CREDIT SUISSE GROUP AG
Form 20-F
March 22, 2019
As filed with the Securities and Exchange Commission on March 22, 2019
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, 2018

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 1111 (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
Paradeplatz 8, CH 8001 Zurich, Switzerland
david.mathers@credit-suisse.com
Telephone: +41 44 333 1111 (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	
Credit Suisse FI Large Cap Growth Enhanced ETNs due June 13, 2019 Linked to the Russell 1000® Growth Index Total Return	NYSE Arca
VelocityShares™ VIX Short Term ETNs Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares™ Daily 2x VIX Short Term ETNs 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 ETNs Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	The Nasdaq Stock Market
VelocityShares™ 3x Long Gold ETNs Linked to the S&P GSCI® Gold Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Long Silver ETNs Linked to the S&P GSCI® Silver Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Inverse Gold ETNs Linked to the S&P GSCI® Gold Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Inverse Silver ETNs Linked to the S&P GSCI® Silver Index ER due October 14, 2031	The Nasdaq Stock Market
VelocityShares™ 3x Long Natural Gas ETNs Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032	NYSE Arca
VelocityShares™ 3x Inverse Natural Gas ETNs 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 S&P MLP Index ETNs due December 4, 2034 Linked to the S&P MLP Index	NYSE Arca
Credit Suisse X-Links® Multi-Asset High Income ETNs due September 28, 2035	NYSE Arca
Credit Suisse X-Links® Monthly Pay 2xLeveraged Alerian MLP Index ETNs due May 16, 2036	NYSE Arca
Credit Suisse X-Links® Monthly Pay 2xLeveraged Mortgage REIT ETNs due July 11, 2036	NYSE Arca
Credit Suisse X-Links® Crude Oil Shares Covered Call ETNs due April 24, 2037	The Nasdaq Stock Market
Credit Suisse FI Enhanced Europe 50 Exchange Traded Notes (ETNs) due May 11, 2028 Linked to the STOXX® Europe 50 USD (Gross Return) Index	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, 2018: 2,550,584,029 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 every Interactive Data File required to be submitted 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 such files).
Yes No
Indicate by check mark whether the Registrants are large accelerated filers, accelerated filers, non-accelerated filers, or emerging growth companies. See definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.
Large accelerated filers Accelerated filers
Non-accelerated filers Emerging growth companies
If emerging growth companies that prepare their financial statements in accordance with U.S. GAAP, indicate by check mark if the Registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
Indicate by check mark which basis of accounting the Registrants have used to prepare the financial statements included in this filing:
U.S. GAAP International Other
Financial Reporting Standards
as issued by the
International Accounting Standards Board
If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.
Item 17 Item 18
If this is an annual report, indicate by check mark whether the Registrants are shell companies
(as defined in Rule 12b-2 of the Exchange Act)
Yes No

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Definitions

For the purposes of this Form 20-F and the attached Annual Report 2018, 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 direct 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 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 2018.

Sources

Throughout this Form 20-F and the attached Annual Report 2018, 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 2018.

Explanatory note

For the avoidance of doubt, the information appearing on pages 4 to 12, 232 to 236 and A-4 to A-12 of the attached Annual Report 2018 is not included in Credit Suisse’s and the Bank’s Form 20-F for the fiscal year ended December 31, 2018.

Part I

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

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

Item 2. Offer statistics and expected timetable.

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

Item 3. Key information.

A – Selected financial data.

For Credit Suisse and the Bank, please see Appendix – Selected five-year information – Group on page A-2 and – Bank on page A-3 of the attached Annual Report 2018.

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 46 to 56 of the attached Annual Report 2018.

