations by exiting or downsizing selected businesses consistent with our lower risk profile and higher return on capital objectives. In Global Markets, we have reduced risk-weighted assets and leverage exposures to below the targets we had set for the end of 2015. We plan to further invest in our leading equities franchise and restructure our fixed income activities to generate more stable earnings through the cycle. In our Investment Banking & Capital Markets division, we are rebalancing our activities towards advisory and equity underwriting and towards investment grade corporates, which should help us to generate higher-quality earnings.

We have formed a new Strategic Resolution Unit intended to oversee the effective wind-down of businesses and positions that do not fit our strategic direction in the most efficient manner possible. The Strategic Resolution Unit consolidates the remaining portfolios from our former non-strategic units plus additional activities and businesses from the investment banking and private banking businesses that are no longer considered strategic. We aim to reduce the Strategic Resolution Unit's risk-weighted assets and leverage exposure by approximately 80% by 2020, excluding operational risk.

We intend to rigorously execute a disciplined approach to cost management across the Group to reduce our fixed cost base and lower our break-even point. In February 2016, we announced plans to further accelerate our cost savings program and have identified and initiated measures, including an accelerated workforce reduction, that are expected to result in cost savings of CHF 500 million per annum on a full-year run-rate basis. Combined with the measures already implemented in the fourth quarter of 2015 (including the transfer of our US Private Banking operations), the cost savings measures identified and initiated by end-January 2016 represent CHF 1.2 billion per annum, or 34%, of the CHF 3.5 billion of gross savings we are targeting by end-2018. Cost savings are expected to be achieved through a combination of simplifying mid- and back-office platforms, right-sizing the bank's footprint, substantial completion of several Corporate Center programs and making a number of disposals and closures, including in the run-down of the Strategic Resolution Unit. In parallel to these cost reductions, we plan to invest CHF 1.5 billion to support growth initiatives in Asia Pacific, Swiss Universal Bank and International Wealth Management. The cost reduction program is measured on constant foreign exchange rates and is based on expense run rate excluding major litigation expenses, restructuring costs and goodwill impairment taken in the fourth quarter of 2015, but including other costs to achieve savings.

To ensure that we have a strong capital position to implement our strategy, capture the most promising growth opportunities and be prepared for future regulatory changes, we have completed a capital increase by way of a private placement and a rights offering as approved by the shareholders at the Extraordinary General Meeting of November 19, 2015. The aggregate gross proceeds of the capital increases amounted to a total of CHF 6.0 billion, resulting in a look-through common equity tier 1 (CET1) ratio of 11.4% and look-through CET1 leverage ratio of 3.3% as of year-end 2015.

As our strategy is executed, we intend to generate approximately CHF 23–25 billion of operating free capital by 2020. Operating free capital focuses on those components of shareholders' equity that are regulatory capital relevant, specifically income before taxes (excluding fair value on own debt) net of cash taxes, as well as deferred tax asset threshold impacts, additional costs relating to share awards and net impact of defined benefit pension funds.

Organizational structure and management changes

To support the execution of the new strategy, we have simplified our organization and created three new, regionally focused divisions: Swiss Universal Bank, International Wealth Management and Asia Pacific serving Western Europe, Central and Eastern Europe, Latin America and Africa. These regional businesses are supported by two other divisions specialized in investment banking capabilities: Global Markets and Investment Banking & Capital Markets. Our new organization is designed to drive stronger client focus and provide better alignment with regulatory requirements. We believe that decentralization will increase the speed of decision making, accountability and cost competiveness across the Group.

Our operating businesses are supported by focused corporate functions at the Group Executive Board level. Our newly established position of Chief Operating Officer focuses on driving the transformation of Credit Suisse and oversees, among other things, global operations, information technology and our centers of excellence. To further strengthen our focus on compliance and regulatory matters, we have created the position of Chief Compliance and Regulatory Affairs Officer that focuses on monitoring bank activities and coordinating regulatory interactions. The Chief Financial Officer manages the Group's capital, funding, liquidity and expenses to ensure we are well capitalized and have a strong balance sheet. The Chief Risk Officer governs the Group's risk management framework and provides independent risk oversight. Our General Counsel provides legal, policy and regulatory advice, especially in the context of potential or actual legal matters and investigations. It drives strategic legal risk management and manages our relationship with policymakers and other political stakeholders. Our Head of Human Resources, Communications & Branding is responsible for attracting, retaining and developing our employees, driving our global communications strategy and developing and strengthening the Credit Suisse brand.

As of October 21, 2015, the Board of Directors appointed six new members of the Executive Board of Credit Suisse – Pierre-Olivier Bouée, Peter Goerke, Thomas Gottstein, Iqbal Khan, Helman Sitohang and Lara Warner. In October 2015, Gaël de Boissard, Hans-Ulrich Meister, Robert Shafir and Pamela Thomas-Graham stepped down from the Executive Board.

The composition of the Executive Board is as follows:

Tidjane Thiam	Chief Executive Officer
Thomas Gottstein	Swiss Universal Bank
Iqbal Khan	International Wealth Management
Helman Sitohang	Asia Pacific
Timothy O'Hara	Global Markets
James L. Amine	Investment Banking & Capital Markets
David Mathers	Chief Financial Officer
Pierre-Olivier Bouée	Chief Operating Officer
Joachim Oechslin	Chief Risk Officer
Lara Warner	Chief Compliance and Regulatory Affairs Officer

Romeo Cerutti	General Counsel
Peter Goerke	Human Resources, Communications & Branding

Financial objectives

On October 21, 2015, we announced the following financial objectives and management actions in order to track progress in implementing our new strategy:

– increase income before taxes for Asia Pacific to CHF 2.1 billion in 2018;
– increase income before taxes in International Wealth Management to CHF 2.1 billion in 2018;
– grow income before taxes for the Swiss Universal Bank to CHF 2.3 billion in 2018;
– reduce our absolute cost base by CHF 2.0 billion to between approximately CHF 18.5–19.0 billion by year-end 2018. These cost savings are expected to be achieved through CHF 3.5 billion in gross cost savings by year-end 2018 through a combination of optimizations to make our business more efficient. In parallel to these cost reductions, CHF 1.5 billion will be invested to support growth initiatives in Asia Pacific, Swiss Universal Bank and International Wealth Management;
– achieve a look-through CET1 ratio of approximately 13% and a look-through CET1 leverage ratio of above 3.5% by year-end 2018 before future regulatory recalibration;
– maintain Global Markets risk-weighted assets stable at approximately USD 83–85 billion between year-end 2015 and year-end 2018;
– reduce Global Markets leverage exposure from approximately USD 380 billion at year-end 2015 to approximately USD 370 billion by year-end 2018;
– wind down the Strategic Resolution Unit risk-weighted assets (excluding operational risk) to CHF 12 billion by year-end 2018 and reduce leverage exposure to CHF 40 billion by year-end 2018 to support growth initiatives, mainly in Asia Pacific, Swiss Universal Bank and International Wealth Management;
– measure our performance by generating approximately CHF 23-25 billion of operating free capital by 2020; and

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– plan to continue our existing policy of recommending a dividend of CHF 0.70 per share with a scrip alternative until we reach our 2015–2018 look-through CET1 and leverage ratio targets and have greater clarity on potential regulatory changes and litigation risks. However, our intention would be to end the scrip alternative and recommend a move to a full cash dividend no later than 2017. Furthermore, in the longer term, we would aim to distribute a minimum of 40% of our operating free capital. The Board of Directors will consider setting a higher payout ratio as appropriate in due course.

Acceleration of the announced strategy

On March 23, 2016, we announced a number of additional measures and adjusted financial objectives beyond those announced on October 21, 2015 to further lower our cost base, accelerate the risk-weighted assets and leverage reduction initiatives in the reshaping of our Global Markets business and further strengthen our capital position. The additional measures and new financial objectives include:

– increasing our gross savings target of CHF 3.5 billion by year-end 2018 to CHF 4.3 billion. The net cost savings target in the same time period has increased from CHF 2.0 billion to at least CHF 3.0 billion. These measures are expected to lead to an absolute cost base of CHF 18.0 billion or less by year-end 2018;

– setting a gross cost savings target for the Group of CHF 1.7 billion by year-end 2016;

– reducing the risk-weighted assets target in the Global Markets division from approximately USD 83 – 85 billion to USD 60 billion and the leverage exposure target from approximately USD 380 billion to USD 290 billion by year-end 2016;

– exiting the Distressed Credit, European Securitized Products trading and Long-Term Illiquid Financing businesses in Global Markets;

– the assets from businesses we are exiting and other business reductions in Global Markets will predominantly be transferred to the Strategic Resolution Unit over the course of 2016 and we are consolidating foreign exchange trading into our trading operations within Swiss Universal Bank; and

– disposals of real estate and non-core businesses and other actions to increase CET1 capital by at least CHF 1 billion during 2016.

The cost reduction program is based on the 2015 cost base and measured on constant foreign exchange rates and based on an expense run rate excluding major litigation expenses, goodwill impairment charges and estimated restructuring costs of CHF 2.0 billion (previously announced CHF 1.3 billion), but including other costs to achieve the savings, which do not meet the accounting definition of restructuring costs. Implementation of these strategy measures will lead to a recasting of prior period segment results, principally in respect of the Global Markets business and the Strategic Resolution Unit, and an assessment of certain balance sheet items.

Products and services

Private banking offerings and wealth management solutions

We offer a wide range of private banking and wealth management solutions tailored for our clients in our Swiss Universal Bank, International Wealth Management and Asia Pacific divisions.

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 or our relationship managers working together with their advisory clients. Our UHNWI relationship managers are supported by dedicated portfolio managers.

Client segment specific value propositions

We offer a wide range of wealth management solutions tailored to specific client segments. The distinct value proposition of our integrated bank remains a key strength in our client offerings. Close collaboration with our investment banking businesses enables us to offer customized and innovative solutions to our clients, especially in the UHNWI segment, and we have specialized teams offering bespoke and complex solutions predominantly for our sophisticated clients. In addition, we offer solutions for a range of private and corporate wealth management needs, including succession planning, tax advisory and financial planning.

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 Solutions & Products Group and the Credit Suisse Investment Committee. We base our advice and services on the analysis and recommendations of our research and investment strategy teams, which provide a wide range of investment expertise, including macroeconomic, equity, bond, commodity 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 businesses, 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 14 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.
Corporate client and institutional client offerings
In accordance with our ambition to position ourselves as the "Bank for Entrepreneurs," we provide corporate and institutional clients, predominantly in Switzerland, with a broad range of financial solutions. To meet our clients' evolving needs, we deliver our offering through an integrated franchise and 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. For corporate clients, we provide a wide spectrum of banking products such as traditional and structured lending, payment services, foreign exchange, capital goods leasing and investment solutions. In addition, we apply our investment banking capabilities to supply customized services in the areas of mergers and acquisitions (M&A), syndications and structured finance. For corporations with specific needs for global finance and transaction banking, we provide services in commodity trade finance, trade finance, structured trade finance, export finance and factoring. For our Swiss institutional clients, including pension funds, insurances, 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 offerings
Our traditional 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.
We also offer institutional and individual clients a range of alternative investment products, including hedge fund strategies, 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.
Investment banking financial solutions
Equity underwriting
Equity capital markets originates, syndicates and underwrites equity in IPOs, common and convertible stock issues, acquisition financing and other equity issues.
Debt underwriting
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, restructurings, divestitures, spin-offs and takeover defense strategies.
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. Core to the securitized products franchise is its asset financing business, which focuses on providing asset and portfolio advisory services, and financing solutions to clients across asset classes.

– **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. The business is organized around financing, structured credit, trading, capital markets and strategic transactions, with a focus on supporting emerging markets through its onshore and offshore service models.

– **Global macro products** includes our restructured rates and foreign exchange businesses. Our rates business includes the full spectrum of cash and derivatives, including select non-cleared and structured 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: (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 hundreds of trading destinations in over 40 countries and six continents.

– **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 the distribution of 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** 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.

Divisions

sWISS UNIVERSAL BANK

Business profile

Within Swiss Universal Bank, we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients primarily domiciled in Switzerland. The division comprises the Private Banking and Corporate & Institutional Banking businesses.

Our **Private Banking** business has a leading client franchise in Switzerland, serving over 1.6 million clients, including UHNWI, high-net-worth individual (HNWI), >>>affluent and retail clients. Our service offering is based on our structured advisory process, distinct client segment specific value propositions and coverage models as well as access to a broad range of comprehensive products and services. We also have a specialized consumer finance business branded BANK-now. In addition, we offer best-in-class service, platform and technology support to external asset managers in Switzerland. Our Swiss network includes 1,570 relationship managers in 184 branches, including 33 branches of the bank's affiliate, Neue Aargauer Bank.

Our **Corporate & Institutional Banking** business offers expert advice and high-quality services to a wide range of clients, serving the needs of over 100,000 corporations and institutions, including large corporate clients, small and medium-size enterprises, institutional clients, financial institutions and commodity traders. This business also includes our Swiss investment banking business serving corporate clients and financial institutions on financing transactions in the debt and equity capital markets and advising on M&A transactions. Our business includes 490 relationship managers who serve our clients out of 48 locations.

Key data – Swiss Universal Bank

			in / end of
	2015	2014	2013
Key data			
Net revenues (CHF million)	5,563	5,721	5,612
Income before taxes (CHF million)	1,659	1,976	1,740
Assets under management (CHF billion)			
– Private Banking	241.0	258.6	244.2
– Corporate & Institutional Banking	275.8	275.9	250.0
Number of employees	14,200	13,200	13,200

Business environment

The Swiss private banking and wealth management industry is very attractive and continues to have positive growth prospects. Switzerland has the highest millionaire density worldwide and is expected to continue to have the highest average wealth per adult. Assets of UHNWI and HNWI are projected to grow approximately 4% and 3%, respectively, annually from 2014 through 2018. We are well positioned in the Swiss market with strong market shares across client segments.

The corporate and institutional banking business continues to offer attractive opportunities, supported by the expected steady growth of the Swiss economy. In a continued low interest rate environment, key trends in equity capital markets are expected to include an increase in IPOs, acquisition-related financing and monetization of equity holdings. We believe that the environment in the Swiss M&A market should remain supportive through 2016. We are a leading provider of banking services to corporate and institutional clients in Switzerland, utilizing our market leading investment banking capabilities in Switzerland for local execution while leveraging Investment Banking & Capital Markets' international reach and Global Markets' placing power.

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. This is expected to drive further consolidation of smaller banks due to higher critical size. We believe that we are well positioned to opportunistically take advantage of the potential market consolidation. We are well advanced in adapting to the new environment as we have and are continuing to dedicate significant resources to ensure our business is compliant with regulatory standards.

Business strategy

Switzerland, our home market, has always been and is expected to remain a key pillar of success for our bank and is core to our overall strategy. Within Swiss Universal Bank, we combine all the strengths and critical mass of our retail, wealth management, corporate, institutional and investment banking activities. The division is well positioned to meet the needs of our clients, both individual and corporate, with a broad suite of customized products and services. We announced in October 2015 plans to conduct a partial IPO of up to 30% of Credit Suisse (Schweiz) AG by end of 2017, underscoring its unique identity and value within Switzerland and within the Group. Any such IPO would involve the sale of a minority stake and would be subject to, among other things, all necessary approvals and would be intended to generate/raise additional capital for Credit Suisse AG or Credit Suisse (Schweiz) AG.

We expect to advance our business by focusing on the following four key priorities:

Focus to simplify

The Swiss Universal Bank division continues to serve the entire spectrum of clients from retail to UHNWI and from small to large corporate and institutional clients as well as external asset managers. In order to move closer to our Swiss client base and their needs, we have realigned our organization and have transferred business not originated in Switzerland to where it is originated.

Empower to grow

We are focusing our growth efforts and resources towards the most attractive client segments and we have developed client specific initiatives to realize profitable growth opportunities. The biggest untapped potential for us lies in the HNWI business, which is significantly growing and highly attractive. We expect to grow at a higher rate than the anticipated 3% annual market growth rate until 2018. In the HNWI business, we plan to hire approximately 80 additional relationship managers and further enhance and promote our mandates offering. In 2015, we were successful with our newly launched range of advisory mandates called Credit Suisse Invest. The conversion rate of our clients into this new offering was significantly above our expectations. With Credit Suisse Invest, we offer investment solutions based on client needs and their preferences for frequency and type of advice. It is also our ambition to be recognized as the "Bank for Entrepreneurs". We are not only aiming to strengthen our businesses serving HNWI, but also those serving small and medium-size enterprises and UHNWI, two client segments for which we have high growth ambitions. A dedicated organizational unit was established to support the development of joint client coverage plans between our HNWI business and small and medium-size enterprises teams and the development of a more focused value proposition catered to entrepreneurs. For the UHNWI business, we aim to double our lending book, increase our relationship manager population by 30% and gain market share in French and Italian speaking Switzerland. In the external asset managers business, we plan to build on our leading market position and are well positioned to exploit the opportunities from the ongoing consolidation of smaller banks by supporting them in becoming external asset managers or providing them external asset manager solutions to address their increased regulatory requirements and pressure on gross margins.

Drive efficiency agenda

We have significantly increased end-to-end accountability over Swiss costs and investments by moving Swiss-specific or Swiss platform-related corporate functions to Swiss Universal Bank. This should allow for a more business-oriented priority setting and faster decision making for investments. We also believe that efficiency can be strengthened by digital initiatives and increased automation. For instance, we launched an innovative new mobile banking application that has received positive client feedback. Going forward, we plan to continue to invest in our digital applications to enhance self-service capabilities for clients, improve productivity of client-facing employees and automate front-to-back processes.

Invest in brand

As part of the commitment to our Swiss businesses, we also strive to strengthen our brand and reputation by investing in targeted marketing activities, deepening our community involvement and contributing to the sustained development of our home market as an employer, lender, sponsor and member of economic, social and cultural society.

Awards and market share momentum

Credit Suisse was highly placed in a number of key industry awards in 2015:

– Best Investment Bank in Switzerland – 2015 Awards for Excellence – *Euromoney*
– Best Trade Finance Bank in Switzerland – *Global Finance*
– Best Sub-Custodian Bank in Switzerland – *Global Finance*
– Best Swiss Global Custodian – *R&M Consultants (London)*
– Best European Global Custodian – *R&M Consultants (London)*

international wealth management

Business profile

In International Wealth Management we offer comprehensive advice and a broad range of financial solutions to our private, corporate and institutional clients.

Our **Private Banking** business offers tailored and comprehensive advice and financial solutions to wealthy private clients and external asset managers in the regions of Europe, Middle East, Africa and Latin America. We serve our clients through 1,190 relationship managers in 46 locations in 28 countries, utilizing comprehensive access to the broad spectrum of our global resources and capabilities as well as access to a wide range of services and products from third-party providers.

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, along with our private banking businesses. Our capabilities span across a diversified range of asset classes with a focus on traditional and alternative strategies.