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 pages 14 to 15 and – Strategy on pages 16 to 21 and IV – Corporate Governance – Overview – Corporate governance framework – Company details on page 190 of the attached Annual Report 2018. In addition, for Credit Suisse, please see Note 3 – Business developments, significant shareholders and subsequent events and Note 4 – Segment information in VI – Consolidated financial statements – Credit Suisse Group on pages 288 to 290 of the attached Annual Report 2018 and, for the Bank, please see Note 3 – Business developments, significant shareholders and subsequent events and Note 4 – Segment information in VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 444 to 445 of the attached Annual Report 2018. For additional information on Credit Suisse and the Bank, please see Item 10.H of this Form 20-F regarding documents on display.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company – Divisions on pages 22 to 30 of the attached Annual Report 2018. In addition, for Credit Suisse, please see Note 4 – Segment information in VI – Consolidated financial statements – Credit Suisse Group on pages 289 to 290 of the attached Annual Report 2018 and, for the Bank, please see Note 4 – Segment information in VIII – Consolidated financial statements – Credit Suisse (Bank) on page 445 of the attached Annual Report 2018.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Credit Suisse at a glance on pages 14 to 15, – Strategy on pages 16 to 21 and II – Operating and financial review – Credit Suisse – Group and Bank differences on page 71 of the attached Annual Report 2018. For a list of Credit Suisse's significant subsidiaries, please see Note 40 – Significant subsidiaries and equity method investments in VI – Consolidated financial statements – Credit Suisse Group on pages 400 to 402 of the attached Annual Report 2018 and, for a list of the Bank's significant subsidiaries, please see Note 39 – Significant subsidiaries and equity method investments in VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 511 to 513 of the attached Annual Report 2018.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see X – Additional information – Other information – Property and equipment on page 576 of the attached Annual Report 2018.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see X – Additional information – Statistical information on pages 560 to 571 of the attached Annual Report 2018. 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 174 of the attached Annual Report 2018. For Credit Suisse, please see Appendix – Selected five-year information – Group on page A-2 of the attached Annual Report 2018.

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

During 2018, Credit Suisse AG processed a small number of de minimis payments related to the operation of Iranian diplomatic missions in Switzerland and related 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 continued to hold funds from two wire transfers to non-Iranian customers which were blocked pursuant to Swiss sanctions laws because Iranian government-owned entities had initiated the transfers. Such funds, in a total amount of EUR 4,460, were maintained in blocked accounts opened in accordance with Swiss sanctions laws and, in September 2018, released to the non-Iranian customers after Switzerland had lifted its sanctions against the relevant Iranian government-owned entities. Credit Suisse AG derived no revenues or profits from maintenance of these previously blocked accounts or the release of the funds.

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 57 to 112 of the attached Annual Report 2018. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 31 to 45 of the attached Annual Report 2018, III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management – Funding management – Interest rate management on page 120 and – Capital management – Shareholders' equity – Foreign exchange exposure on page 139 of the attached Annual Report 2018.

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 114 to 141 of the attached Annual Report 2018. In addition, for Credit Suisse, please see Note 25 – Long-term debt in VI – Consolidated financial statements – Credit Suisse Group on pages 310 to 311 and Note 37 – Capital adequacy in VI – Consolidated financial statements – Credit Suisse Group on pages 387 to 388 of the attached Annual Report 2018 and, for the Bank, please see Note 24 – Long-term debt in VIII – Consolidated financial statements – Credit Suisse (Bank) on page 459 and Note 36 – Capital adequacy in VIII – Consolidated financial statements – Credit Suisse (Bank) on page 509 of the attached Annual Report 2018.

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 22 to 30 of the attached Annual Report 2018.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet and off-balance sheet on pages 183 to 186 of the attached Annual Report 2018. 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 VI – Consolidated financial statements – Credit Suisse Group on pages 339 to 358 of the attached Annual Report 2018 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 VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 478 to 489, and Note 13 – Derivative financial instruments in IX – Parent company financial statements – Credit Suisse (Bank) on pages 544 to 546 of the attached Annual Report 2018.

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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 and off-balance sheet – Contractual obligations and other commercial commitments on page 185 of the attached Annual Report 2018.

Item 6. Directors, senior management and employees.

A – Directors and senior management.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Board of Directors, – Board Committees, – Biographies of the Board members, – Executive Board and – Biographies of the Executive Board members on pages 197 to 226 of the attached Annual Report 2018.

B – Compensation.