Key data – International Wealth Management

			in / end of
	2015	2014	2013
Key data			
Net revenues (CHF million)	4,394	4,751	4,929
Income before taxes (CHF million)	709	1,212	1,217
Assets under management (CHF billion)			
– Private Banking	289.6	323.7	297.8
– Asset Management	321.3	305.2	270.1
Number of employees	9,100	8,700	8,700

Business environment

We believe that the private banking industry continues to have attractive growth prospects in mature markets and the emerging markets covered by International Wealth Management. Assets of HNWI and UHNWI clients within these markets are expected to grow by approximately 6% annually from 2015 through 2018. Wealth creation continues to be strong in Russia and Central & Eastern Europe (10%), Middle East (10%) and Latin America (7%) as wealth growth in these economies is fueled by an increase in population, entrepreneurial wealth creation and technological development. Although wealth is expected to grow at lower rates in developed economies such as the ones of Europe (3%), these

markets continue to be of crucial importance, holding around 20% of the world's wealth.
The asset management industry continued to experience growth in 2015, despite volatility and weaker performance of financial markets worldwide. Developed markets rebounded as the major drivers of net inflows, while momentum slowed in some emerging markets. Within the asset management industry, investors continued to shift from active traditional strategies to passive, multi-asset class and alternative investment strategies. The alternative investment industry had a continued increase in assets under management in 2015. Within alternative investments, hedge funds recorded inflows for 2015, despite concerns over performance due to volatility, especially in emerging markets. The largest hedge funds continued to attract the majority of new assets. Private equity funds distributed a significant amount of capital and continued to raise additional funds.
Over the past years, European markets have been under significant structural pressure from regulatory changes and tax regularization, a trend that continued into 2015.
Profitability has come under pressure in a prolonged environment of low interest rates and reduced fee-based margins, the need to upgrade information technology platforms, cost of compliance to new regulatory demands and adjustments to the product offerings in response to changes in client behaviors.
Business strategy
Our private banking and asset management businesses are among the leaders by size and reputation in our target markets and regions. International Wealth Management is expected to contribute significantly to the Group's strategic and financial ambitions. The following three strategic priorities will guide our decisions:
Deliver client value
We are establishing integrated coverage teams across our private banking, investment banking and asset management businesses in order to provide clients with holistic coverage and access to the bank's wide range of capabilities. We plan to leverage our investment and research capabilities, deploying solutions and products tailored to our clients' needs in key markets. We also intend to address our clients' sophisticated financing needs by investing in additional resources and broadening our lending activities.
Enhance client proximity
Our focus on enhancing client proximity intends to capture market share by increasing the number of our relationship managers, targeting a net increase of approximately 300 relationship managers across our regions by the end of 2018. In addition, we are strengthening and adapting our footprint with technology investments at our key hubs, establishing new advisory offices and transforming unprofitable locations towards a sustainable business model. For lower wealth band HNWI, we plan to digitize our service model, combining an ease of use service delivery with our distinctive international investment offering, supported by digitally enabled client to relationship manager interactions with a focus on furnishing comprehensive investment advice.
Increase client time
We are making significant investments in processes and organizational changes to allow faster decision-making and shorter time-to-market of our solutions. We are also increasing the local market management's accountability to empower decision making. In addition, we plan to make investments in information technology and automation to reduce our relationship managers' administrative tasks so that they can spend more time with their clients.
ASIA PACIFIC
Business profile
Within the Asia Pacific division we offer a wide range of financial products and services, focusing on our UHNWI, HNWI, entrepreneur, corporate and institutional clients. We deliver integrated client coverage to provide connectivity and access to broader financial markets, differentiated product offerings, and tailored financing solutions.
Our **Private Banking** business combines its global reach through other divisions with a structured advisory process, offering a broad range of comprehensive and bespoke solutions and services that are tailored to our clients' complex needs. We offer our clients digital private banking access and serve them through 590 relationship managers in 13 locations across 7 countries.
Our **Investment Banking** business supports our key clients by advising on all aspects of M&A transactions, corporate sales and restructurings, divestitures and takeover defense strategies and provides equity and debt underwriting capabilities for entrepreneur, corporate and institutional clients. In addition, our investment banking business includes equity and fixed income sales and trading services, and provides access to a range of debt and equity securities, derivative products, and financing opportunities across the capital spectrum for corporate, sovereign and institutional

clients.

Key data – Asia Pacific

			in / end of
	2015	2014	2013
Key data			
Net revenues (CHF million)	3,839	3,335	3,018
Income before taxes (CHF million)	377	900	752
Assets under management (CHF billion)			
– Private Banking	150.4	150.5	121.3
Number of employees	6,700	5,900	5,500

Business environment

While equity markets in Asia Pacific were robust in 2015, particularly in Hong Kong, China and India, capital markets origination in developing Asia was subdued. Markets were driven by pronounced volatility, particularly in China, and expectations of a US interest

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rate increase, which impacted yield products, local currencies and primary issuance levels and activity.
Financial markets in Asia Pacific continue to undergo structural change. Industry initiatives, such as the Shanghai – Hong Kong Stock Connect, provided increasing investor access to the onshore market and will continue to drive investor flows. The inclusion of China's equity markets into worldwide indices is more probable as such equity markets become increasingly liberalized.
Wealth management in Asia Pacific continues to offer positive growth prospects compared to other regions. Increased entrepreneurial activity and a faster pace of economic growth and innovation has fueled development, and wealth creation in emerging markets is growing at a higher rate than more mature markets, with approximately 57% of new wealth in the region being driven by first generation entrepreneurs.
Regulatory requirements for investment advisory services in Asia Pacific also continued to increase, including in the areas of suitability and appropriateness of advice and anti-money laundering.
Business strategy
Through a leading franchise in Asia Pacific, we pursue a client-centric, capital efficient business model, allocating resources to those parts of the business that are essential to increasing our activities with existing and new clients. Our strategy to be recognized as the "Trusted Entrepreneurs Bank of Asia Pacific" is rooted in multi-generational client relationships with some of the most significant business owners in the region. Our long-term view on ensuring consistency of coverage and business diversity supports revenue stability and attractive returns. Together with our capacity to withstand fluctuating market conditions, this has been critical to our ability to attract the right talent to our platform and to foster a partnership culture with a long-term ambition. Looking ahead, our strategic focus is on growing revenues and enhancing the delivery of our integrated model to deliver strong returns to our shareholders.
As such, we continue to focus our attention and resources on the following business areas and opportunities:
Focus on Ultra-High-Net-Worth activity
Asia Pacific has a highly dynamic client base. Our integrated platform, which spans industries and geographies, positions us to address the wealth and corporate needs of the growing base of UHNWI and entrepreneurs in the region. We have been recognized as a top private bank in Asia Pacific, and as a leader in advisory and capital markets activity. Our business platform connects wealthy individuals and institutional investors where, for example, investment banking mandates provide a source of attractive investment opportunities for UHNWI clients. We expect favorable long-term trends in wealth creation and the opening up of financial markets which offer associated growth opportunities to accelerate our pace of client acquisition and become an increasingly important provider of capital and liquidity solutions to key clients.
Deliver client critical equities and financing capabilities
We benefit from having leading positions in equities and certain fixed income markets, such as Asian rates trading. We have a top-ranked pan-Asia equities franchise and strong structured financing capabilities. Our competitiveness is supported by our ability to structure complex solutions across wealth and business interests and offer new products to our key clients. Continuous product innovation and a disciplined approach to risk help to form a baseline of profitability through market cycles. We continue to see opportunities to deliver new investment products and services from our investment banking platform. For example, we deliver institutionalized services to the growing family office client segment from our prime brokerage platform. We also expect financing growth to play a positive role in supporting the long-term economic development of Asian businesses and economies. Our financing business benefits from our exposure to UHNWI clients, who generally are high quality borrowers, meet strong collateral standards and are owners of large businesses. One of our financing businesses is our market-leading Emerging Markets Finance Group which services a range of borrowers with structured finance solutions. We expect to prudently build out quality credit and equity strategic financing to our clients, while remaining mindful of market volatility.
Grow broad base of business profitability
We plan to continue to invest and grow our existing business franchises where we have deep client relationships and strong, profitable market positions. Having a diversified business mix of clients, countries and product areas generally provides for a stable performance, especially in a region as dynamic as Asia Pacific, with its variety of economic characteristics. We believe that there is opportunity to grow our recurring fee-income base across the region, leveraging our integrated, advisory-led model. As a number of our peers reassess their Asia Pacific strategy and footprint, and as competition remains fierce, we intend to continue to adjust and innovate our business model and approach for new market entry or business acquisition to drive incremental growth. We believe that it is important to

have a targeted client and coverage strategy coupled with comprehensive client-centric capabilities to effectively compete in Asia Pacific.

Significant transactions

We executed a number of noteworthy transactions in 2015, reflecting the diversity of our franchise across countries, sectors and clients.

– We advised on a number of key deals in Southeast Asia; in Malaysia, we executed Malakoff Corporation Berhad’s IPO (water and power producer), which was the third largest IPO in Southeast Asia over the past two years; in Indonesia, we advised on PT Hanjaya Mandala Sampoerna’s (tobacco) follow-on offering and on Taiwan’s Cathay Life Insurance Company’s acquisition of a stake in Bank Mayapada Internasional Tbk (financial services); in the Philippines, we advised on Rizal Commercial Banking Corporation’s sale of shares to Cathay Life Insurance Company (insurance).

– In China, we arranged Tsinghua Unigroup Company's debut international bond offering (construction and engineering), in which we were sole global coordinator, book runner and lead manager. The transaction was the largest unrated US dollar bond offering issued by a Chinese state-owned enterprise issuer. We also arranged financings for clients including China National Offshore Oil Corporation (oil and gas exploration and development), China Huarong Asset Management (financial services) and Tencent Holdings (media and internet), and we also advised on a private equity placement for Alibaba Pictures Group (film and media).

– In Korea, we advised on Samsung C&T Corporation's merger with Cheil Industries (textiles). In Australia and New Zealand, we advised GE Capital (financial services) on the sale of its consumer finance business. In Pakistan, we were involved in the government's sale of shares in Habib Bank.

Awards and market share momentum

We were highly placed in a number of key industry awards in 2015:

– Best Private Bank – Asia for 2015 – *Asian Private Banker*

– Best Provider of Asia Equity-linked Flow Structured Products for 2015 – *Asian Private Banker*

– Best Equity Derivatives House – Asia for the second consecutive year from *The Asset*

– Best Regional Technology, Media and Telecommunications House for the second consecutive year from *The Asset*

– Ranked #1 in in Overall Penetration in Asian Equity Trading and Equity Research, Sales and Corporate Access according to the *2015 Greenwich Survey*

Global markets

Business profile

Global Markets brings together our equity sales and trading and fixed income sales and trading businesses into one division to create a fully integrated franchise for our clients. Global Markets provides a broad range of financial products and services to client-driven businesses and also supports the Group's private banking businesses and their clients, most notably UHNWI. Our suite of equity and fixed income products and services includes global securities sales, trading and execution, prime brokerage and comprehensive investment research. Our clients include financial institutions, corporations, governments, institutional investors, such as pension funds and hedge funds, and private individuals around the world. We deliver our global markets capabilities through regional and local teams based in both 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 – Global Markets

			in / end of
	2015	2014	2013
Key data			
Net revenues (CHF million)	7,391	8,613	8,974
Income/(loss) before taxes (CHF million)	(1,944)	2,657	3,012
Number of employees	13,000	11,900	12,100

Business environment

Operating conditions in 2015 were challenging, particularly for our fixed income businesses, in light of high levels of market volatility, lower client activity, continued uncertainty over interest rates in the major economies, a collapse in energy prices and a subdued global investment climate, particularly in the second half of the year. Uncertainty in the interest rate and credit environment resulted in significantly reduced issuance levels across many asset classes, particularly high yield. In addition, given an evolving regulatory environment, we announced plans to right-size fixed income businesses such as global macro products, with the aim of delivering higher profitability, lower capital usage and lower volatility in earnings across market cycles. Market conditions were more favorable for equity sales and trading businesses as higher volatility resulted in higher trading volumes and strong client activity. Given quantitative easing in many markets and modest increases in gross domestic product in developed economies, we believe equity markets should grow in the medium to long-term, thus benefitting our market-leading franchises.

Business strategy

The Global Markets division combines our equities and fixed income sales and trading platforms in the Americas and EMEA. The division will be focused on three primary strategic goals: prioritizing businesses with connectivity to our private banking clients, optimizing capital usage and increasing profitability by ensuring businesses deliver returns in excess of their cost of capital. We believe that this strategy will enable us to reduce earnings volatility, inherent in our results historically, and deliver consistent pre-tax income from our leading franchises across market cycles.

In line with the Group strategy, Global Markets will primarily refocus its product portfolio to enhance our private banking businesses. To achieve this, we will continue to invest in franchises that are important to private banking clients, such as cash equities, equity derivatives and the emerging markets group. We intend to grow our structured notes, share-backed lending and structured financing products while also shifting to more stable products that generate recurring revenues. Our goal is to optimize prime services, a key franchise for cash equities, by continuing to reduce capital usage and increase returns and to also refocus offerings to support UHNWI clients. We believe the repositioned Global Markets division will provide a differentiated platform to our private banking clients by offering simplified access to markets in different geographies, enhanced execution and clearing services and access to structured solutions products. We will also continue to defend and optimize our market-leading securitized products and credit franchises, despite their limited connectivity to the private banking businesses, given that they are expected to continue to drive profits for the Global Markets division.

We also expect to continue downsizing our macro business, primarily by building a capital-efficient and niche franchise in the Americas comprised of foreign exchange and non-cleared swap products. As a result, we have relinquished our European primary dealership and transferred the European rates options and secondary market making in European government bonds into the Strategic Resolution Unit.

Looking forward, we plan to holistically manage our leverage exposures across products with a focus on allocating capital to clients and businesses that are aligned with our objectives. In 2015, we have met both our year-end 2015 targets for risk-weighted assets and leverage exposure, with reported risk-weighted assets of USD 75 billion, compared to a target of approximately USD 83-85 billion, and leverage exposure of USD 317 billion, compared to a target of approximately USD 380 billion. We remain committed to maintaining our announced year-end 2018 capital targets for risk-weighted assets of approximately USD 83-85 billion and leverage exposure of approximately USD 370 billion.

Lastly, we will focus on building a profitable Global Markets franchise by investing in and optimizing our key businesses, with the goal of reducing earnings volatility. We plan to invest exclusively in businesses that exceed their cost of capital by evaluating them using the lower of return on risk-weighted assets or leverage exposure. Additionally, by combining historically separately run equity and fixed income businesses, we are repositioning the division to systematically create synergies across products, which is expected to further increase profitability and returns.

investment banking & capital markets

Business profile

The Investment Banking & Capital Markets division offers a broad range of investment banking products and services which include advisory services related to M&A, divestitures, takeover defense, restructurings and spin-offs, as well as debt and equity underwriting of public offerings and private placements. We also offer derivative transactions related to these activities. Our clients include leading corporations, financial institutions, financial sponsors, UHNWI and sovereign clients.

We deliver our investment banking capabilities through regional and local teams based in both major developed and emerging market centers. Our integrated business model enables us to deliver high value, customized solutions that leverage the expertise offered across Credit Suisse and that help our clients unlock capital and value in order to achieve their strategic goals.

Key data – Investment Banking & Capital Markets

			in / end of
	2015	2014	2013
Key data			
Net revenues (CHF million)	1,752	2,106	2,014
Income/(loss) before taxes (CHF million)	(353)	508	581
Number of employees	2,800	2,400	2,400

Business environment

2015 was a challenging year, with volatile market conditions, reflecting increased concerns regarding the pace of global growth, falling energy prices, currency pressures in certain markets and uncertainty in the interest rate and credit environment. The impact of increased volatility was felt industry-wide, reducing our clients' risk appetite and driving declines in debt and equity underwriting activity and fee pools. Our investment banking businesses were affected by the sharp decline in client activity levels in line with the industry.

Despite the slowdown in capital markets activity, M&A remained robust, supported by low financing costs and limited alternatives to drive earnings growth. Large deals were announced across many active sectors as companies sought consolidation and strategic acquisitions, particularly in healthcare, technology, insurance, aerospace & defense, and consumer products. Industry-wide announced M&A activity increased significantly compared to 2014, with volumes outpacing the previous record set in 2007. Credit Suisse advised on USD 795 billion of announced M&A

transaction volume in 2015, up from USD 385 billion in 2014.
Business strategy
Our strategy focuses on leveraging our global structuring and execution expertise to develop innovative financing and advisory solutions for our clients. In October 2015, we announced a new strategy to grow the division through a targeted plan that is designed to generate sustainable, profitable growth and continue delivering returns in excess of our cost of capital. Our growth plan is based on the following key strategic priorities: rebalancing the product mix towards M&A advisory and equity underwriting, optimizing the client coverage footprint and launching a new initiative for UHNWI in the US.
In 2015, we observed market activity begin to pivot away from leveraged finance and towards advisory and equity underwriting as the credit cycle turned. Our goal is to rebalance our product mix to be consistent with this shift in the market by increasing our focus on M&A advisory and equity underwriting with our clients. We expect that refocusing our efforts on these solutions will not only allow us to better support our clients' strategic goals, but will also contribute to a revenue mix that is more diversified and less volatile through the market cycle.
We have tailored our client strategy while optimizing our headcount and capital resources in order to deliver efficient and effective client coverage. Our strategic objective is to expand our coverage in high growth areas where our franchise is well-positioned. We expect

to do this with targeted plans for investment grade corporates, non-investment grade corporates and financial sponsors. In addition, to support our clients looking for opportunities in developing economies, we have launched an emerging markets team that will integrate this geographical coverage across all industries and products.
Lastly, as part of the effort to further differentiate and diversify our offerings, we announced a new dedicated coverage group within Investment Banking & Capital Markets to cover UHNWI in the US. We believe this effort targets a meaningful untapped opportunity to cover UHNWI who are decision-makers over an average of USD 1.6 billion in industry-wide investment banking fees each year.
Significant transactions
We executed a number of noteworthy transactions in 2015, reflecting the diversity of our franchise.
– In debt capital markets we arranged key financings for a diverse set of clients including Charter Communications (cable), International Game Technology (gaming), Pharmaceutical Product Development (health care services), Spectrum Brands Holdings (consumer), Chemours Company (chemicals), Altice (cable), Berry Plastics (packaging) and The Coca-Cola Company (beverage).
– In equity capital markets we executed the IPO for Scout 24 Holding (digital marketplace), follow-on and convertible offerings for Teva Pharmaceutical Industries (pharmaceuticals), follow-on offering for Piraeus Bank Group (financial and banking services), equity convertible offering for Anthem (health insurance services), follow-on offering for Columbia Pipeline Group (natural gas pipelines), follow-on offering for Aramark Corporation (food, hospitality and facilities services) and follow-on offering for Newfield Exploration Company (oil and gas exploration and production).
– In M&A we advised on a number of transformational transactions throughout the year, including Dell's acquisition of EMC Corporation (technology), the sale of Precision Castparts Corp. to Berkshire Hathaway (industrials), NXP Semiconductors' merger with Freescale Semiconductor (semiconductors), Solvay's acquisition of Cytec Industries (chemicals), the sale of Cameron International Corporation to Schlumberger (oilfield services), PartnerRe's sale to EXOR. (reinsurance), Anthem's acquisition of Cigna Corporation (health insurance services), Lockheed Martin's acquisition of Sikorsky Aircraft (aerospace) and Canada Pension Plan Investment Board's acquisition of Antares Capital from GE Capital (financial services).
strategic resolution unit
Business profile
The Strategic Resolution Unit was created to facilitate the immediate right-sizing of our business divisions from a capital perspective and includes remaining portfolios from the former non-strategic units plus transfers of additional exposures from the business divisions. The primary focus of the Strategic Resolution Unit is to facilitate the rapid wind-down of capital and costs in order to reduce the negative impact on the overall Group performance. From a risk-weighted assets (excluding operational risk) and leverage exposure perspective, the Strategic Resolution Unit is expected to wind-down by approximately 70% by year-end 2018. Repositioned as a separate division of the Group, the Strategic Resolution Unit provides clearer accountability, governance and reporting.
Key data – Strategic Resolution Unit

			in / end of
	2015	2014	2013
Key data			
Net revenues (CHF million)	413	1,168	1,630
Loss before taxes (CHF million)	(2,510)	(3,573)	(2,558)
Number of employees	2,100	3,400	3,800

Composition
Our Strategic Resolution Unit contains specific wind-down activities and positions previously reported in the non-strategic units that were part of the former Private Banking & Wealth Management and Investment Banking divisions. These units included activities relating to the repositioning of select onshore private banking businesses, legacy cross-border private banking businesses, activities relating to the restructuring of the former Asset Management division, legacy fixed income portfolios, legacy litigation and legacy funding costs.
Additional transfers from the former Investment Banking division to the Strategic Resolution Unit included certain business exits and selected portfolios to resize our business divisions to our new strategic direction. Specifically, we have effected transfers from our macro, credit, securitized products, emerging markets and equity derivatives

businesses to the Strategic Resolution Unit. From the former Private Banking & Wealth Management division, additional transfers include the US private banking business, select Western European branches and legacy asset management positions.

In addition, the Strategic Resolution Unit now includes an allocation of operational risk capital to establish a clear alignment of operational risk with underlying activities.

The Strategic Resolution Unit, for reporting purposes, is split into the following categories: restructuring of select onshore businesses which contains the onshore repositioning in select Western European countries and the US; legacy cross-border businesses and small markets which include the repositioning of cross-border businesses; restructuring of the former Asset Management division which includes portfolio divestitures and discontinued operations; legacy investment banking portfolios; and legacy funding costs relating to non-Basel III compliant debt instruments.

Noncontrolling interests without significant economic interest are reflected in the Strategic Resolution Unit and include revenues and expenses from the consolidation of certain private equity funds and other entities in which we have non-controlling interests without significant economic interest.

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 2015 and early 2016 are discussed below.

Global initiatives

Certain regulatory developments and standards are being coordinated on a global basis and implemented under local law, such as those discussed below.

Total Loss-Absorbing Capacity

On November 9, 2015, the Financial Stability Board (FSB) issued the final total loss-absorbing capacity (TLAC) standard for global systemically important banks (G-SIBs), which will become effective on January 1, 2019, subject to a phase-in until January 1, 2022. In order for this new standard to become effective, it must be implemented under local law in relevant jurisdictions. The purpose of the standard is to enhance the ability of regulators to recapitalize a G-SIB at the point of non-viability in a manner that minimizes systemic disruption, preserves critical functions and limits the exposure of public sector funds. TLAC-eligible instruments will include instruments that count towards satisfying minimum regulatory capital requirements, as well as long-term unsecured debt instruments that have remaining maturities of no less than one year, are subordinated by statute, corporate structure or contract to certain excluded liabilities, including deposits, are held by unaffiliated third parties and meet certain other requirements. Excluding any applicable regulatory capital buffers that are otherwise required, the minimum TLAC requirement will be at least 16% of a G-SIB’s RWA as of January 1, 2019, and increase to at least 18% as of January 1, 2022. In addition, the minimum TLAC requirement must be at least 6% of the Basel III leverage ratio denominator as of January 1, 2019, and at least 6.75% as of January 1, 2022.

In Switzerland, on December 22, 2015, the Swiss Federal Council published its proposed revisions to the Capital Adequacy Ordinance and the Swiss Federal Ordinance on Banks and Savings Banks (Banking Ordinance). The proposal includes requirements for the Swiss G-SIB to hold TLAC of 18.0 – 22.3% of their RWA and of 6.75 – 8.0% of their leverage ratio denominator. The newly recalibrated system leads to total loss-absorbing capacity (including bail-in instruments and including all buffers, except the countercyclical buffer) of 10% of total exposure and of 28.6% of risk-weighted assess for Swiss G-SIBs, subject to rebates. It is expected that the new requirements will become effective as of July 1, 2016. The requirements would be phased-in until the end of 2019, with certain grandfathering rules for existing capital instruments (high-trigger tier 2 and low-trigger tier 1 and tier 2 instruments).

In the US, the Board of Governors of the Federal Reserve System published proposed rules on November 30, 2015 that would implement in the US the FSB’s TLAC standard. The proposed rules would require, among other things, the

US intermediate holding companies (IHC) of non-US G-SIBs, such as Credit Suisse's US IHC, to maintain minimum amounts of "internal" TLAC, which would include minimum levels of tier 1 capital and long-term debt satisfying certain eligibility criteria, and a related TLAC buffer commencing January 1, 2019. Credit Suisse's US IHC would be required to issue all such TLAC instruments to a foreign parent entity (a non-US entity that controls the intermediate holding company). The proposed rules would also impose limitations on the types of financial transactions that Credit Suisse's US IHC could engage in.

In the UK, on December 11, 2015, the Bank of England published for consultation a draft statement of policy on its approach to establishing the requirement under the EU Bank Recovery and Resolution Directive (BRRD) for certain UK entities, including Credit Suisse International (CSI) and Credit Suisse Securities (Europe) Limited (CSSEL), to maintain a minimum requirement for own funds and eligible liabilities (MREL). Similar to the FSB's TLAC standard, the MREL requirement obliges firms within the scope of the BRRD to maintain a minimum level of own funds and liabilities that can be bailed in. The draft statement of policy reflects both the TLAC standards and the requirements of the European Banking Authority's (EBA) Regulatory Technical Standards on MREL. It does not propose to set TLAC requirements in addition to MREL. Also on December 11, 2015, the Prudential Regulation Authority (PRA) published a consultation on its supervisory statement on MREL and its relationship to both capital and leverage ratio buffers. Both consultation periods ended on March 11, 2016.

It is expected that other relevant jurisdictions in which Credit Suisse maintains material operations may also implement the internal TLAC aspect of the FSB's TLAC standard.

ISDA Resolution Stay Protocols

On November 12, 2015, the International Swaps and Derivatives Association, Inc. (ISDA) launched a new version of the ISDA Resolution Stay Protocol (Protocol) that expands coverage to certain securities financing transactions (SFT). Twenty-one major global banks, including Credit Suisse, voluntarily adhered to the Protocol at the time of its launch. By adhering to the Protocol, parties agree to be bound by, or "opt in," to certain existing and forthcoming special resolution regimes to ensure that cross-border derivatives and SFT are subject to statutory stays on cross-default and early termination rights in the event a bank counterparty enters into resolution, regardless of their governing law. These stays are intended to facilitate an orderly resolution of a troubled bank. Statutory resolution regimes have been implemented in several jurisdictions, including Switzerland, the US and the EU. These regimes provide resolution authorities with a broad set of tools and powers to resolve a troubled bank, including the ability to temporarily stay, and under certain circumstances permanently override, the termination rights of counterparties of a bank and its affiliates in the event the bank enters into resolution. The Protocol introduces similar stays and overrides in the event that an affiliate of an adhering party becomes subject to proceedings under the US Bankruptcy Code, under which no such stays or overrides currently exist. However, these provisions are not effective until certain regulations are introduced in the US.

Although other large banking groups may also adhere to the Protocol, it is anticipated that buy-side or end-user counterparties of Credit Suisse will not voluntarily give up early termination rights and will therefore not adhere to the Protocol. In order to expand the scope of parties and transactions covered by the Protocol or similar contractual arrangements, the G-20 committed to introducing regulations requiring large banking groups to include Protocol-like provisions in certain financial contracts when facing counterparties under foreign laws. Certain G-20 member nations introduced such requirements in 2015, and more are expected to do so in the coming years.

In Switzerland, the Swiss Federal Council introduced amendments to the Banking Ordinance that will require banks, including Credit Suisse, to include terms in their contracts (and in contracts entered into by their subsidiaries) that are not governed by Swiss law or that provide for jurisdiction outside of Switzerland that ensure that FINMA's stay powers under the Swiss Federal Act on Banks and Savings Banks of November 8, 1934, as amended (Bank Law) would be enforceable with respect to such contracts. These requirements are set forth in the Banking Ordinance since January 1, 2016. The Swiss Financial Market Supervisory Authority FINMA (FINMA) is responsible for determining the appropriate time for complying with this requirement in line with international standards.

In the UK, the PRA published final rules in November 2015 requiring UK entities, including CSI and CSSEL, to ensure that their counterparties under a broad range of financial arrangements are subject to the stays on early termination rights under the UK Banking Act of 2009 (UK Banking Act) that would be applicable upon their resolution. UK entities must comply with these rules from June 2016.

Similar requirements are expected to be introduced in the US in 2016.

ISDA is currently in the process of developing another protocol, the ISDA Jurisdictional Modular Protocol that is expected to facilitate market-wide compliance with these newly introduced requirements by both dealers, such as Credit Suisse, and their counterparties.

Supervision

On March 18, 2015, the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) announced a nine-month delay (from December 1, 2015 to September 1, 2016) in the start date for margin requirements for non-centrally cleared derivatives, subject to a specified phase-in schedule. These changes have been reflected in the final margin rules in certain key jurisdictions (such as Switzerland, the US, the EU and Canada), although the timing for the publication of those final rules and the ensuing length of time between final rule publication and the new September 1, 2016 effective date of the margin requirements remain unclear for other jurisdictions. Further delay or a lack of coordination in national rulemaking processes in these other jurisdictions could result in disruption to the derivatives markets and Credit Suisse's derivatives businesses.

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 29, 2015, the Swiss Federal Council decided to bring the Federal Act on Implementing the Revised Recommendations of 2012 of the Financial Action Task Force into force in two stages. First, the provisions on the transparency of legal entities and bearer shares entered into force on July 1, 2015, introducing new reporting obligations for shareholders of non-listed companies. Second, other provisions, such as expanding the term "politically exposed person", amending the rules on the freezing of assets and introducing new predicate offenses for money laundering, entered into force on January 1, 2016, as they required further implementation.

On June 19, 2015, the Swiss Parliament passed an amendment to the Swiss Federal Act on the Swiss Financial Market Supervisory Authority of June 22, 2007. The amendment provides for an enhanced direct cooperation between entities supervised by FINMA and foreign supervisors as well as foreign agencies performing supervisory functions, and the participation of FINMA in this process to restrict the transfer of information in certain cases. The amendment entered into effect on January 1, 2016.

On June 19, 2015, the Swiss Parliament passed the Financial Market Infrastructure Act (FMIA), which became effective on January 1, 2016. The FMIA contains supervisory law requirements for the operation of financial market infrastructures and provides rules applicable to trading in securities and derivatives for all financial market participants, in particular new derivatives trading rules. 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 over-the-counter (OTC) derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation, or EMIR).

On November 4, 2015, the Swiss Federal Council adopted the dispatch on, and drafts of, the Federal Financial Services Act (FFSA) and the Financial Institutions Act (FinIA) and submitted them to the Swiss Parliament. The FFSA will govern the prerequisites for offering financial instruments and providing financial services, including the provision of financial services to Swiss clients from abroad on a cross-border basis. Moreover, the draft FFSA contains uniform rules on prospectus requirements and introduces the requirement to prepare a basic information document for offerings of financial instruments other than shares to retail customers. The draft FinIA provides for a differentiated supervisory regime for financial institutions and introduces supervision of certain categories of asset managers that have previously not been subject to supervision.

On September 25, 2015, the Swiss Parliament adopted amendments to the anti-corruption laws related to public officials. The scope of offenses of granting or accepting an undue advantage will be expanded to include advantages that are granted to a third party related to public officials instead of only to public officials themselves. Additionally, the Swiss Parliament adopted amendments regarding bribery in the private sector which will become a statutory offense under the Swiss Criminal Code instead of being addressed only under unfair competition law.

On December 18, 2015, the Swiss Parliament adopted a federal act on the freezing and restitution of illicitly acquired assets of foreign politically exposed persons. This act reflects Switzerland's current practice in this area. It is subject to a referendum until April 9, 2016. If a referendum is not requested, the Swiss Federal Council will determine the date on which the act will enter into effect.

On January 1, 2016, the Swiss Bankers Association's revised agreement governing the banks' code of conduct with regard to the exercise of due diligence entered into effect. Among other things, the beneficial owner (controlling owner) of operative legal entities and private companies must be identified, subject to certain exceptions.

On January 1, 2016, the revised Anti-Money Laundering Ordinance entered into effect. Among other things, the revised Anti-Money Laundering Ordinance contains more detailed provisions on the new due diligence obligations and reporting duties for traders set out in the Anti-Money Laundering Act.

Tax

Swiss Tax Administrative Assistance Act

On February 1, 2013, the Swiss Tax Administrative Assistance Act entered into force. The act governs administrative assistance in double taxation and 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. However, group requests are only permissible with respect to information relating to tax periods from February 1, 2013. On August 1, 2014 an amendment of the Swiss Tax Administrative Act entered into force. The amendment allows 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. In September 2015, the Swiss Federal Council initiated consultation proceedings on the revision of the Swiss Tax Administrative Assistance Act. The revision provides for an easing of Swiss practices with regard to stolen data. The revised law would allow, under certain circumstances, to respond to requests if a foreign country has obtained the stolen data via normal administrative assistance channels or from public sources. The proposed revision has not yet been approved by the Swiss Parliament.

On January 1, 2016, a new provision of the Swiss Tax Administrative Assistance Ordinance entered into force. The new provision defines the possibility of passing on the costs of international administrative assistance to the person or financial institution concerned.

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Swiss-EU savings tax agreement

The European Commission has revoked the EU Savings Directive on the taxation of savings income in the form of interest payments, with effect from January 1, 2017 in the case of Austria, and with effect from January 1, 2016 in the case of all other EU member states. The revocation is subject to on-going requirements to fulfill administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates. The purpose of the revocation is to prevent overlap between the EU Savings Directive and the new automatic exchange of information (AEOI) regime to be implemented under the Council Directive on Administrative Cooperation in the field of Taxation, as amended by the Amending Cooperation Directive.

Under the Amending Cooperation Directive, member states are required, as of January 1, 2016 (January 1, 2017 in the case of Austria), to provide to the tax authorities of other member states information concerning all relevant financial income including interest, dividends and other similar types of income. Information on account balances, sale proceeds from financial assets and income from certain insurance products is also part of the scope. Member states will start exchanging information automatically for the first time by September 30, 2017 (September 30, 2018 in the case of Austria). The new regime is consistent with the Standard for Automatic Exchange of Financial Account Information in Tax Matters released by the OECD in July 2014 (Global Standard), meaning that tax authorities of member states should be able to use one single format for exchanging information both within and outside the EU.

On May 27, 2015, in connection with the Amending Cooperation Directive, Switzerland and the EU signed an amendment protocol to the 2004 agreement between the EU and Switzerland. If ratified, the amendment protocol would replace the current withholding system implemented by Switzerland and introduce an extended AEOI regime in accordance with the Global Standard beginning in 2018, as well as expand the range of payments covered. The amendment is pending approval by the Swiss Parliament and, subject to approval and an optional referendum, is expected to enter into force on January 1, 2017. Subject to these conditions, the EU and Switzerland intend to collect account data from 2017 and exchange it from 2018 once the necessary Swiss implementing legislation enters into effect.

FATCA

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. 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 Foreign Financial Institutions (FFIs) in Switzerland to report US accounts to the Swiss authorities, with an AEOI 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.

Amendment protocol to the Swiss/Italian tax treaty

On February 23, 2015, Switzerland and Italy signed a protocol of amendment to the double taxation agreement between Switzerland and Italy providing for an exchange of information upon request according to the Global Standard, applicable from the date of signing of the protocol. The protocol also includes a roadmap to enable Italian taxpayers with untaxed accounts in Switzerland to take part in the Italian voluntary disclosure program under the same conditions as those in Italy or other countries before introduction of AEOI. The Swiss Parliament is expected to approve the amendment in the first half of 2016. The amendment is then subject to an optional referendum.

Automatic exchange of information in tax matters

On December 18, 2015, the Swiss Parliament adopted the Federal Act on the International Automatic Exchange of Information in Tax Matters to enable the AEOI and approved the Multilateral Competent Authority Agreement on the Automatic Exchange of Financial Account Information (MCAA). The Federal Act on the International Automatic Exchange of Information in Tax Matters and the MCAA are subject to an optional referendum until April 9, 2016.

Provided that no referendum takes place or that the outcome of the referendum is positive, Switzerland will ratify the MCAA and the Federal Act on the International Automatic Exchange of Information in Tax Matters will enter into force. Subject to the laws entering into force on January 1, 2017, first data will be collected from January 1, 2017 and be exchanged from January 1, 2018.

To date, in addition to the May 27, 2015 amendment protocol between Switzerland and the EU, Switzerland signed joint declarations with Australia, Jersey, Guernsey, Isle of Man, Iceland, Norway, Japan, Canada and South Korea on the introduction of the AEOI in tax matters on a reciprocal basis. Switzerland is negotiating the introduction of the AEOI with other countries with which it has close economic contacts.

On December 18, 2015, the Swiss Parliament approved the Convention on the Mutual Administrative Assistance in Tax Matters signed by Switzerland on October 15, 2013, which is subject to an optional referendum until April 9, 2016.