For Credit Suisse and the Bank, please see V – Compensation on pages 237 to 264 of the attached Annual Report 2018. In addition, for Credit Suisse, please see Note 10 – Compensation and benefits in VI – Consolidated financial statements – Credit Suisse Group on page 292, Note 29 – Employee deferred compensation in VI – Consolidated financial statements – Credit Suisse Group on pages 322 to 326, Note 31 – Pension and other post-retirement benefits in VI – Consolidated financial statements – Credit Suisse Group on pages 329 to 338, Note 6 – Personnel expenses in VII – Parent company financial statements – Credit Suisse Group on page 424 and Note 22 – Shareholdings in VII – Parent company financial statements – Credit Suisse Group on pages 430 to 431 of the attached Annual Report 2018. For the Bank, please see Note 10 – Compensation and benefits in VIII – Consolidated financial statements – Credit Suisse (Bank) on page 446, Note 28 – Employee deferred compensation in VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 467 to 469, Note 30 – Pension and other post-retirement benefits in VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 471 to 477, Note 6 – Personnel expenses in IX – Parent company financial statements – Credit Suisse (Bank) on page 540, Note 17 – Pension plans in IX – Parent company financial statements – Credit Suisse (Bank) on page 548 and Note 23 – Shareholdings of the Board of Directors, Executive Board and employees and information on compensation plans in IX – Parent company financial statements – Credit Suisse (Bank) on pages 552 to 553 of the attached Annual Report 2018.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance on pages 187 to 230 of the attached Annual Report 2018.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Overview – Corporate Governance framework – Employee relations on page 191 of the attached Annual Report 2018. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Credit Suisse – Employees and other headcount on page 68 of the attached Annual Report 2018.

E – Share ownership.

For Credit Suisse and the Bank, please see V – Compensation on pages 237 to 264 of the attached Annual Report 2018. In addition, for Credit Suisse, please see Note 29 – Employee deferred compensation in VI – Consolidated financial statements – Credit Suisse Group on pages 322 to 326, and Note 22 – Shareholdings in VII – Parent company financial statements – Credit Suisse Group on pages 430 to 431 of the attached Annual Report 2018. For the Bank, please see Note 28 – Employee deferred compensation in VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 467 to 469, and Note 23 – Shareholdings of the Board of Directors, Executive Board and employees and information on compensation plans in IX – Parent company financial statements – Credit Suisse (Bank) on pages 552 to 553 of the attached Annual Report 2018.

Item 7. Major shareholders and related party transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate Governance – Shareholders on pages 192 to 196 of the attached Annual Report 2018. In addition, for Credit Suisse, please see Note 3 – Business developments, significant shareholders and subsequent events in VI – Consolidated financial statements – Credit Suisse Group on page 288, Note 16 – Credit Suisse Group shares held by subsidiaries in VII – Parent company financial statements – Credit Suisse Group on page 427, Note 17 – Purchases and sales of treasury shares in VII – Parent company financial statements – Credit Suisse Group on page 428 and Note 18 – Significant shareholders in VII – Parent company financial statements – Credit Suisse Group on page 428 of the attached Annual Report 2018. 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 IX – Parent company financial statements – Credit Suisse (Bank) on page 551 of the attached Annual Report 2018.

B – Related party transactions.
For Credit Suisse and the Bank, please see V – Compensation on pages 237 to 264 and IV – Corporate Governance – Additional information – Banking relationships with Board and Executive Board members and related party transactions on page 227 of the attached Annual Report 2018. In addition, for Credit Suisse, please see Note 30 – Related parties in VI – Consolidated financial statements – Credit Suisse Group on pages 327 to 328 and Note 20 – Assets and liabilities with related parties in VII – Parent company financial statements – Credit Suisse Group on page 429 of the attached Annual Report 2018. For the Bank, please see Note 29 – Related parties in VIII – Consolidated financial statements – Credit Suisse (Bank) on page 470 and Note 24 – Amounts receivable from and amounts payable to related parties in IX – Parent company financial statements – Credit Suisse (Bank) on page 554 of the attached Annual Report 2018.
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 VI – Consolidated financial statements – Credit Suisse Group on pages 389 to 399 of the attached Annual Report 2018. For a description of the Bank’s legal and arbitration proceedings, please see Note 38 – Litigation in VIII – Consolidated financial statements – Credit Suisse (Bank) on page 510 of the attached Annual Report 2018.
For a description of Credit Suisse’s policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Dividends and dividend policy on pages 140 to 141 of the attached Annual Report 2018.
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 X – Additional information – Other information – Listing details on page 576 of the attached Annual Report 2018. 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 – Overview – Corporate Governance framework, – Shareholders and – Board of Directors on pages 192 to 203 of the attached Annual Report 2018. In addition, for Credit Suisse, please see X – Additional information – Other information – Exchange controls and – American Depositary Shares on page 572 of the attached Annual Report 2018. 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 the date of this Form 20-F.
D – Exchange controls.
For Credit Suisse and the Bank, please see X – Additional information – Other information – Exchange controls on page 572 of the attached Annual Report 2018.

E – Taxation.
For Credit Suisse, please see X – Additional information – Other information – Taxation on pages 572 to 575 of the attached Annual Report 2018. 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, which contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. 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 is not incorporated by reference into this Form 20-F.
In addition, Credit Suisse's parent company financial statements, together with the notes thereto, are set forth on pages 417 to 432 of the attached Annual Report 2018 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 517 to 558 of the attached Annual Report 2018 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 46 to 56 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 142 to 182 of the attached Annual Report 2018.
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 – Additional information – Other information – Fees and charges for holders of ADS on page 229 of the attached Annual Report 2018. 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 VI – Consolidated financial statements – Credit Suisse Group on pages 414 to 416 of the attached Annual Report 2018. 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 VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 514 to 516 of the attached Annual Report 2018.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Board of Directors – Board committees – Audit Committee on page 205 of the attached Annual Report 2018.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Overview – Corporate governance framework on pages 188 to 191 of the attached Annual Report 2018.

Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate Governance – Additional information – External audit on pages 227 to 228 of the attached Annual Report 2018.

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 – Share repurchases on page 140 of the attached Annual Report 2018. 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 – Additional Information – Other information – Complying with rules and regulations on pages 228 to 229 of the attached Annual Report 2018. 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 265 to 416 of the attached Annual Report 2018 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 433 to 516 of the attached Annual Report 2018 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of June 6, 2017 (incorporated by reference to Exhibit 3.1 of Credit Suisse Group AG's registration statement on Form F-3 (No. 333-218604) filed on June 8, 2017). https://www.sec.gov/Archives/edgar/data/29646/000104746917003893/a2231913zex-3_1.htm

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). https://www.sec.gov/Archives/edgar/data/1053092/000137036815000028/a140320ar-ex1_2.htm

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG as of February 7, 2019.

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 on March 12, 2013). https://www.sec.gov/Archives/edgar/data/1053092/000110465913019700/a13-7039_1ex99d1.htm

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 on March 12, 2013). https://www.sec.gov/Archives/edgar/data/1053092/000110465913019700/a13-7039_1ex99d2.htm

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 on March 12, 2013). https://www.sec.gov/Archives/edgar/data/1053092/000110465913019700/a13-7039_1ex99d3.htm

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). https://www.sec.gov/Archives/edgar/data/1053092/000137036813000020/a130322ar-ex4_4.htm

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). https://www.sec.gov/Archives/edgar/data/1053092/000137036813000020/a130322ar-ex4_5.htm

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). https://www.sec.gov/Archives/edgar/data/1053092/000137036814000030/a140403ar-ex4_6.htm

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 40 – Significant subsidiaries and equity method investments in VI – Consolidated financial statements – Credit Suisse Group on pages 400 to 402, and significant subsidiaries of the Bank are set forth in Note 39 – Significant subsidiaries and equity method investments in VIII – Consolidated financial statements – Credit Suisse (Bank) on pages 511 to 513 of the attached Annual Report 2018 and incorporated by reference herein.

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

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

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

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

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

101.1 Interactive Data Files (XBRL-Related Documents).
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SIGNATURES

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

CREDIT SUISSE GROUP AG
(Registrant)
Date: March 22, 2019

/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 22, 2019

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

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Key metrics

		in / end of		% change	
	2018	2017	2016	18 / 17	17 / 16
Credit Suisse (CHF million)					
Net income/(loss) attributable to shareholders	2,024	(983)	(2,710)	–	(64)
Basic earnings/(loss) per share (CHF)	0.79	(0.41)	(1.27)	–	(68)
Diluted earnings/(loss) per share (CHF)	0.77	(0.41)	(1.27)	–	(68)
Return on equity (%)	4.7	(2.3)	(6.1)	–	–
Return on tangible equity (%)	5.4	(2.6)	(6.9)	–	–
Effective tax rate (%)	40.4	152.9	(19.5)	–	–
Core Results (CHF million)					
Net revenues	21,628	21,786	21,594	(1)	1
Provision for credit losses	244	178	141	37	26
Total operating expenses	16,631	17,680	17,960	(6)	(2)
Income before taxes	4,753	3,928	3,493	21	12
Cost/income ratio (%)	76.9	81.2	83.2	–	–
Assets under management and net new assets (CHF billion)					
Assets under management	1,347.3	1,376.1	1,251.1	(2.1)	10.0
Net new assets	56.5	37.8	26.8	49.5	41.0
Balance sheet statistics (CHF million)					
Total assets	768,916	796,289	819,861	(3)	(3)
Net loans	287,581	279,149	275,976	3	1
Total shareholders' equity	43,922	41,902	41,897	5	0
Tangible shareholders' equity	38,937	36,937	36,771	5	0
Basel III regulatory capital and leverage statistics (%)					
CET1 ratio	12.6	13.5	13.5	–	–
Look-through CET1 ratio	12.6	12.8	11.5	–	–
Look-through CET1 leverage ratio	4.1	3.8	3.2	–	–
Look-through tier 1 leverage ratio	5.2	5.2	4.4	–	–
Share information					
Shares outstanding (million)	2,550.6	2,550.3	2,089.9	0	22
of which common shares issued	2,556.0	2,556.0	2,089.9	0	22
of which treasury shares	(5.4)	(5.7)	0.0	(5)	–
Book value per share (CHF)	17.22	16.43	20.05	5	(18)
Tangible book value per share (CHF)	15.27	14.48	17.59	5	(18)
Market capitalization (CHF million)	27,605	44,475	30,533	(38)	46
Dividend per share (CHF)	0.2625	0.25	0.70	–	–
Number of employees (full-time equivalents)					
Number of employees	45,680	46,840	47,170	(2)	(1)