Final foreign withholding taxes with UK and Austria

Since January 1, 2013, bilateral tax agreements between Switzerland and each of the UK and Austria are in force. The agreements, among other things, require a Swiss paying agent to levy a non-refundable (final) tax at specified rates on interest, dividends and capital gains deriving from assets, including shares of Credit Suisse Group AG, held in accounts or deposits with a Swiss paying agent in respect of individuals residing in the UK or Austria who did not opt for voluntary disclosure of the interest, dividends or capital gains to the tax authority of the country of their residence. The final withholding tax substitutes the UK or Austrian income tax and capital gains tax on such interest, dividends or capital gains, unless the individuals elect for the flat-rate tax withheld to be treated as if it were a credit allowable against the income tax or capital gains tax due for the relevant tax year in the UK or Austria. Subject to the new law on AEOI entering into force on January 1, 2017, Swiss paying agents will not have to apply the final withholding tax regimes from January 1, 2017, as they will have to process the AEOI from that time also for UK and Austrian residents.

Withholding tax reforms

On September 11, 2015, the Swiss Federal Council submitted a legislative bill to the Swiss Parliament proposing to extend the current withholding tax exemption of interest paid on contingent convertible bonds and write-down bonds approved by FINMA and issued between January 1, 2013 and December 31, 2016, to issuances through December 31, 2021, and to also exempt interest paid on TLAC-instruments approved by FINMA and issued between January 1, 2017 and December 31, 2021. The proposal has been adopted by the Swiss Parliament. Subject to a subsequent optional referendum, the new law is expected to enter into effect on January 1, 2017.

On November 4, 2015, the Swiss Federal Council announced that it had mandated the Swiss Federal Finance Department to appoint a group of experts to prepare a proposal for a reform of the Swiss withholding tax system. The proposal is expected to, among other things, replace the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. This paying agent-based regime is expected to be similar to the one contained in the draft legislation published by the Swiss Federal Council on December 17, 2014, which was withdrawn on June 24, 2015.

Corporate Tax Reform Act III

On June 5, 2015, the Swiss Federal Council submitted the Corporate Tax Reform Act III to the Swiss Parliament. The act aims at strengthening the Swiss tax system in light of the abolition of cantonal tax privileges for holding companies, mixed companies and domicile companies by, among other things, introducing a patent box, increased deductions for research and development expenditures, step-up of assets, reduced capital taxes and abolition of issue stamp tax on equity capital. Additional measures by certain cantons include lowering the corporate income tax rates to 12.5% or a similar range. The act is currently being deliberated by the Swiss Parliament. In the deliberations it was proposed to additionally introduce a notional interest deduction. The new rules are expected to enter into force in 2019.

Resolution regime

On January 1, 2016, the amendment to the Bank Law entered into effect. The amendment extends FINMA's existing bank resolution powers to Swiss domiciled parent companies of financial groups and certain other unregulated Swiss-domiciled companies belonging to financial groups, and extends FINMA's power to stay termination or termination rights, among others, linked to resolution measures to cover all contracts. The Bank Law is currently subject to proposed amendments by the annex to the FinIA. These amendments would introduce a new notification requirement prior to a Swiss bank's acquisition of a qualified participation in a foreign entity and revise the bank resolution regime. The proposed revisions to the bank resolution regime include (i) eliminating the requirement for a bail-in to be a means of last resort to avoid insolvency, providing for subordination of TLAC instruments to senior bonds and other unsubordinated claims in restructuring proceedings (including any related bail-in), and (ii) an automatic suspension of voting rights of shares in a Swiss bank or bank holding company acquired in connection with the conversion of debt into shares as a result of a bail-in if those shares exceed 10% of such bank or bank holding company's total voting rights, with such suspension continuing until FINMA has decided that such a participation is not to the detriment of the bank or bank holding company.

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 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), and uncertainty remains about the final details.

Supervision

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 resolution plans. We reviewed the specific comments the Fed and FDIC provided and sought to address their comments in our most recent resolution plan, which was submitted by the July 1, 2015 deadline.

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On March 4, 2016, the Fed proposed rules that would impose single-counterparty credit limits on large bank holding companies and foreign banking organizations. The proposed rule would limit the credit exposure of our IHC and of our combined US operations (including Credit Suisse AG's New York Branch (New York Branch)) to any single counterparty, based on eligible capital held at the IHC or the Group, respectively. The proposed rule would apply a more stringent standard for credit exposures to major counterparties, including other G-SIBs.

> 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.

Derivative regulation

Security-based swap regulation

On February 11, 2015, the SEC published 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 occur later in 2016.

On April 29, 2015, the SEC proposed rules that would apply certain SEC registration, reporting and business conduct requirements to a SBS between a non-US SBS dealer, such as CSI or CSSEL, and another non-US person if the SBS was arranged, negotiated or executed by US personnel acting on behalf of the non-US SBS dealer. On February 10, 2016, the SEC finalized the aspect of this proposal relating to registration requirements, but it has not yet finalized aspects of the proposal relating to reporting or business conduct. These final rules could expand the scope of non-US Credit Suisse entities potentially subject to registration with the SEC beyond CSI and CSSEL. In addition, if the SEC adopts similar final rules for reporting and business conduct, these rules could deter non-US counterparties from interacting with our US personnel. Mitigating these issues could require us to reorganize our front office functions accordingly, which could impede effective risk management and market making activities in SBS based on US companies. These rules also could cause us to incur significant additional costs in order to modify our compliance infrastructure and controls.

On August 5, 2015, the SEC adopted final rules relating to the process for SBS dealers and major SBS participants to register with the SEC. In addition to addressing the registration process, the final rules contain additional requirements for non-US SBS dealers, such as CSI or CSSEL, and major SBS participants that are intended to promote the ability of the SEC to obtain access to books and records and conduct examinations. We are reviewing these requirements to determine whether they will necessitate any changes in how Credit Suisse conducts its SBS business with US persons or involving US-located Credit Suisse personnel. Compliance with the final rules will not be required until after the SEC completes several other rulemakings relating to SBS dealers and major SBS participants.

Margin requirements

On October 22 and 30, 2015, US banking regulators adopted final margin rules for non-cleared swaps and security-based swaps entered into by swap dealers, SBS dealers, major swap participants and major SBS participants that are banks, which include CSI. Likewise, on December 16, 2015, the CFTC adopted final margin rules for non-cleared swaps (but not security-based swaps) entered into by swap dealers and major swap participants that are not banks, which include CSSEL. Under these rules, CSI and CSSEL will be required to collect and post initial and variation margin for the relevant types of swaps and prohibited from re-using initial margin. These margin requirements will 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 SBS. Moreover, calculation of initial margin by use of margin models is available only if the applicable regulators have approved CSI and CSSEL's margin models. Any delay in receiving margin model approval following the effective date of the margin requirement will mean that CSI and CSSEL will be required to calculate initial margin using the standardized method, which will significantly increase the cost of initial margin on such uncleared swaps and make CSI and CSSEL less competitive in the uncleared swaps market against other swap dealers who have received initial margin model approval. Further, the application of these new margin requirements will apply not only to new swaps executed after the effective date of the rules, but also to amendments and transfers of existing swaps, that would otherwise be grandfathered. The fact that amendments and transfers of existing swaps may subject our counterparties to higher margin requirements may cause such counterparties to not consent to amendments and transfers that we may request, which may have adverse impacts on Credit Suisse.

Although the US margin rules are generally consistent with margin rules proposed in the EU, differences in the scope of products and entities covered by the rules, and limits on the eligibility of CSI and CSSEL to satisfy US rules through “substituted compliance” with EU rules, could impair the ability of CSI and CSSEL to engage effectively in cross-border derivatives activities, especially in the inter-dealer market. Availability of substituted compliance (whether partially or in full) will depend on a further rulemaking by the CFTC to implement a June 29, 2015 proposal addressing cross-border application of the CFTC margin requirements for non-cleared swaps, as well as future comparability determinations by the CFTC and US banking regulators. These determinations may impose limits on the extent to which non-US swap dealers, including CSI and CSSEL, could rely on comparable EU rules in lieu of US rules.

The US rules will follow a phased implementation schedule, with (i) variation margin requirements coming into effect on September 1, 2016 for trading among the most significant market participants and March 1, 2017 for other covered entities, and (ii) initial margin requirements phasing in annually for different counterparties from September 1, 2016 until September 1, 2020, depending on the notional derivatives exposure of the counterparty and its affiliates during the preceding March, April and May and applying first to trading among the most significant market participants. As a result, these rules will begin to apply to CSI and CSSEL on September 1, 2016 for our trading with other large, globally active swap dealers, and then will phase-in over 2016-2020 for our trading with less active counterparties.

CFTC no-action relief

On August 13, 2015, the CFTC issued a no-action letter that extends from September 30, 2015 until September 30, 2016 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 9, 2015, the CFTC issued a no-action letter that extends from December 1, 2015 until December 1, 2016 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 either of these letters without modifications to the CFTC's guidance or permitting substituted compliance with the EU 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.

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

On August 30, 2015, the European Securities and Markets Authority (ESMA) concluded that there are no obstacles to extending the passporting regime under the Alternative Investment Fund Managers Directive to jurisdictions such as Guernsey, Jersey or Switzerland provided that, in relation to Switzerland, certain amendments are made to the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA). Such passporting regime allows authorized alternative investment fund managers to market alternative investment funds to professional investors throughout the EU. The ESMA reached no definitive views on extending such passport regime in relation to Hong Kong, Singapore and the US.

On December 9, 2015, the European Commission approved a compromise agreed with the European Parliament on new rules aimed at ensuring greater accuracy and integrity of benchmarks in financial instruments. The new benchmark regulation will govern the activities of benchmark administrators and submitters, including by means of a legally-binding code of conduct for contributors of data. Stricter rules will apply to critical benchmarks, such as those used as a reference for financial instruments or financial contracts or for the determination of the performance of certain investment funds. Certain restrictions and rules introduced by the benchmark regulation will apply to Credit Suisse in its capacity as benchmark user and contributor. It is expected that the benchmark regulation will officially enter into force during the course of 2016 and will become applicable from 2017 onwards.

On December 14, 2015, the EBA published its final guidelines on limits on exposures to shadow banking entities that carry out banking activities outside the regulated framework of the Capital Requirements Regulation. The guidelines will apply from January 1, 2017 and, along with a new definition for shadow banking, they explain the methodology that should be used by institutions, as part of their internal policies and procedures, for managing concentration risk arising from exposure to shadow banking entities.

On December 16, 2015, the Financial Conduct Authority (FCA) and the PRA published policy statements relating to the new accountability regime for UK branches of foreign banks, which consists of the senior managers regime, the certification regime and the conduct rules. Final rules are introduced to create the new accountability framework for individuals working in UK branches of overseas banks that are authorized to accept deposits or deal in investments as principal in the UK. The new regime is aimed at ensuring greater individual accountability in the banking sector.

On January 12, 2016, the revised Payment Services Directive (PSD2) came into force. PSD2 updates the current framework on payment services, extending its scope to payment service providers that were previously unregulated, and improving the transparency and security of payment services. PSD2 will apply to payment services provided in the EU either where (i) both the payer's and the payee's payment service provider are located in the EU, or (ii) where only one payment service provider is located in the EU. The PSD2 will also regulate two new payment services relating to the provision of payment initiation and account information services. EU member states must transpose PSD2 into their national legislation by January 13, 2018.

Derivative regulation

On November 13, 2015, the European Commission announced that it had determined five countries to have the equivalent regulatory regimes for central counterparties as the EU, namely Switzerland, Canada, Mexico, South Africa and South Korea. On February 10, 2016, the European Commission published a statement setting out the agreed approach with the CFTC regarding the requirements for transatlantic central counterparties (CCPs). The agreement reached between the European Commission and the CFTC is intended to facilitate the EU CCPs' ability to operate in the US, as well as the US CCPs' ability to provide services to EU companies. The European Commission's equivalence decision under EMIR with respect to CFTC requirements for US CCPs was adopted on March 15, 2016 and published in the EU Official Journal on March 16, 2016. The equivalence decision will enter into force on April 5, 2016 paving the way for the recognition by ESMA of CFTC-registered US CCPs whose internal rules and procedures meet the conditions set out in the decision. The CFTC has adopted on March 16, 2016 a substituted compliance framework for dually-registered EU CCPs, together with a comparability determination with respect to certain EU CCP requirements and a no-action letter providing limited relief from the application of CFTC requirements to certain aspects of a derivatives clearing organization (DCO)/CCP's non-US clearing activities, which became effective immediately upon the determination's publication in the Federal Register on March 22, 2016.

On December 21, 2015, the European Commission Delegated Regulation concerning the regulatory technical standards on the clearing obligation for certain classes of interest rate OTC derivatives under EMIR entered into force. The regulation governs certain interest rate swaps such as basis swaps, fixed-to-float interest rate swaps, forward rate agreements and overnight index swaps. It recognizes the fact that different types of counterparties need different periods of time for making arrangements to clear the interest rate OTC derivatives subject to the clearing obligation. Accordingly, the implementation dates for these clearing obligations range from June 21, 2016 to December 21, 2018 with the frontloading obligation coming into effect for the largest market participants in respect of contracts entered into or novated on or after February 21, 2016. EMIR margin requirements for non-cleared OTC derivatives will come into effect on September 1, 2016.

On March 8, 2016 the EBA, the ESMA and the European Insurance and Occupational Pensions Authority (EIOPA) published draft final implementing rules requiring the two-way exchange of initial and variation margin for non-centrally cleared OTC derivatives, which are consistent with the international standards adopted by the BCBS and the IOSCO. Other third country jurisdictions (e.g. U.S, Japan, Hong Kong, Singapore) are also implementing the BCBS/IOSCO international standards, and the extent to which the EU and other third country regulators will recognize each other's rules remains unclear. The resulting potential for conflicting and/or duplicative rules may increase the cost of trading non-centrally cleared OTC derivative contracts. Once finalized through adoption by the European Commission and referral to the European Parliament and the European Council, the rules will come into effect following a phased implementation schedule that is consistent with the BCBS/IOSCO schedule. Accordingly, the application of the final EU margin rules will become effective on September 1, 2016 for our trading of in-scope non-cleared OTC derivative contracts with other large, globally active swap dealers, and will be phased-in over 2016-2020 for our trading with other affected smaller derivatives market participants.

On January 12, 2016, the regulation on transparency of securities financing transactions entered into force with certain provisions applying from that date and other provisions being phased-in. The regulation requires that counterparties to securities financing transactions report the details of any securities financing transactions to a trade repository and allows them to reuse financial instruments received as collateral subject to certain conditions.

Market abuse

On January 7, 2016, the European Commission Implementing Directive on reporting to competent authorities actual or potential infringements of the EU Market Abuse Regulation (MAR) entered into force and must be transposed by EU member states into national law by July 3, 2016. MAR requires EU member states to ensure that competent authorities establish mechanisms to enable infringements of MAR to be reported to the authorities. Different communication channels will be implemented by the competent authorities and adequate protection will be provided to whistle-blowers against retaliation, discrimination or any other type of unfair treatment from their employers.

Tax

11 EU member states have taken forward a proposal for a common financial transaction tax (FTT) in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (participating member states). 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. Generally, the proposed 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. The FTT proposal remains subject to negotiation among the participating member states and the legality of the proposal is uncertain (it will require unanimous agreement of at least nine member states to become effective). Additional EU member states may decide to participate and/or certain of the participating member states may decide to withdraw. 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. In December 2015, a joint statement was issued by the participating member states (other than Estonia), indicating an intention to make decisions on the remaining open issues by the end of June 2016. If the FTT is implemented as proposed, certain transactions carried out by Credit Suisse institutions in participating member states, or by

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Credit Suisse entities with a party established in a participating member state, will be subject to the tax.

UK

Resolution regime

With effect from January 1, 2015, changes have been made primarily to the UK Banking Act, the Financial Services and Markets Act 2000 (FSMA) and the Insolvency Act 1986 in order to reflect the BRRD requirements in relation to the recovery and resolution regime. Extensive changes were made to the special resolution regime (SRR) through the UK Banking Act to cover matters related to the special resolution objectives, the conditions for triggering the SRR, the asset separation tool, the government's stabilization options and the write down of capital instruments, as well as the implementation of the bail-in tool. Furthermore, as a result of the changes introduced by the BRRD, the Bank of England, the PRA and the FCA have been granted additional powers to manage the recovery and resolution process of the relevant credit institutions subject to this regime.

On November 13, 2015, the PRA set out final rules on contractual stays in financial contracts governed by third-country law. The purpose of the rules is to ensure that resolution action taken in relation to a relevant firm would not immediately lead to the early termination of those of its financial arrangements governed by third-country law, while similar financial arrangements governed by the laws of the UK or another EU jurisdiction are stayed. These rules apply to counterparties of UK firms, PRA-authorized banks, and to credit institutions and financial institutions that are subsidiaries of PRA-authorized banks. The rules will come into effect on June 1, 2016.

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 rules for emergency plans designed to maintain systemically relevant functions in the event of threatened insolvency.

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.

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, and of Swiss domiciled parent companies of financial groups, such as Credit Suisse Group AG, and certain other unregulated Swiss-domiciled companies belonging to financial groups. 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 (or Swiss domiciled parent companies of financial groups and certain other unregulated Swiss-domiciled companies belonging to financial groups) 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 entity’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 or since January 1, 2016 Credit Suisse Group AG, it would have discretion to take decisive actions, including (i) transferring the assets of the bank or Credit Suisse Group AG, as applicable, 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 two working days) the termination of, and the exercise of rights to terminate netting rights, rights to enforce or dispose of certain types of collateral or rights to transfer claims, liabilities or certain collateral, under contracts to which the bank or Credit Suisse Group AG, as applicable, is a party, (iii) converting the debt of the bank or Credit Suisse Group AG, as applicable, into equity (debt-to-equity swap), and/or (iv) partially or fully writing off the obligations of the bank or Credit Suisse Group AG, as applicable (haircut).
Prior to any debt-to equity swap or haircut, outstanding equity capital and debt instruments issued by Credit Suisse AG or Credit Suisse Group AG that are part of its regulatory capital (including 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 or Credit Suisse Group 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 institutions such as Credit Suisse AG and Credit Suisse Group 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 federal banking law requirements and limitations on the acceptance and maintenance of deposits. Because the New York Branch does not engage in retail deposit taking, it is not a member of, and its deposits are not insured by, the FDIC.

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity that is not permissible for a federally licensed branch or agency of a foreign bank unless the Fed has determined that such activity is consistent with sound banking practice. In addition, regulations which the FSOC and the Fed may adopt could affect the nature of the activities which the Bank (including the New York Branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

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

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 depositary 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.