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 direct 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 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.

Message from the Chairman and the Chief Executive Officer

2018 was the year we successfully completed our restructuring and achieved our first annual post-tax profit since 2014, with CHF 2.02 billion of net income attributable to shareholders. We have delivered on the strategy we defined in 2015 of creating a leading wealth manager with strong investment banking capabilities.

Dear shareholders, clients and colleagues

When we launched our restructuring program three years ago, our objective was to become a leading, resilient wealth manager with strong investment banking capabilities. We are pleased to report that we have delivered on the goals we set ourselves in 2015.

Our restructuring was aimed at taking advantage of the growing global wealth by profitably growing our wealth management activities as well as making the Group more resilient by reducing risks, cutting costs and strengthening our capital base. We wanted to grow our Wealth Management-related revenues, and within that category, our recurring income streams. We wanted to establish a culture of generating profitable, sustainable, compliant growth. We also set out to right-size our Global Markets (GM) business. Last but not least, we wanted to deal resolutely with our key legacy issues. These objectives have broadly been achieved, and our performance in 2018, in a challenging market environment, with severe stresses particularly in the final quarter of the year, illustrates the progress we have made since 2015.

In our Wealth Management-related businesses, we intend to continue to follow a balanced approach between mature and emerging markets and focus on ultra-high net worth (UHNW), high net worth (HNW) and entrepreneur clients in our core markets. We will serve these clients' private wealth and business financial needs across our suite of products and services, working to deliver an integrated offering and delivering bespoke solutions in our efforts to help them grow and protect their wealth and business needs. Having both strong wealth management skills and strong investment banking capabilities is therefore crucial for us and key to the success of our strategy.

A strategy that delivers

During 2018, we continued to deliver on our objectives in spite of significant market volatility during the year. In the first half of 2018, markets were favorable, and we experienced strong client activity. In the second half of the year, we faced more challenging market conditions and a significant drop in client activity resulting from a combination of factors, including increasing trade tensions, concern about the potential impact of higher US interest rates and a rise in geopolitical uncertainty. Despite these challenges, we operated profitably in every quarter on both a reported and adjusted basis, including the fourth quarter, which saw quite extreme market conditions not seen in many years. We achieved the highest fourth quarter adjusted* income before taxes since 2013 in the fourth quarter of 2018, our ninth consecutive quarter of year-on-year growth. Income before taxes for 2018 was CHF 3.37 billion, up 88% year on year, and on an adjusted* basis, income before taxes rose 52% year on year to CHF 4.19 billion.

Our performance in 2018 is a testament to the actions we have taken during our restructuring to create a Group that should now be more resilient in the face of market turbulence. By dealing with legacy issues effectively, reallocating capital towards our more stable, capital-efficient and profitable Wealth Management-related and Investment Banking & Capital Markets (IBCM) businesses and right sizing our GM activities, we have built what we had set out to create: a leading wealth manager with strong investment banking capabilities.

We reported net income attributable to shareholders of CHF 2.02 billion for 2018. This was our first annual post-tax profit since 2014, despite a higher than expected effective tax rate of 40% for the year.