Credit Suisse is also subject to the so-called "Volcker Rule", which limits the ability of banking entities to sponsor or invest in certain private equity or hedge funds, broadly defined, and to engage in certain types of proprietary trading for their own account. These restrictions are subject to certain exclusions and exemptions, including with respect to underwriting, market-making, risk-mitigating hedging and certain asset and fund management activities, and with respect to certain transactions and investments occurring solely outside of the US. The Volcker Rule requires banking entities to establish an extensive array of compliance policies, procedures and quantitative metrics reporting designed to ensure and monitor compliance with restrictions under the Volcker Rule. It also requires an annual attestation either by the CEO of the top-tier foreign banking organization or the senior management officer in the US as to the implementation of a compliance program reasonably designed to achieve compliance with the Volcker Rule. The Volcker Rule's implementing regulations became effective in April 2014 and Credit Suisse was generally required to come into compliance with the Volcker Rule by July 2015, with the exception of certain investments and relationships with private equity funds and hedge funds that were in place prior to December 31, 2013, for which the Fed has extended the compliance deadline to July 21, 2016 and indicated its intention to grant a further one-year extension to July 21, 2017. Credit Suisse implemented a Volcker Rule compliance program reasonably designed to satisfy the requirements of the Volcker Rule by the July 21, 2015 deadline. The Volcker Rule's implementing regulations are highly complex and may be subject to further regulatory interpretation and guidance, and its full impact will not be known with certainty for some time.

Fed regulations implementing the Dodd-Frank Act require Credit Suisse to create a single US IHC to hold substantially all of its US subsidiaries with limited exceptions by July 1, 2016. The IHC requirement does not apply to the New York Branch. The IHC will be subject to US risk-based capital and leverage requirements that are largely consistent with the Basel III framework published by the BCBS, though they diverge in several important respects due to the requirements of the Dodd-Frank Act. The IHC may become subject to additional requirements under the Fed's proposed TLAC framework for IHCs, described above. In addition, both the IHC itself and the combined US operations of Credit Suisse (including the IHC and the New York Branch) are subject 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, and stress testing. Under proposals that remain under consideration, the IHC and the combined US operations of Credit Suisse may become subject to limits on credit exposures to any single counterparty, and the combined US operations of Credit Suisse may 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. The Fed has also indicated that it is considering future rulemakings that could apply the US rules implementing the Basel III LCR to the US operations of certain large foreign banking organizations.

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.

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.

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 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, internal controls, and margin requirements. It is anticipated that the CFTC will in 2016 or 2017 finalize rules related to capital

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 2016. 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 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 AEOI 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. The Secretary of the US Treasury may under certain circumstances appoint the FDIC as receiver for a failing financial company in order to prevent risks to US financial stability. The FDIC would then have the authority to charter a "bridge" company to which it can transfer assets and liabilities of the financial company, including swaps and other qualified financial contracts, in order to preserve the continuity of critical functions of the financial company. The FDIC has indicated that it prefers a single-point-of-entry strategy, although it retains the ability to resolve individual financial companies. On February 17, 2016, the FDIC and SEC proposed rules that would clarify the application of the Securities Investor Protection Act in a receivership for a systemically significant broker-dealer under the Dodd-Frank Act's Orderly Liquidation Authority. In addition, the Dodd-Frank Act and related rules promulgated by Fed and the FDIC 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 have immediate and direct effect in EU 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 EBA, the ESMA and the EIOPA.

The Capital Requirements Directive IV and Capital Requirements Regulation (CRD IV) came into force on January 1, 2014. The CRD IV package implemented in various EU countries, including the UK, the Basel III capital framework for banking groups operating in the EU. CRD IV wholly replaced the current Capital Requirements Directive, which implemented the Basel II capital framework. CRD IV creates a single 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 the Revised Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MIFIR), which entered into force on July 2, 2014. The European Commission has recently proposed a one-year extension to the application date of MiFID II and MiFIR from January 3, 2017 to January 3, 2018. 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 transparency requirements to equity-like 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 possible market distortion that high frequency and algorithmic trading could bring about. ESMA provided technical advice to the European Commission on the possible content of the delegated acts required by several provisions of MiFID II and MIFIR in December 2014. The final report on the draft implementing technical standards under MiFID II was published on December 11, 2015. The final report on the draft regulatory and implementing technical standards MiFID II/MiFIR was published on September 28, 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.

The Fourth EU Anti-Money Laundering Directive entered into force on June 25, 2015 and must be transposed by member states by June 26, 2017. The forthcoming regime introduces a series of reforms, including updated and refined requirements relating to the information that a financial institution must obtain and hold relating to the beneficial ownership of its customers. The information on beneficial ownership must also be held in a central register, accessible to firms conducting due diligence on their clients, member states' national competent authorities, financial intelligence units, and other bodies which can demonstrate a "legitimate interest" in relation to money laundering and terrorist financing.

Resolution regime

The BRRD establishes a framework for the recovery and resolution of credit institutions and investment firms. The BRRD 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. In addition, resolution authorities are empowered to replace a bank's senior management, transfer a bank's rights, assets and liabilities to another person, take a bank into public ownership, and close out and terminate a bank's financial contracts or derivatives contracts. Banks are required to produce recovery plans, describing proposed arrangements to permit it to restore its viability, while resolution authorities are empowered to produce resolution plans which describe how a bank may be resolved in an orderly manner, were it to fail.

Under the BRRD, the resolution authority can increase the capital of a failing or failed bank through bail-in: i.e., the write-down, reduction or cancellation of liabilities held by unsecured creditors, or their conversion to equity or other securities. All of a bank's liabilities are subject to bail-in, unless explicitly excluded by the BRRD because they are, for example, covered deposits, secured liabilities, or liabilities arising from holding client assets or client money.

The BRRD also requires banks to hold a certain amount of bail-inable loss absorbing capacity at both individual and consolidated levels from 2016, although these requirements will be phased in with fully loaded requirements from 2019/20 onwards This requirement is known as the Minimum Requirement for Own Funds and Eligible Liabilities (MREL), and is conceptually similar to the TLAC framework. 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 European Commission is considering whether the MREL framework can be used to apply TLAC in the EU, or whether new primary legislation is needed.

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 the Single Resolution Board as the resolution authority in charge of Banks in the eurozone. Since January 1, 2016, the Single Resolution Board has had full resolution powers, including bail-in.

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 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 FCA, which regulates markets, the conduct of business of all financial firms, and the prudential regulation of firms not regulated by the PRA. In addition, the Financial Policy Committee of the Bank of England was established as responsible for macro-prudential regulation.

As a member state of the EU, the UK is required to implement EU directives into national law. The regulatory regime for banks operating in the UK conforms to required EU standards including compliance with capital adequacy standards, customer protection requirements, conduct of business rules and anti-money laundering rules. These standards, requirements and rules are similarly implemented, under the same directives, throughout the other member states of the EU in which we operate.

CSI, Credit Suisse (UK) Limited and Credit Suisse AG, London Branch are authorized to take deposits. We also have a number of entities authorized to conduct investment business and asset management activities. In deciding whether to grant authorization, the PRA must first determine whether a firm satisfies the threshold conditions for authorization, which includes suitability and the

requirement for the firm to be fit and proper. In addition to regulation by the PRA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary code of conduct published by the Bank of England which PRA-regulated firms are expected to follow when conducting wholesale money market business.
Our London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a response to the global financial crisis, the PRA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of "self-sufficiency", such that CSI, CSSEL and Credit Suisse (UK) Limited are required to maintain adequate liquidity resources, under the day-to-day supervision of the entity's senior management, held in a custodian account in the name of the entity, unencumbered and attributed to the entity balance sheet. In addition, the PRA requires CSI, CSSEL and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the CRD.
With effect from January 1, 2014, 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 PRA of certain models with respect to regulatory capital requirements of our UK subsidiaries.
The PRA has implemented the requirements of CRD IV 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. The Banking Reform Act has been implemented by secondary legislation. Banks are expected to be required to comply with the ring-fencing requirements by 2019. However, it is expected that our private banking businesses 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 include 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
The UK has recently introduced changes to the taxation regime applicable to companies carrying on banking activities. In the Finance Act 2015, the UK introduced a restriction on the extent to which certain banking companies can use historic losses (meaning losses incurred prior to April 1, 2015) to offset profits for tax purposes. This loss relief restriction may be relevant to certain Credit Suisse UK entities, or to Credit Suisse entities with UK branches.
Pursuant to the Finance (No. 2) Act 2015, a new tax "surcharge" of 8% now applies to the taxable profits of certain banking companies for UK corporation tax purposes, where such profits arise on or after January 1, 2016. For the purposes of the surcharge, no relief is given for historic losses (meaning, in this case, losses incurred prior to January 1, 2016). As part of the same package of legislative measures, the rate of the UK's existing bank levy attributable to the UK operations of large banks was reduced on January 1, 2016 and will be reduced further in each of the next five years.
The new tax surcharge and changes to the bank levy may be relevant to certain Credit Suisse UK entities, or to Credit Suisse entities with UK branches.
Resolution regime

The UK legislation related to the recovery and resolution of credit institutions such as Credit Suisse consists of the SRR, the PRA recovery and resolution framework and the FCA recovery and resolution requirements. The UK Banking Act and the related secondary legislation govern the application of the SRR, which grants the UK authorities powers to handle systemically important firms, such as banks, in case of highly likely failure. The UK resolution authority is the Bank of England which is empowered, among other things, to direct firms and their parent undertakings to address or remove barriers to resolvability, to enforce resolution actions and to carry out resolvability assessments of credit institutions. Separately, the PRA and the FCA have the power to require parent undertakings of firms subject to this regime to take actions such as the preparation and submission of group recovery plans or the facilitation of the use of resolution powers.

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 business, particularly our investment banking businesses. We seek to 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 (including through offerings of equity and regulatory capital securities), 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, and in January 2016 Moody's lowered its long-term credit ratings of Credit Suisse 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 implementing our new strategy in 2015, 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, Asia and elsewhere around the world. The recovery from the economic crisis of 2008 and 2009 continues to be sluggish in several key developed markets. The European sovereign debt crisis as well as US debt levels and the federal budget process have not been permanently resolved. In addition, significantly higher market volatility, low commodity prices, particularly the recent significant decrease in energy prices, and concerns over emerging markets, in particular slower economic growth in China, have recently affected financial markets. 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, events in Greece have led to concerns about its economic and financial stability and the effects that it could have on the eurozone. Continued concern about European economies, including the refugee crisis and uncertainty related to the upcoming UK referendum on withdrawal from the EU, 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 and concerns over European stagnation and Greece’s position in the eurozone have affected financial markets and the economy. In recent years, the low interest rate environment has adversely affected our net interest income and the value of our trading and non-trading fixed income portfolios, and future changes in interest rates, including changes in the current negative short-term interest rates in our home market, could adversely affect our businesses and results. 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. Further, diverging monetary policies among the major economies in which we operate, in particular among the Fed, ECB and SNB, may adversely affect our results.

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 results of operations related to private banking and asset management activities 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, 2015, our real estate loans as reported to the SNB totaled approximately CHF 143 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 be adversely affected by any downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on our real estate-related businesses.

Holding large and concentrated positions may expose us to large losses

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

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

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

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

Our hedging strategies may not prevent losses

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

Market risk may increase the other risks that we face

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

Credit risk

We may suffer significant losses from our credit exposures

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

> Refer to “Credit risk” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Risk coverage and 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 19 – 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.

Under certain circumstances, we may assume long-term credit risk, extend credit against illiquid collateral and price derivative instruments aggressively based on the credit risks that we take. As

a result of these risks, our capital and liquidity requirements may continue to increase.
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 2015 and could continue to lead to losses or defaults by financial institutions and financial intermediaries with which we interact on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. Our credit risk exposure will also increase if the collateral we hold cannot be realized upon or can only be liquidated at prices insufficient to cover the full amount of exposure.
The information that we use to manage our credit risk may be inaccurate or incomplete
Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. We may also fail to receive full information with respect to the credit or trading risks of a counterparty.
Risks relating to our strategy
We may not achieve all of the expected benefits of our strategic initiatives
In October 2015, we announced a comprehensive new strategic direction, structure and organization of the Group. Our ability to implement our new strategic direction, structure and organization is based on a number of key assumptions regarding the future economic environment, the economic growth of certain geographic regions, the regulatory landscape, our ability to meet certain targets, anticipated interest rates and central bank action. If any of these assumptions (including but not limited to our ability to meet certain targets) prove inaccurate in whole or in part, our ability to achieve some or all of the expected benefits of this strategy could be limited, including our ability to meet our stated financial objectives, keep related restructuring charges within the limits currently expected and retain key employees. Factors beyond our control, including but not limited to the market and economic conditions, changes in laws, rules or regulations, execution risk related to the implementation of our new strategy and other challenges and risk factors discussed in this report, could limit our ability to achieve some or all of the expected benefits of this strategy. The breadth of the changes that we announced increases the execution risk of our new strategy as we seek to change the strategic direction of the Group while also embarking on a reorganization of the Group's business divisions. If we are unable to implement this strategy successfully in whole or in part or should the components of the strategy that are implemented fail to produce the expected benefits, our financial results and our share price may be materially and adversely affected.
> Refer to "Information on the Company" for further information on our new strategic direction.
Additionally, part of our strategy involves a change in focus within certain areas of our business, which may have unanticipated negative effects in other areas of the business and may result in an adverse effect on our business as a whole.
The implementation of our strategy may increase our exposure to certain risks, including but not limited to, credit risks, market risks, operational risks and regulatory risks. We also seek to achieve certain cost savings, which may or may not be successful. We have announced our intention to conduct an initial public offering by the end of 2017 currently estimated to be between 20% and 30% of the legal entity Credit Suisse (Schweiz) AG. There is no guarantee that we will be able to conduct such an initial public offering by such time, in such form or at all. Finally, changes to the organizational structure of our business, as well as changes in personnel and management, may lead to temporary instability of our operations.
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 also face the risk that unsuccessful acquisitions will ultimately result in our having to write down or write off any goodwill associated with such transactions. Our results for the fourth quarter of 2015 included a goodwill impairment charge of CHF 3,797 million, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000. We continue to have a significant amount of goodwill relating to this and other transactions recorded on our balance sheet that could result in additional goodwill impairment charges.

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 execution of the program evolving the Group's legal entity structure to meet developing and future regulatory requirements has continued to progress and we have reached a number of significant milestones over the course of the year. 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 for further information on our legal entity structure.

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 other contractual obligations for information on our transactions with and commitments to SPEs.

COuntry and CURRENCY exchange risk

Country 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

A key element of our new strategy is to scale up our private banking businesses in emerging market countries. Our implementation of that strategy will necessarily increase our already existing exposure to economic instability in those 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, in particular China and Brazil during 2015, have experienced and may continue to experience severe economic and financial disruptions or slower economic growth than in prior years. 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 2015.

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. Although we have implemented a number of measures designed to offset the impact of exchange rate fluctuations on our results of operations, the appreciation of the Swiss franc in particular and exchange rate volatility in general have had an adverse impact on our results of operations and capital position in recent years and may have such an effect in the future.

Operational risk

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

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. In general, although we have business continuity plans, our businesses face a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure as well as from the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses. 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 traders performing unauthorized trades 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 continue to increase in many of the principal markets in which we operate.

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 39 – 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

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for losses that are probable and reasonably estimable in connection with these matters.
> Refer to "Critical accounting estimates" in II – Operating and financial review and "Note 1 – Summary of significant accounting policies" in V – Consolidated financial statements – Credit Suisse Group for more information.
Regulatory changes may adversely affect our business and ability to execute our strategic plans
As a participant in the financial services industry, we are subject to extensive regulation by governmental agencies, supervisory authorities and self-regulatory organizations in Switzerland, the EU, the UK, the US and other jurisdictions in which we operate around the world. Such regulation is increasingly more extensive and complex and, in recent years, costs related to our compliance with these requirements and the penalties and fines sought and imposed on the financial services industry by regulatory authorities have all increased significantly and may increase further. These regulations often serve to limit our activities, including through the application of increased capital, leverage and liquidity requirements, customer protection and market conduct regulations and direct or indirect restrictions on the businesses in which we may operate or invest. Such limitations can have a negative effect on our business and our ability to implement strategic initiatives. To the extent we are required to divest certain businesses, we could incur losses, as we may be forced to sell such businesses at a discount, which in certain instances could be substantial, as a result of both the constrained timing of such sales and the possibility that other financial institutions are liquidating similar investments at the same time.
Since 2008, regulators and governments have focused on the reform of the financial services industry, including enhanced capital, leverage and liquidity requirements, changes in compensation practices (including tax levies) and measures to address systemic risk, including potentially ring-fencing certain activities and operations within specific legal entities. We are already subject to extensive regulation in many areas of our business and expect to face increased regulation and regulatory scrutiny and enforcement. 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 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, already 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 and its Swiss equivalent, FMIA, 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 MiFID II in a timely manner or if Swiss regulation already passed is not deemed equivalent to EMIR, Swiss banks, including us, may be limited from participating in businesses regulated by such laws. Finally, we expect that new or expected TLAC requirements, which are being finalized in many jurisdictions including Switzerland, the UK and the US, may

increase our cost of funding and may restrict our ability to deploy capital and liquidity on a global basis as needed.
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 2016 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect our results of operations.
Despite our best efforts to comply with applicable regulations, a number of risks remain, particularly in areas where applicable regulations may be unclear or inconsistent among jurisdictions or where regulators revise their previous guidance or courts overturn previous rulings. Authorities in many jurisdictions have the power to bring administrative or judicial proceedings against us, which could result in, among other things, suspension or revocation of

our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially adversely affect our results of operations and seriously harm our reputation.

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

Swiss resolution proceedings and resolution planning requirements 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, and, since January 1, 2016, to a Swiss parent company of a financial group, such as Credit Suisse Group AG. These broad powers include the power to cancel Credit Suisse AG's or Credit Suisse Group AG's outstanding equity, convert debt instruments and other liabilities of Credit Suisse AG or Credit Suisse Group AG into equity and cancel such liabilities in whole or in part, and stay (for a maximum of two business days) certain rights under contracts, as well as order protective measures, including the deferment of payments, and institute liquidation proceedings. The scope of such powers and discretion and the legal mechanisms that would be utilized are subject to development and interpretation.

We are currently subject to resolution planning requirements in Switzerland, the US and the UK and may face similar requirements in other jurisdictions. If a resolution plan is determined by the relevant authority to be inadequate, relevant regulations may allow the authority to place limitations on the scope or size of our business in that jurisdiction, require us to hold higher amounts of capital or liquidity, require us to divest assets or subsidiaries or to change our legal structure or business to remove the relevant impediments to resolution.

> 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 and Credit Suisse Group 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 and may implement further changes. 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 private banking businesses.

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 extraordinary public sector capital support, to prevent us from becoming insolvent. As of December 31, 2015, we had 1,951,469,020 common shares outstanding and we had 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 with Board and Executive Board members 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. 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 – Risk coverage and 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, limits on the amount and form of executive compensation imposed by 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, including trends towards direct access to automated and electronic markets, and the move to more automated trading platforms. Such technologies and trends 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.

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Operating environment

Economic activity was generally resilient in developed economies in 2015. There were growth concerns in major emerging economies as some areas saw only marginal growth and others fell into recession. Global equity markets increased slightly in 2015, but with significant divergence across regions. Government bond yields remained at low levels. The US dollar strengthened against all other major currencies.

Economic environment

During 2015, the US economy continued to grow, driven mostly by the services sector and increased private consumption. The recovery of the residential housing and employment markets continued. Inflation remained low, driven by lower energy prices and the US dollar strength. Economic recovery in the eurozone continued in 2015, despite the political and financial uncertainty relating to the Greek debt negotiations. Eurozone inflation rose slightly during the year, but remained at historically low levels. Among emerging markets, China's economic growth rate stabilized, supported by monetary and fiscal stimulus measures. Indian economic growth accelerated slightly, while the Russian and Brazilian economies experienced recessionary pressures.

In January 2015, the Swiss National Bank (SNB) decided to discontinue the minimum exchange rate of CHF 1.20 per euro and to lower the interest rate by 50 basis points to (0.75)% on sight deposits that exceed a certain threshold. The SNB also decreased the target range for the three-month Swiss franc >>>London Interbank Offered Rate. These decisions led to a significant strengthening of the Swiss franc against the euro and other major currencies and a decrease in Swiss franc interest rates. It subsequently continued to intervene in foreign exchange markets to stabilize the Swiss franc, while maintaining negative short-term interest rates. In December 2015, the US Federal Reserve (Fed) raised its target range for the federal funds rate by 25 basis points, its first increase since 2006. In contrast, the European Central Bank (ECB) expanded its asset purchase program and extended it until March 2017. Among major emerging markets, the People's Bank of China as well as the central banks of Russia and India eased monetary policy, whereas Brazil's central bank raised interest rates several times during the year.

In 2015, global equity markets were impacted by actions taken by major central banks, geopolitical tensions and sharp movements in currency and commodity markets. Among developed markets, Japanese and eurozone equities outperformed, mainly backed by expansionary monetary policies and the resulting currency depreciation. US equities were subdued as strength in macroeconomic data was more than offset by the anticipation of the interest rate increase by the Fed. Commodity-exposed equity markets such as emerging markets, Canada, Australia and the UK underperformed, impacted by a broad-based weakness in commodity prices. Emerging markets were also pressured by continued growth concerns, particularly in China and Brazil (refer to the charts "Equity markets"). Healthcare and consumer staples sectors outperformed, driven by relatively good earnings growth, while the energy and materials sectors were the weakest.

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Equity market volatility, as measured by the Chicago Board Options Exchange Market Volatility Index (VIX), was moderate during the first half of the year, but increased substantially towards the middle of the third quarter when a series of weak economic data led to an increase in global economic growth concerns (refer to the charts “Equity markets”). Risk appetite, as measured by the Credit Suisse Equity Risk Appetite Index, had a rising trajectory during the first half of the year, but declined towards the middle of the third quarter and remained weak for the rest of the year. The Credit Suisse Hedge Fund Index decreased 0.7% in 2015.

The performance of government bonds was generally positive in 2015 and yields remained at low levels (refer to the charts “Yield curves”). In local currency terms, Canadian, Italian and Swiss sovereign bonds posted the best returns. Inflation-linked government bonds experienced slightly negative total returns in 2015, mainly due to the drop in commodity prices. Corporate bonds also had a challenging year (refer to the charts “Credit spreads”), with credit spreads widening more significantly for high yield issuers. US high yield bonds were most affected by the commodities downturn, with their total returns ending the year in negative territory. While emerging markets hard currency bonds posted positive returns, local currency-denominated bonds had a negative performance, particularly in US dollar terms, as emerging markets currencies sold off significantly in the first three quarters of the year.

The US dollar appreciated against all other major currencies in 2015, mainly due to diverging monetary policies. Expectations that the Fed would begin raising interest rates, while other central banks such as the ECB and SNB eased monetary policy, weighed in favor of the US dollar. The Swiss franc appreciated strongly against the euro after the SNB discontinued the minimum exchange rate in January 2015. Currencies of commodity-exporting countries such as the Australian dollar, and the majority of emerging markets currencies, weakened considerably against the US dollar, mainly due to declining commodity prices in 2015.

The Credit Suisse Commodities Benchmark lost 29% amid sector divergences. Precious metals gained at the beginning of the year before the strengthening of the US dollar weighed on performance. Energy markets were especially weak in the second half of the year and were the weakest commodity segment by year-end. The ongoing slowdown in Chinese industrial activity also drove base metals prices lower. The performance of agricultural markets was mixed and less correlated with other commodities.

Market volumes (growth in % year on year)

2015	Global	Europe
Equity trading volume [1]	13	14
Announced mergers and acquisitions [2]	42	13
Completed mergers and acquisitions [2]	29	5
Equity underwriting [2]	(12)	(22)
Debt underwriting [2]	(8)	(24)
Syndicated lending – investment grade [2]	(5)	–

1
London Stock Exchange, Borsa Italiana, Deutsche Börse and BME. Global also includes ICE and NASDAQ.
2
Dealogic.

Sector environment

World bank stocks underperformed global equity markets in 2015 and ended the year 1% lower. European bank stocks underperformed world bank stocks by approximately 3.5% (refer to the charts "Equity markets").

In private banking, the low interest rate environment continued to provide challenging market conditions. The SNB decision to discontinue the minimum exchange rate of CHF 1.20 per euro and to further lower short-term interest rates impacted corporate businesses. While negative interest rates have not generally been applied to retail deposits in Switzerland, certain institutional client deposits were affected. Clients maintained a cautious investment stance, with cash deposits remaining high despite ongoing low or falling interest rates. 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 2014. Compared to 2014, global announced mergers & acquisitions (M&A) volumes rose strongly by 42%. Global completed M&A volumes also increased, mainly driven by higher volumes in the US. Global equity and debt underwriting volumes decreased 12% and 8% compared to 2014, driven by a 22% and 24% decrease in Europe, respectively. US fixed income volumes increased slightly compared to 2014, driven by stronger mortgage-backed volumes.

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Credit Suisse

In 2015, we recorded a net loss attributable to shareholders of CHF 2,944 million. Diluted loss per share from continuing operations was CHF 1.73 and return on equity attributable to shareholders was (6.8)%.

As of the end of 2015, our Basel III CET1 ratio was 14.3% and 11.4% on a look-through basis. Our risk-weighted assets were CHF 295.0 billion.

Results

			in / end of		% change
	2015	2014	2013	15 / 14	14 / 13
Statements of operations (CHF million)					
Net interest income	9,299	9,034	8,115	3	11
Commissions and fees	12,044	13,051	13,226	(8)	(1)
Trading revenues	1,340	2,026	2,739	(34)	(26)
Other revenues	1,114	2,131	1,776	(48)	20
Net revenues	**23,797**	**26,242**	**25,856**	(9)	1
Provision for credit losses	**324**	**186**	**167**	74	11
Compensation and benefits	11,546	11,334	11,256	2	1
General and administrative expenses	8,574	9,534	8,587	(10)	11
Commission expenses	1,623	1,561	1,738	4	(10)
Goodwill impairment	3,797	0	12	–	(100)
Restructuring expenses	355	–	–	–	–
Total other operating expenses	14,349	11,095	10,337	29	7
Total operating expenses	**25,895**	**22,429**	**21,593**	15	4
Income/(loss) from continuing operations before taxes	**(2,422)**	**3,627**	**4,096**	–	(11)
Income tax expense	523	1,405	1,276	(63)	10
Income/(loss) from continuing operations	**(2,945)**	**2,222**	**2,820**	–	(21)
Income from discontinued operations	0	102	145	(100)	(30)
Net income/(loss)	**(2,945)**	**2,324**	**2,965**	–	(22)
Net income/(loss) attributable to noncontrolling interests	(1)	449	639	–	(30)
Net income/(loss) attributable to shareholders	**(2,944)**	**1,875**	**2,326**	–	(19)
of which from continuing operations	(2,944)	1,773	2,181	–	(19)
of which from discontinued operations	0	102	145	(100)	(30)
Statement of operations metrics (%)					
Return on regulatory capital	(4.5)	6.3	–	–	–
Cost/income ratio	108.8	85.5	83.5	–	–
Effective tax rate	(21.6)	38.7	31.2	–	–
Earnings per share (CHF)					
Basic earnings/(loss) per share from continuing operations	(1.73)	0.99	1.10	–	(10)
Diluted earnings/(loss) per share from continuing operations	(1.73)	0.98	1.10	–	(11)
Return on equity (%)					
Return on equity attributable to shareholders	(6.8)	4.4	5.7	–	–
	(8.4)	5.4	7.2	–	–

Return on tangible equity attributable to shareholders [1]					
Balance sheet statistics (CHF million)					
Total assets	820,805	921,462	872,806	(11)	6
Risk-weighted assets [2]	289,946	284,248	266,103	2	7
Leverage exposure [2]	987,628	1,149,656	–	(14)	–
Number of employees (full-time equivalents)					
Number of employees	48,200	45,800	46,000	5	0

1
Based on tangible shareholders' equity attributable to shareholders, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity attributable to shareholders. Management believes that the return on tangible shareholders' equity attributable to shareholders is meaningful as it allows consistent measurement of the performance of businesses without regard to whether the businesses were acquired.
2
Disclosed on a look-through basis.

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Strategy update

On October 21, 2015, we announced that the Board of Directors had resolved to introduce a comprehensive package of measures setting the new strategic direction, structure and organization of the Group. We serve our clients through three regionally focused divisions: Swiss Universal Bank, International Wealth Management and Asia Pacific. These regional businesses are supported by two other divisions specialized in investment banking capabilities: Global Markets and Investment Banking & Capital Markets. The Strategic Resolution Unit consolidates the remaining portfolios from the former non-strategic units plus additional businesses and positions that do not fit with our strategic direction. With the introduction of the Strategic Resolution Unit, the concept of strategic and non-strategic results was retired. A simplified Corporate Center includes overall costs of corporate functions, providing transparency of the pre- and post-allocated view of these costs.

> Refer to “Strategy” in I – Information on the company for further information on the new strategy and the organizational structure.

Results Summary

Full-year 2015 results

In 2015, Credit Suisse reported a net loss attributable to shareholders of CHF 2,944 million, including a goodwill impairment charge of CHF 3,797 million, compared to net income attributable to shareholders of CHF 1,875 million in 2014.

Net revenues of CHF 23,797 million decreased 9% compared to 2014, primarily reflecting lower net revenues in Global Markets, the Strategic Resolution Unit, International Wealth Management, Investment Banking & Capital Markets and Swiss Universal Bank, partially offset by higher net revenues in Asia Pacific. Net revenues in Global Markets declined due to challenging trading conditions, low levels of client activity and decreased issuance activity. Net revenues in the Strategic Resolution Unit decreased primarily due to lower noncontrolling interests without significant economic interests (SEI) and losses relating to the restructuring of the former Asset Management division in 2015. Net revenues in International Wealth Management decreased with lower asset management fees following the change in fund management from Hedging-Griffo to a new venture in Brazil, Verde Asset Management, in which we have a significant investment, significantly lower performance fees and carried interest and lower other revenues, partially offset by higher net interest income. Lower net revenues in Investment Banking & Capital Markets reflected lower debt and equity underwriting revenues, partially offset by higher advisory revenues. Net revenues in Swiss Universal Bank decreased slightly, mainly driven by larger gains from the sale of real estate in 2014, the impact of the deconsolidation of the credit and charge cards issuing business following its transfer to Swisscard AECS GmbH, an entity in which we hold a significant equity interest, and lower transaction-based revenues, partially offset by higher net interest income. Net revenues in Asia Pacific were higher, reflecting a strong performance in 2015, particularly in equity sales and trading and from >>>ultra-high-net-worth individual (UHNWI) and >>>high-net-worth individual (HNWI) client business.

Provision for credit losses of CHF 324 million primarily reflected net provisions of CHF 138 million in Swiss Universal Bank and net provisions of CHF 132 million in the Strategic Resolution Unit.

Total operating expenses of CHF 25,895 million were up 15% compared to 2014, primarily reflecting the goodwill impairment charge in the fourth quarter of 2015. In addition, we incurred CHF 355 million of restructuring expenses in the fourth quarter of 2015 in connection with the new strategy, of which CHF 309 million related to severance and other compensation expenses.

Goodwill: The new strategic direction, structure and organization that we announced on October 21, 2015 required an impairment assessment of the carrying value of our goodwill position in the fourth quarter of 2015, the most significant component of which arose from the acquisition of Donaldson, Lufkin & Jenrette Inc. in 2000. Upon performance of that assessment, we recorded a goodwill impairment charge of CHF 3,797 million in the fourth quarter of 2015, which was recognized across three business divisions in relation to our investment banking activities: Global Markets (CHF 2,661 million), Asia Pacific (CHF 756 million) and Investment Banking & Capital Markets (CHF 380 million). The goodwill impairment charge did not impact CET1 capital and leverage ratios on a look-through basis.

The **Credit Suisse effective tax rate** was (21.6)% in 2015, compared to 38.7% in 2014. The effective tax rate for 2015 mainly reflected the non-deductible goodwill impairment and additional tax charges from changes in tax law and rates in the UK and New York City. These impacts were partially offset by tax benefits from the geographical mix of results and reassessment of deferred tax balances, mainly in Hong Kong. It also reflected changes in valuation allowances against deferred tax assets, mainly in the UK and Switzerland. Overall, net deferred tax assets increased CHF 95 million to CHF 6,125 million during 2015.

> Refer to “Note 28 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information.

Full-year 2014 results

In 2014, Credit Suisse reported net income attributable to shareholders of CHF 1,875 million compared to CHF 2,326 million in 2013.

Net revenues of CHF 26,242 million were stable compared to 2013, primarily reflecting higher net revenues in Asia Pacific, Swiss Universal Bank and Corporate Center, partially offset by lower net revenues in the Strategic Resolution Unit, Global Markets and International Wealth Management. Higher net revenues in Asia Pacific were due to strong performance in 2014 in fixed income and equity sales and trading as well as from UHNWI and HNWI client business. Net revenues in Swiss Universal Bank increased slightly, mainly driven by larger gains from the sale in real estate and a gain related to the partial sale of our investment in Euroclear, partially offset by lower net interest income and lower transaction-based revenues. The improved results in Corporate Center mainly reflected fair value gains from movements in own credit spreads of CHF 543 million in 2014 compared to fair value losses from movements in own credit spreads of CHF 296 million in 2013. Net revenues in the Strategic Resolution Unit decreased, primarily driven by lower net revenues relating to the restructuring of the former Asset Management division and losses from the legacy investment banking portfolio in 2014. Net revenues in Global Markets were down, reflecting lower results in equity sales and trading that offset stable performance in fixed income sales and trading. Net revenues in International Wealth Management decreased with significantly lower performance fees and carried interest and lower net interest income, partially offset by higher other revenues.

Provision for credit losses of CHF 186 million primarily reflected net provisions of CHF 94 million in Swiss Universal Bank, net provisions of CHF 40 million in Asia Pacific and net provisions of CHF 33 million in the Strategic Resolution Unit.

Total operating expenses of CHF 22,429 million were up 4% compared to 2013, mainly reflecting an 11% 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 in 2014.

The **Credit Suisse effective tax rate** was 38.7% in 2014, compared to 31.2% in 2013. The effective tax rate for 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.

Employees

As of December 31, 2015, we had 48,200 employees worldwide, of which 17,400 were in Switzerland and 30,800 were abroad.

The number of employees increased by 2,400 compared to the end of 2014. The increase reflected graduate hiring and contractor employee conversion, partially offset by a decrease in headcount resulting from our cost efficiency initiatives. Our corporate titles include managing director, director, vice president, assistant vice president and non-officer staff. The majority of our employees do not belong to unions. We have not experienced any significant strikes, work stoppages or labor disputes in recent years. We consider our relations with our employees to be good.

Number of employees

end of	2015	2014	% change
Number of employees (full-time equivalents)			
Swiss Universal Bank	14,200	13,200	8
International Wealth Management	9,100	8,700	5
Asia Pacific	6,700	5,900	14
Global Markets	13,000	11,900	9
Investment Banking & Capital Markets	2,800	2,400	17
Strategic Resolution Unit	2,100	3,400	(38)
Corporate Center	300	300	0
Number of employees	**48,200**	**45,800**	5
of which Switzerland	17,400	17,100	2
of which all other regions	30,800	28,700	7

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Overview of Results

in / end of	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	Core Results	Strategic Resolution Unit	Credit Suisse
2015 (CHF million)									
Net revenues	**5,563**	**4,394**	**3,839**	**7,391**	**1,752**	**445**	**23,384**	**413**	**23,797**
Provision for credit losses	**138**	**3**	**35**	**13**	**3**	**0**	**192**	**132**	**324**
Compensation and benefits	1,915	2,044	1,557	3,418	1,266	329	10,529	1,017	11,546
Total other operating expenses	1,851	1,638	1,870	5,904	836	476	12,575	1,774	14,349
of which goodwill impairment	0	0	756	2,661	380	0	3,797	0	3,797
of which restructuring expenses	39	33	3	105	22	–	202	153	355
Total operating expenses	**3,766**	**3,682**	**3,427**	**9,322**	**2,102**	**805**	**23,104**	**2,791**	**25,895**
Income/(loss) before taxes	**1,659**	**709**	**377**	**(1,944)**	**(353)**	**(360)**	**88**	**(2,510)**	**(2,422)**
Return on regulatory capital	13.8	15.5	6.7	(10.0)	(15.0)	–	0.2	(28.2)	(4.5)
Cost/income ratio	67.7	83.8	89.3	126.1	120.0	–	98.8	–	108.8
Total assets	218,306	94,033	85,929	262,201	19,800	62,872	743,141	77,664	820,805
Goodwill	567	1,549	1,522	531	639	0	4,808	0	4,808
Risk-weighted assets [1]	59,869	32,407	27,624	73,706	17,824	16,878	228,308	61,638	289,946
Leverage exposure [1]	235,700	99,112	98,698	313,315	42,861	59,723	849,409	138,219	987,628
2014 (CHF million)									
Net revenues	**5,721**	**4,751**	**3,335**	**8,613**	**2,106**	**548**	**25,074**	**1,168**	**26,242**
Provision for credit losses	**94**	**12**	**40**	**7**	**(2)**	**2**	**153**	**33**	**186**
Compensation and benefits	1,835	2,138	1,425	3,332	1,188	334	10,252	1,082	11,334
Total other operating expenses	1,816	1,389	970	2,617	412	265	7,469	3,626	11,095
Total operating expenses	**3,651**	**3,527**	**2,395**	**5,949**	**1,600**	**599**	**17,721**	**4,708**	**22,429**
Income/(loss) before taxes	**1,976**	**1,212**	**900**	**2,657**	**508**	**(53)**	**7,200**	**(3,573)**	**3,627**

Return on regulatory capital	16.5	27.0	13.1	14.0	26.2	–	15.5	(32.6)	6.3
Cost/income ratio	63.8	74.2	71.8	69.1	76.0	–	70.7	–	85.5
Total assets	213,888	92,466	105,574	365,580	14,928	21,562	813,998	107,464	921,462
Goodwill	570	1,557	2,290	3,205	1,022	0	8,644	0	8,644
Risk-weighted assets [1]	57,291	31,471	27,139	73,280	13,870	16,125	219,176	65,072	284,248
Leverage exposure [1]	238,856	84,369	137,843	412,316	42,017	15,180	930,581	219,075	1,149,656
2013 (CHF million)									
Net revenues	**5,612**	**4,929**	**3,018**	**8,974**	**2,014**	**(321)**	**24,226**	**1,630**	**25,856**
Provision for credit losses	**71**	**8**	**(7)**	**17**	**0**	**1**	**90**	**77**	**167**
Compensation and benefits	2,066	2,149	1,326	3,271	1,056	238	10,106	1,150	11,256
Total other operating expenses	1,735	1,555	947	2,674	377	88	7,376	2,961	10,337
Total operating expenses	**3,801**	**3,704**	**2,273**	**5,945**	**1,433**	**326**	**17,482**	**4,111**	**21,593**
Income/(loss) before taxes	**1,740**	**1,217**	**752**	**3,012**	**581**	**(648)**	**6,654**	**(2,558)**	**4,096**
Cost/income ratio	67.7	75.1	75.3	66.2	71.2	–	72.2	–	83.5
Total assets	186,122	80,336	98,672	359,563	6,662	32,979	764,334	108,472	872,806
Goodwill	541	1,443	2,118	2,953	944	0	7,999	0	7,999
Risk-weighted assets [1]	51,777	26,302	22,349	73,300	11,210	15,298	200,236	65,867	266,103

1
Disclosed on a look-through basis.

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Information and developments
Format of presentation
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, >>>Basel III was implemented in Switzerland along with the Swiss >>>“Too Big to Fail” legislation and regulations thereunder. As of January 1, 2015, the >>>Bank for International Settlements (BIS) leverage ratio framework, as issued by the >>>Basel Committee on Banking Supervision (BCBS), was implemented in Switzerland by the >>>Swiss Financial Market Supervisory Authority FINMA (FINMA). Our related disclosures are in accordance with our interpretation of such requirements, including relevant assumptions and estimates. Changes in the interpretation of these requirements in Switzerland or in any of our interpretations, assumptions or estimates could result in different numbers from those shown herein.
As used herein, leverage exposure is based on the BIS leverage ratio framework and consists of period-end balance sheet assets and prescribed regulatory adjustments. Leverage amounts as of the end of 2014, which are presented in order to show meaningful comparative information, are based on estimates which are calculated as if the BIS leverage ratio framework had been implemented in Switzerland at such time.
Return on regulatory capital is calculated using income after tax and assumes a tax rate of 30% and capital allocated based on the worst of 10% of average >>>risk-weighted assets and 3.5% of average leverage exposure. For 2014 calculations, end of period risk-weighted assets and leverage exposure were used.
The calculation of divisional economic risk capital metrics and associated ratios under the new organization required certain additional assumptions and allocation methods which may not be required for future periods given the level of information then available.
> Refer to “Leverage metrics” and “Economic risk capital” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management and Risk management – Risk coverage and management, respectively, for further information on leverage exposure, ratios and economic risk capital.
Capital increase
At an Extraordinary General Meeting on November 19, 2015, the Group’s shareholders approved two capital increases. We completed the first capital increase by way of a private placement of 58,000,000 newly issued shares to a number of qualified investors. We completed the second capital increase by way of a rights offering. By the end of the rights exercise period on December 3, 2015, 99.0% of the rights had been exercised and 258,445,328 newly issued shares were subscribed. We sold in the market the 2,538,570 newly issued shares that were not subscribed. The gross proceeds for the Group from these capital increases totaled CHF 6.0 billion.
Capital distribution proposal
Our Board of Directors will propose to the shareholders at the Annual General Meeting (AGM) on April 29, 2016 a distribution of CHF 0.70 per share out of capital contribution reserves for the financial year 2015. 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. The Board proposes to increase the authorized capital to a maximum of CHF 9.2 million (equivalent to 230,000,000 registered shares), of which CHF 5.2 million (equivalent to 130,000,000 registered shares) are exclusively reserved for servicing a stock dividend or a scrip dividend. In case the AGM does not support the increase of authorized capital for stock or scrip dividend, no dividend distribution will take place.
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 by 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.

The economic value of variable incentive compensation awarded for 2015 for the Group was 11% lower than in 2014, reflecting compensation discipline and the lower results.

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

> Refer to "Consolidated statements of changes in equity" and "Note 29 – 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 28 – Tax in V – Consolidated financial statements – Credit Suisse Group for further information.

Allocations and funding

Revenue sharing and cost allocation

Responsibility for each product is allocated to a segment, which records all related revenues and expenses. Revenue-sharing and service level agreements govern the compensation received by one segment for generating revenue or providing services on behalf of another. These agreements are negotiated periodically by the relevant segments on a product-by-product basis.

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

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

Funding

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

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

Fair valuations

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

> Refer to “Note 1 – Summary of significant accounting policies” and “Note 35 – 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 (CDO) securities, private equity investments, certain loans and credit products, including leveraged finance, certain syndicated loans and certain high yield bonds, and life finance instruments.

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

As of the end of 2015, 43% and 27% of our total assets and total liabilities, respectively, were measured at fair value.

While the majority of our level 3 assets are recorded in our investment banking businesses, some are recorded in International Wealth Management’s Asset Management business, specifically certain private equity investments. Total assets at fair value recorded as level 3 decreased CHF 3.8 billion to CHF 35.7 billion as of the end of 2015, primarily reflecting net settlements, mainly in trading assets, and the foreign exchange translation impact, mainly in trading assets and loans held-for-sale, partially offset by net transfers into level 3 assets, mainly in trading assets.

Our level 3 assets, excluding assets attributable to noncontrolling interests and assets of consolidated variable interest entities (VIEs) that are not risk-weighted assets under the Basel framework, were CHF 31.5 billion, compared to

CHF 35.5 billion as of the end of 2014. As of the end of 2015, these assets comprised 4% of total assets and 9% of total assets measured at fair value, both adjusted on the same basis, compared to 4% and 8%, respectively, as of the end of 2014.

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.

Evolution of legal entity structure

The execution of the program evolving the Group's legal entity structure to meet developing and future regulatory requirements has continued to progress and we have reached a number of significant milestones over the course of the year.

– In April 2015, we incorporated a new Swiss legal entity, Credit Suisse (Schweiz) AG, a wholly-owned subsidiary of Credit Suisse AG and registered it in the Commercial Register of the Canton of Zurich. We have applied for a Swiss banking license and expect that this entity, which will largely include the business of the Swiss Universal Bank division, will become operational in the second half of 2016, pending regulatory approval, including >>>FINMA. The new legal entity structure in Switzerland is not expected to significantly impact either our current business proposition nor our client servicing model. Credit Suisse (Schweiz) AG will provide clients with access to high-quality services, the entire product offering and the comprehensive expertise of our global bank. Both Credit Suisse AG and Credit Suisse (Schweiz) AG are expected to be licensed Swiss banks and subject to the specific Swiss requirements for systemically relevant banks with respect to capital adequacy, liquidity and risk diversification. The same rules on depositor protection and segregation of custody assets will apply to both;

– In 2015, USD 15 billion of senior unsecured bail-in instruments were issued that we expect will be eligible for future capital treatment under >>>total loss-absorbing capacity (TLAC) rules proposed by the Financial Stability Board to facilitate a Single Point of Entry bail-in resolution strategy. To comply with the current Swiss tax withholding regime, this bail-in debt was issued by a wholly-owned subsidiary of the Group and is guaranteed by the Group;

– In December 2015, we received regulatory approval from the Central Bank of Ireland to operate a branch of Credit Suisse AG in Dublin. The newly established branch will become our primary hub for prime services business in Europe.

The legal entity program has been prepared in discussion with FINMA, our primary regulator, and other regulators and will address regulations in Switzerland, the US and the UK with respect to future requirements for global recovery and resolution planning by systemically relevant 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 less complex entity structure for the Group. The program has been approved by the Board of Directors of the Group, but it remains subject to final approval by FINMA and other regulators.

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 is calculated as the worst of 10% of >>>risk-weighted assets and 3.5% of the leverage exposure. 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.

Core Results

Full-year 2015 results

In 2015, Core Results net revenues of CHF 23,384 million decreased 7% compared to 2014, primarily reflecting lower net revenues in Global Markets, International Wealth Management, Investment Banking & Capital Markets and Swiss Universal Bank, partially offset by higher net revenues in Asia Pacific. Provision for credit losses was CHF 192 million, primarily reflecting net provisions of CHF 138 million in Swiss Universal Bank and CHF 35 million in Asia Pacific. Total operating expenses of CHF 23,104 million were up 30% compared to 2014, primarily reflecting the goodwill impairment charge of CHF 3,797 million in 2015 and a 17% increase in general and administrative expenses.

Full-year 2014 results

In 2014, Core Results net revenues of CHF 25,074 million increased 4% compared to 2013, primarily reflecting higher net revenues in Asia Pacific and Corporate Center, partially offset by lower net revenues in Global Markets and International Wealth Management. Provision for credit losses was CHF 153 million, mainly reflecting net provisions of CHF 94 million in Swiss Universal Bank and CHF 40 million in Asia Pacific. Total operating expenses of CHF 17,721 million were stable compared to 2013, reflecting a 4% increase in general and administrative expenses, offset by a 9% decrease in commission expenses, and stable compensation and benefits.

Credit Suisse and Core Results

	Core Results			Strategic Resolution Unit			Credit Suisse		
in / end of	2015	2014	2013	2015	2014	2013	2015	2014	2013
Statements of operations (CHF million)									
Net revenues	**23,384**	**25,074**	**24,226**	**413**	**1,168**	**1,630**	**23,797**	**26,242**	**25,856**
Provision for credit losses	**192**	**153**	**90**	**132**	**33**	**77**	**324**	**186**	**167**
Compensation and benefits	10,529	10,252	10,106	1,017	1,082	1,150	11,546	11,334	11,256
General and administrative expenses	7,112	6,086	5,849	1,462	3,448	2,738	8,574	9,534	8,587
Commission expenses	1,464	1,383	1,527	159	178	211	1,623	1,561	1,738
Goodwill impairment	3,797	0	0	0	0	12	3,797	0	12
Restructuring expenses	202	–	–	153	–	–	355	–	–
Total other operating expenses	12,575	7,469	7,376	1,774	3,626	2,961	14,349	11,095	10,337
Total operating expenses	**23,104**	**17,721**	**17,482**	**2,791**	**4,708**	**4,111**	**25,895**	**22,429**	**21,593**
Income/(loss) before taxes	**88**	**7,200**	**6,654**	**(2,510)**	**(3,573)**	**(2,558)**	**(2,422)**	**3,627**	**4,096**
Statement of operations metrics (%)									
Return on regulatory capital	0.2	15.5	–	(28.2)	(32.6)	–	(4.5)	6.3	–
Balance sheet statistics (CHF million)									
Total assets	743,141	813,998	764,334	77,664	107,464	108,472	820,805	921,462	872,806
Risk-weighted assets [1]	228,308	219,176	200,236	61,638	65,072	65,867	289,946	284,248	266,103
Leverage exposure [1]	849,409	930,581	–	138,219	219,075	–	987,628	1,149,656	–

1

Disclosed on a look-through basis.

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Core Results by business activity

in 2015	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Corporate Center	Core Results
Related to private banking (CHF million)							
Net revenues	3,633	3,066	1,178	–	–	–	7,877
of which net interest income	1,770	1,006	445	–	–	–	3,221
of which recurring	1,102	1,161	260	–	–	–	2,523
of which transaction-based	657	891	456	–	–	–	2,004
Provision for credit losses	49	3	18	–	–	–	70
Total operating expenses	2,715	2,537	816	–	–	–	6,068
Income before taxes	**869**	**526**	**344**	**–**	**–**	**–**	**1,739**
Related to corporate & institutional banking (CHF million)							
Net revenues	1,930	–	–	–	–	–	1,930
of which net interest income	987	–	–	–	–	–	987
of which recurring	467	–	–	–	–	–	467
of which transaction-based	498	–	–	–	–	–	498
Provision for credit losses	89	–	–	–	–	–	89
Total operating expenses	1,051	–	–	–	–	–	1,051
Income before taxes	**790**	**–**	**–**	**–**	**–**	**–**	**790**
Related to investment banking (CHF million)							
Net revenues	–	–	2,661	7,391	1,752	–	11,804
of which fixed income sales and trading	–	–	608	3,815	–	–	4,423
of which equity sales and trading	–	–	1,872	2,787	–	–	4,659
of which underwriting and advisory	–	–	292	994	1,933	–	3,219
Provision for credit losses	–	–	17	13	3	–	33
Total operating expenses	–	–	2,611	9,322	2,102	–	14,035
Income/(loss) before taxes	**–**	**–**	**33**	**(1,944)**	**(353)**	**–**	**(2,264)**
Related to asset management (CHF million)							
Net revenues	–	1,328	–	–	–	–	1,328
Provision for credit losses	–	0	–	–	–	–	0
Total operating expenses	–	1,145	–	–	–	–	1,145
Income before taxes	**–**	**183**	**–**	**–**	**–**	**–**	**183**
Related to corporate center (CHF million)							
Net revenues	–	–	–	–	–	445	445
Provision for credit losses	–	–	–	–	–	0	0
Total operating expenses	–	–	–	–	–	805	805
Loss before taxes	**–**	**–**	**–**	**–**	**–**	**(360)**	**(360)**
Total (CHF million)							
Net revenues	5,563	4,394	3,839	7,391	1,752	445	23,384
Provision for credit losses	138	3	35	13	3	0	192

Total operating expenses	3,766	3,682	3,427	9,322	2,102	805	23,104
Income/(loss) before taxes	**1,659**	**709**	**377**	**(1,944)**	**(353)**	**(360)**	**88**

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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 Swiss Universal Bank, International Wealth Management, Asia Pacific, Global Markets, Investment Banking & Capital Markets and the Strategic Resolution Unit segments. These segment results are included in Core Results, except for the Strategic Resolution Unit, which is part of the Credit Suisse Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the six 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 Swiss Universal Bank, financing vehicles of the Group and hedging activities relating to share-based compensation awards. Core Results also include 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 41 – 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 AG	Banking (in the Swiss canton of Aargau)
BANK-now AG	Private credit and car leasing (in Switzerland)
Financing vehicles of the Group	Special purpose vehicles for various funding activities of the Group, including for purposes of raising capital

Comparison of consolidated statements of operations

			Group			Bank
in	2015	2014	2013	2015	2014	2013
Statements of operations (CHF million)						
Net revenues	**23,797**	**26,242**	**25,856**	**23,211**	**25,589**	**25,314**
Total operating expenses	**25,895**	**22,429**	**21,593**	**25,873**	**22,503**	**21,567**
Income/(loss) from continuing operations before taxes	**(2,422)**	**3,627**	**4,096**	**(2,938)**	**2,961**	**3,654**
Income tax expense	523	1,405	1,276	439	1,299	1,170
Income/(loss) from continuing operations	**(2,945)**	**2,222**	**2,820**	**(3,377)**	**1,662**	**2,484**
Income from discontinued operations	0	102	145	0	102	145
Net income/(loss)	**(2,945)**	**2,324**	**2,965**	**(3,377)**	**1,764**	**2,629**
Net income/(loss) attributable to noncontrolling interests	(1)	449	639	(7)	445	669
Net income/(loss) attributable to shareholders	**(2,944)**	**1,875**	**2,326**	**(3,370)**	**1,319**	**1,960**

Comparison of consolidated balance sheets

		Group		Bank
end of	2015	2014	2015	2014
Balance sheet statistics (CHF million)				

Total assets	820,805	921,462	803,931	904,849
Total liabilities	775,787	876,461	759,241	860,208

Capitalization and indebtedness

		Group		Bank
end of	2015	2014	2015	2014
Capitalization and indebtedness (CHF million)				
Due to banks	21,054	26,009	21,460	26,506
Customer deposits	342,705	369,058	331,700	357,569
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	46,598	70,119	46,598	70,119
Long-term debt	197,608	177,898	192,094	172,947
Other liabilities	167,822	233,377	167,389	233,067
Total liabilities	**775,787**	**876,461**	**759,241**	**860,208**
Total equity	**45,018**	**45,001**	**44,690**	**44,641**
Total capitalization and indebtedness	**820,805**	**921,462**	**803,931**	**904,849**

BIS capital metrics

		Group		Bank
end of	2015	2014	2015	2014
Capital and risk-weighted assets (CHF million)				
Common equity tier 1 (CET1) capital	42,072	43,322	40,013	40,853
Tier 1 capital	53,063	49,804	50,570	47,114
Total eligible capital	62,682	60,751	60,242	58,111
Risk-weighted assets	294,950	291,410	286,947	282,994
Capital ratios (%)				
CET1 ratio	14.3	14.9	13.9	14.4
Tier 1 ratio	18.0	17.1	17.6	16.6
Total capital ratio	21.3	20.8	21.0	20.5

Dividends of the Bank to the Group

end of	2015	2014
Per share issued (CHF)		
Dividend [1, 2]	0.00[3]	0.00

The Bank's total share capital is fully paid and consisted of 4,399,680,200 registered shares as of December 31, 2015 and 2014, respectively.

1

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

2

In 2013, 2012 and 2011, dividends per share issued were CHF 0.00, CHF 0.23 and CHF 0.23, respectively.

3

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

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Swiss Universal Bank

In 2015, we reported income before taxes of CHF 1,659 million and net revenues of CHF 5,563 million.
Income before taxes decreased 16% compared to 2014, reflecting slightly lower net revenues, slightly higher total operating expenses and higher provision for credit losses.

Divisional results

			in / end of		% change
	2015	2014	2013	15 / 14	14 / 13
Statements of operations (CHF million)					
Net revenues	**5,563**	**5,721**	**5,612**	(3)	2
Provision for credit losses	**138**	**94**	**71**	47	32
Compensation and benefits	1,915	1,835	2,066	4	(11)
General and administrative expenses	1,540	1,526	1,397	1	9
Commission expenses	272	290	338	(6)	(14)
Restructuring expenses	39	–	–	–	–
Total other operating expenses	1,851	1,816	1,735	2	5
Total operating expenses	**3,766**	**3,651**	**3,801**	3	(4)
Income before taxes	**1,659**	**1,976**	**1,740**	(16)	14
Statement of operations metrics (%)					
Return on regulatory capital	13.8	16.5	–	–	–
Cost/income ratio	67.7	63.8	67.7	–	–
Economic risk capital and return					
Average economic risk capital (CHF million)	4,791	4,905	5,137	(2)	(5)
Pre-tax return on average economic risk capital (%) [1]	34.8	40.5	34.1	–	–
Number of employees and relationship managers					
Number of employees (full-time equivalents)	14,200	13,200	13,200	8	0
Number of relationship managers	2,060	2,070	2,040	0	1

1
Calculated using a return excluding interest costs for allocated goodwill.

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Divisional results (continued)

			in / end of		% change
	2015	2014	2013	15 / 14	14 / 13
Net revenues (CHF million)					
Private Banking	3,633	3,914	3,692	(7)	6
Corporate & Institutional Banking	1,930	1,807	1,920	7	(6)
Net revenues	**5,563**	**5,721**	**5,612**	(3)	2
Net revenue detail (CHF million)					
Net interest income	2,757	2,377	2,562	16	(7)
Recurring commissions and fees	1,569	1,671	1,660	(6)	1
Transaction-based revenues	1,155	1,271	1,345	(9)	(6)
Other revenues	82	402	45	(80)	–
Net revenues	**5,563**	**5,721**	**5,612**	(3)	2
Provision for credit losses (CHF million)					
New provisions	205	163	179	26	(9)
Releases of provisions	(67)	(69)	(108)	(3)	(36)
Provision for credit losses	**138**	**94**	**71**	47	32
Balance sheet statistics (CHF million)					
Total assets	218,306	213,888	186,122	2	15
Net loans	163,912	164,755	–	(1)	–
Risk-weighted assets	59,869	57,291	51,777	4	11
Leverage exposure	235,700	238,856	–	(1)	–

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, fees for general banking products and services and revenues from wealth structuring solutions. Transaction-based revenues arise primarily from brokerage and product issuing fees, fees from foreign exchange client transactions, trading and sales income, equity participations income and other transaction-based income. Other revenues include fair value gains/(losses) on the Clock Finance transaction and other gains and losses.

Results Summary

Full-year 2015 results

In 2015, Swiss Universal Bank reported income before taxes of CHF 1,659 million and net revenues of CHF 5,563 million. Compared to 2014, net revenues decreased slightly, mainly driven by larger gains from the sale of real estate in 2014, the impact of the deconsolidation of the cards issuing business and lower transaction-based revenues, partially offset by higher net interest income. The decrease in transaction-based revenues reflected lower brokerage and product issuing fees and lower fees from foreign exchange client business, partially offset by an extraordinary dividend from our ownership interest in SIX Group AG and higher sales and trading revenues. Net interest income increased, reflecting improved loan margins on stable average loan volumes, partially offset by lower deposit margins on slightly higher average deposit volumes. Excluding the net impact from the real estate gains of CHF 319 million and the deconsolidation of the cards issuing business of CHF 165 million, net revenues increased 7%. Provision for credit losses was CHF 138 million in 2015 on a net loan portfolio of CHF 163.9 billion. Total operating expenses increased slightly, reflecting higher salary expenses due to a recalibration of Swiss holiday accruals, restructuring expenses in connection with the implementation of the new strategy, higher professional expenses and litigation provisions, partially offset by lower expenses due to the deconsolidation of the cards issuing business in the third quarter of 2015.

Full-year 2014 results

In 2014, Swiss Universal Bank reported income before taxes of CHF 1,976 million and net revenues of CHF 5,721 million. Compared to 2013, net revenues increased slightly, mainly driven by larger gains from the sale of real estate and a gain related to the partial sale of our investment in Euroclear, partially offset by lower net interest income and lower transaction-based revenues. The decrease in net interest income reflected significantly lower deposit margins on

higher average deposit volumes, partially offset by stable loan margins on slightly higher average loan volumes. The decrease in transaction-based revenues reflected lower brokerage and product issuing fees and lower fees from foreign exchange client business, partially offset by higher corporate advisory fees related to integrated solutions. Provision for credit losses was CHF 94 million in 2014 on a net loan portfolio of CHF 164.8 billion. Total operating expenses decreased with lower compensation expenses reflecting lower salary expenses and pension expenses, partially offset by higher general and administrative expenses reflecting higher professional expenses and contractor services fees.
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Capital and leverage metrics

At the end of 2015, Swiss Universal Bank reported risk-weighted assets of CHF 59.9 billion, an increase of CHF 2.6 billion compared to the end of 2014. This increase was driven by the phase-in of the Swiss mortgage multipliers, partially offset by various optimization measures. Leverage exposure was CHF 235.7 billion, reflecting a decrease of 1.3% compared to the end of 2014.

Business developments

On July 1, 2015, the Group transferred the credit and charge cards issuing business (cards issuing business) to Swisscard AECS GmbH, an entity in which the Group holds a significant equity interest. As a result of the transfer, the cards issuing business was deconsolidated as of July 1, 2015, including the pre-existing noncontrolling interest in the cards issuing business. Consequently, income/revenues and expenses from the cards issuing business are no longer fully reflected in the Group's consolidated financial statements, in the Private Banking results within the Swiss Universal Bank segment or in the Swiss Universal Bank segment, but the Group's share of net income from the equity method investment in Swisscard AECS GmbH is recorded within net revenues in all three presentations. At the same time, the Group's net income attributable to noncontrolling interests is reduced as a result of the deconsolidation. Given that Swisscard AECS GmbH continues to be an equity method investment of the Group, the aggregate impact of the deconsolidation on the Group's net income/(loss) attributable to shareholders is not material.

Private Banking

Results – Private Banking

			in		% change
	2015	2014	2013	15 / 14	14 / 13
Statements of operations (CHF million)					
Net revenues	**3,633**	**3,914**	**3,692**	(7)	6
Provision for credit losses	**49**	**60**	**75**	(18)	(20)
Compensation and benefits	1,299	1,228	1,428	6	(14)
General and administrative expenses	1,198	1,193	1,080	0	10
Commission expenses	186	205	256	(9)	(20)
Restructuring expenses	32	–	–	–	–
Total other operating expenses	1,416	1,398	1,336	1	5
Total operating expenses	**2,715**	**2,626**	**2,764**	3	(5)
Income before taxes	**869**	**1,228**	**853**	(29)	44
Statement of operations metrics (%)					
Cost/income ratio	74.7	67.1	74.9	–	–
Net revenue detail (CHF million)					
Net interest income	1,770	1,493	1,561	19	(4)
Recurring commissions and fees	1,102	1,219	1,224	(10)	0
Transaction-based revenues	657	774	846	(15)	(9)
Other revenues	104	428	61	(76)	–
Net revenues	**3,633**	**3,914**	**3,692**	(7)	6
Margins on assets under management (bp)					
Gross margin [1]	146	153	153	–	–
Net margin [2]	35	48	35	–	–
Number of relationship managers					
Number of relationship managers	1,570	1,590	1,530	(1)	4

1

Net revenues divided by average assets under management.

2

Income before taxes divided by average assets under management.

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Results

The following provides a comparison of our 2015 results versus 2014 and our 2014 results versus 2013.

Net interest income

2015 vs 2014: Up 19% from CHF 1,493 million to CHF 1,770 million

The increase in net interest income reflected improved loan margins on stable average loan volumes, partially offset by lower deposit margins on slightly higher average deposit volumes.

2014 vs 2013: Down 4% from CHF 1,561 million to CHF 1,493 million

The decrease in net interest income reflected significantly lower deposit margins on higher average deposit volumes, partially offset by stable loan margins on slightly higher average loan volumes.

Recurring commissions and fees

2015 vs 2014: Down 10% from CHF 1,219 million to CHF 1,102 million

The decrease primarily reflected the deconsolidation of the cards issuing business. Excluding the related net impact of CHF 113 million, recurring commissions and fees were stable reflecting higher investment advisory fees, offset by lower security account and custody services fees.

2014 vs 2013: Stable at CHF 1,219 million

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

Transaction-based revenues

2015 vs 2014: Down 15% from CHF 774 million to CHF 657 million

Lower transaction-based revenues reflected lower brokerage and product issuing fees and lower fees from foreign exchange client business, partially offset by the extraordinary dividend from SIX Group.

2014 vs 2013: Down 9% from CHF 846 million to CHF 774 million

Transaction-based revenues decreased with lower brokerage and product issuing fees and lower fees from foreign exchange client business, partially offset by higher corporate advisory fees related to integrated solutions.

Other revenues

2015 vs 2014: Down 76% from CHF 428 million to CHF 104 million

The decrease in other revenues reflected larger gains from the sale of real estate in 2014.

2014 vs 2013: Up from CHF 61 million to CHF 428 million

The increase in other revenues reflected larger gains from the sale of real estate and a gain related to the partial sale of our investment in Euroclear.

Provision for credit losses

The Private Banking loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities and to a lesser extent of consumer finance loans.

2015 vs 2014: Down 18% from CHF 60 million to CHF 49 million

The decrease in provision for credit losses was primarily related to our consumer finance business.

2014 vs 2013: Down 20% from CHF 75 million to CHF 60 million

The decrease in provision for credit losses was primarily related to our consumer finance business.

Compensation and benefits

2015 vs 2014: Up 6% from CHF 1,228 million to CHF 1,299 million

Compensation and benefits increased, reflecting higher salary expenses due to the holiday accrual recalibration and higher discretionary compensation expenses.

2014 vs 2013: Down 14% from CHF 1,428 million to CHF 1,228 million

Compensation and benefits decreased reflecting lower salary expenses and lower pension expenses.

General and administrative expenses

2015 vs 2014: Stable at CHF 1,198 million

General and administrative expenses were stable with higher litigation provisions and professional services fees, offset by lower expenses due to the deconsolidation of the cards issuing business.

2014 vs 2013: Up 10% from CHF 1,080 million to CHF 1,193 million

General and administrative expenses increased with higher professional services fees and higher contractor services fees, partially offset by lower occupancy expenses.

margins

Gross margin

Our gross margin was 146 basis points in 2015, seven basis points lower compared to 2014, mainly reflecting larger gains from the sale of real estate in 2014, the impact of the deconsolidation of the cards issuing business and lower transaction-based revenues, partially offset by higher net interest income and a 2.5% decrease in average assets under management.

> Refer to "Assets under management" for further information.

Net margin

Our net margin was 35 basis points in 2015, 13 basis points lower compared to 2014, reflecting larger gains from the sale of real estate in 2014, the impact of the deconsolidation of the cards issuing business, lower transaction-based revenues and higher total operating expenses, partially offset by higher net interest income and a 2.5% decrease in average assets under management.

Assets under management

As of the end of **2015**, assets under management of CHF 241.0 billion were CHF 17.6 billion lower compared to the end of 2014, reflecting a reclassification of CHF 15.8 billion of assets under management to assets under custody within client assets due to the introduction of an updated assets under management policy in the third quarter of 2015 and unfavorable foreign exchange-related movements, partially offset by net new assets of CHF 3.2 billion and favorable market movements. The net new assets reflected inflows primarily from >>>UHNWI, >>>HNWI, >>>affluent and retail clients.

> Refer to "Assets under management" in Assets under management for further information on the updated assets under management policy.

As of the end of **2014**, assets under management of CHF 258.6 billion were CHF 14.4 billion higher compared to the end of 2013, reflecting favorable market movements, net new assets of CHF 3.8 billion and favorable foreign exchange-related movements. The net new assets reflected inflows across all client segments.

Assets under management – Private Banking

			in / end of		% change
	2015	2014	2013	15 / 14	14 / 13
Assets under management (CHF billion)					
Assets under management	241.0	258.6	244.2	(6.8)	5.9
Average assets under management (CHF billion)					
Average assets under management	249.0	255.4	240.6	(2.5)	6.2
Assets under management by currency (CHF billion)					
USD	40.8	41.1	33.3	(0.7)	23.4
EUR	35.8	40.7	40.6	(12.0)	0.2
CHF	153.0	164.1	156.0	(6.8)	5.2
Other	11.4	12.7	14.3	(10.2)	(11.2)
Assets under management	**241.0**	**258.6**	**244.2**	(6.8)	5.9
Growth in assets under management (CHF billion)					
Net new assets	3.2	3.8	(2.5)	–	–
Other effects	(20.8)	10.6	23.4	–	–
of which market movements	1.7	6.1	13.4	–	–
of which foreign exchange	(4.9)	3.7	(0.8)	–	–
of which other	(17.6)	0.8	10.8	–	–
Growth in assets under management	**(17.6)**	**14.4**	**20.9**	–	–
Growth in assets under management (%)					
Net new assets	1.2	1.6	(1.1)	–	–
Other effects	(8.0)	4.3	10.5	–	–
Growth in assets under management	**(6.8)**	**5.9**	**9.4**	–	–

corporate & institutional Banking
Results – Corporate & Institutional Banking

			in	% change	
	2015	2014	2013	15 / 14	14 / 13
Statements of operations (CHF million)					
Net revenues	**1,930**	**1,807**	**1,920**	7	(6)
Provision for credit losses	**89**	**34**	**(4)**	162	–
Compensation and benefits	616	607	638	1	(5)
General and administrative expenses	342	333	317	3	5
Commission expenses	86	85	82	1	4
Restructuring expenses	7	–	–	–	–
Total other operating expenses	435	418	399	4	5
Total operating expenses	**1,051**	**1,025**	**1,037**	3	(1)
Income before taxes	**790**	**748**	**887**	6	(16)
Statement of operations metrics (%)					
Cost/income ratio	54.5	56.7	54.0	–	–
Net revenue detail (CHF million)					
Net interest income	987	884	1,001	12	(12)
Recurring commissions and fees	467	452	436	3	4
Transaction-based revenues	498	497	499	0	0
Other revenues	(22)	(26)	(16)	(15)	63
Net revenues	**1,930**	**1,807**	**1,920**	7	(6)
Number of relationship managers					
Number of relationship managers	490	480	510	2	(6)

results
The following provides a comparison of our 2015 results versus 2014 and our 2014 results versus 2013.
Net interest income
2015 vs 2014: Up 12% from CHF 884 million to CHF 987 million
The increase in net interest income reflected improved loan margins on stable average loan volumes, partially offset by lower deposit margins on slightly higher average deposit volumes.
2014 vs 2013: Down 12% from CHF 1,001 million to CHF 884 million
The decrease in net interest income reflected significantly lower deposit margins on higher average deposit volumes, partially offset by slightly higher loan margins on higher average loan volumes.
Recurring commissions and fees
2015 vs 2014: Up 3% from CHF 452 million to CHF 467 million
Recurring commissions and fees were slightly higher, reflecting higher investment product management fees and higher security account and custody services fees, partially offset by lower revenues from wealth structuring solutions.
2014 vs 2013: Up 4% from CHF 436 million to CHF 452 million
The increase reflected higher fees from lending activities, higher discretionary mandate management fees and higher asset management fees, partially offset by lower investment product management fees.
Transaction-based revenues
2015 vs 2014: Stable at CHF 498 million
Transaction-based revenues were stable with higher sales and trading revenues offset by lower corporate advisory fees related to integrated solutions and lower brokerage and product issuing fees.
2014 vs 2013: Stable CHF 497 million
Stable transaction-based revenues reflected lower sales and trading revenues, offset by higher corporate advisory fees related to integrated solutions.
Provision for credit losses
The Corporate & Institutional Banking loan portfolio has relatively low concentrations and is mainly secured by mortgages, securities and other financial collateral.
2015 vs 2014: Up 162% from CHF 34 million to CHF 89 million

The increase in provision for credit losses reflected a small number of individual cases.

2014 vs 2013: Up from CHF (4) million to CHF 34 million

Higher provision for credit losses reflected a small number of individual cases.

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Compensation and benefits

2015 vs 2014: Stable at CHF 616 million

Compensation and benefits were stable, with higher salary expenses due to the holiday accrual recalibration offset by lower discretionary compensation expenses.

2014 vs 2013: Down 5% from CHF 638 million to CHF 607 million

Lower compensation and benefits mainly reflected lower salary expenses, partially offset by higher discretionary compensation expenses.

General and administrative expenses

2015 vs 2014: Up 3% from CHF 333 million to CHF 342 million

Slightly higher general and administrative expenses primarily reflected higher professional services fees.

2014 vs 2013: Up 5% from CHF 317 million to CHF 333 million

General and administrative expenses increased with higher infrastructure expenses, partially offset by lower professional services fees and contractor services fees.

Assets under management

As of the end of **2015**, assets under management of CHF 275.8 billion remained stable as net new assets primarily from Swiss pension funds of CHF 10.6 billion and favorable market movements were offset by a reclassification of CHF 8.3 billion of assets under management to assets under custody within client assets due to the introduction of the updated assets under management policy in the third quarter of 2015 and unfavorable foreign exchange-related movements.

> Refer to “Assets under management” in Assets under management for further information on the updated assets under management policy.

As of the end of **2014**, assets under management of CHF 275.9 billion were CHF 25.9 billion higher compared to the end of 2013, reflecting favorable market movements, net new assets of CHF 5.5 billion and favorable foreign exchange-related movements. Net new assets reflected inflows from Swiss pension funds and insurance companies, partially offset by outflows from corporate clients.

International Wealth Management

In 2015, we reported income before taxes of CHF 709 million and net revenues of CHF 4,394 million.

Income before taxes decreased 42% compared to 2014, reflecting lower revenues primarily in Asset Management and higher total operating expenses primarily in Private Banking due to higher litigation provisions and restructuring expenses in connection with the implementation of the new strategy.

Divisional results

			in / end of		% change
	2015	2014	2013	15 / 14	14 / 13
Statements of operations (CHF million)					
Net revenues	**4,394**	**4,751**	**4,929**	(8)	(4)
Provision for credit losses	**3**	**12**	**8**	(75)	50
Compensation and benefits	2,044	2,138	2,149	(4)	(1)
General and administrative expenses	1,373	1,107	1,214	24	(9)
Commission expenses	232	282	341	(18)	(17)
Restructuring expenses	33	–	–	–	–
Total other operating expenses	1,638	1,389	1,555	18	(11)
Total operating expenses	**3,682**	**3,527**	**3,704**	4	(5)
Income before taxes	**709**	**1,212**	**1,217**	(42)	0
Statement of operations metrics (%)					
Return on regulatory capital	15.5	27.0	–	–	–
Cost/income ratio	83.8	74.2	75.1	–	–
Economic risk capital and return					
Average economic risk capital (CHF million)	4,076	3,930	4,099	4	(4)
Pre-tax return on average economic risk capital (%) [1]	18.1	31.7	30.6	–	–
Number of employees (full-time equivalents)					
Number of employees	9,100	8,700	8,700	5	0

1

Calculated using a return excluding interest costs for allocated goodwill.

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Divisional results (continued)

		in / end of		% change	
	2015	2014	2013	15 / 14	14 / 13
Net revenues (CHF million)					
Private Banking	3,066	3,127	3,129	(2)	0
Asset Management	1,328	1,624	1,800	(18)	(10)
Net revenues	**4,394**	**4,751**	**4,929**	(8)	(4)
Net revenue detail (CHF million)					
Net interest income	1,006	904	960	11	(6)
Recurring commissions and fees	1,965	2,232	2,222	(12)	0
Transaction- and performance-based revenues	1,449				