Driving profitable, compliant growth

We have made substantial progress in rebalancing the allocation of our capital towards our Wealth Management-related and Investment Banking & Capital Markets businesses. In 2015, we were faced with a more market-dependent business that delivered volatile revenues and had high fixed costs combined with high and rising capital needs. We have since transformed the business. We sought to gear the Group towards more recurring revenues from our Wealth Management-related businesses. We did this by allocating more capital to the Swiss Universal Bank (SUB), International Wealth Management (IWM) and Asia Pacific Wealth Management & Connected (APAC WM&C). We also focused on increasing collaboration across divisions; a prime example of which is our International Trading Solutions (ITS) business that brings together talent from across GM, IWM and SUB to deliver bespoke, institutional quality solutions to our UHNW and HNW clients. Since the start of this reshaping of our business, our Wealth Management-related adjusted* net revenues have grown at a 5% compound annual growth rate since 2015, an industry leading performance in a period marked by several successive, severe market dislocations, such as in the last quarter of 2015 and in the last quarter of 2018.

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

The outlook for continued growth in wealth management remains attractive. The global pool of wealth has nearly doubled over the last ten years and as it continues to grow, we are seeing positive momentum across our Wealth Management-related businesses, where thanks to our disciplined approach to growth, risk, capital and costs, we have been able to produce higher profits and higher returns on capital since 2015. In 2018, we reported strong Wealth Management net new assets of CHF 34.4 billion, the result of net inflows in every quarter. Importantly, approximately 75% of these net new assets came from UHNW clients compared to approximately 50% in 2015. Across the Group, we attracted total net new assets of CHF 56.5 billion, up 49% year on year. The Group has grown healthily throughout its restructuring: since 2015, we have attracted more than CHF 120 billion of net new assets. At the end of 2018, we reached a total of CHF 1.35 trillion in assets under management.

In our home market here in Switzerland, we made strong progress in SUB delivering an adjusted* income before taxes of CHF 2.2 billion, up 18% year on year. Both Private Clients and Corporate & Institutional Clients delivered improved adjusted* income before taxes in 2018, reflecting strong revenues and rigorous cost discipline. SUB's increased full-year profitability was the result of both an increase in adjusted* net revenues to CHF 5.5 billion, with increased recurring commissions and fees and net interest income, and cost reductions.

In IWM, we had a successful year with adjusted* income before taxes up 21% year on year, reaching our target of CHF 1.8 billion. This step change in profitability was achieved in a challenging environment. IWM achieved adjusted* net revenues of CHF 5.4 billion in 2018, growing 4% year on year. In Private Banking, adjusted* income before taxes was up 24% at CHF 1.4 billion, driven by 7% revenue growth, with higher revenues across all major categories, and in Asset Management, adjusted* income before taxes grew by 12% to CHF 427 million.

In APAC, we generated adjusted* income before taxes of CHF 804 million in 2018, slightly higher than the prior year. Our performance in the division reflects the resilience of our wealth management strategy and our leading business franchises within the region as 2018 was marked by significant market dislocation across Asia, reporting the worst fourth quarter for Asian equity markets since 2008. APAC WM&C's adjusted* income before taxes of CHF 797 million in 2018 was down 3%. APAC Markets reported an adjusted* income before taxes of CHF 7 million in 2018, an improvement from the adjusted* loss before taxes of CHF 28 million in 2017, despite market conditions.

In IBCM, we delivered 4% year on year growth with adjusted* income before taxes of CHF 429 million in 2018. This result was driven by a 2% increase in net revenues, resulting from strong performance in advisory, particularly M&A, which was partially offset by lower financing activity, in line with the Street[1]. Total global advisory and underwriting revenues for 2018 were USD 4.0 billion, down 2% year on year, but outperforming the Street[2] in a challenging market environment.

In GM, we demonstrated strict resource and risk discipline in a challenging operating environment characterized by high levels of volatility and widening credit spreads. GM was profitable in 2018 with an adjusted* income before taxes of CHF 406 million. We maintained a dynamic approach to capital management and decreased our leverage exposure by 13%. Additionally, our adjusted* total operating expenses decreased by 7% year on year to CHF 4.6 billion.

Delivering value to our shareholders post-restructuring

At our Investor Day in December 2018, we announced our intention to distribute at least 50% of net income to shareholders in 2019 and 2020.

We also announced that the Board of Directors approved a buyback of Group ordinary shares of up to CHF 1.5 billion for 2019 and that we anticipate to buy back at least CHF 1 billion of shares this year, subject to market and economic conditions. In addition, we said that we would expect a similar buyback program in 2020, subject to approval by the Board of Directors. We are pleased to inform you that we have effectively started our buyback program for 2019. As of March 7, 2019, we repurchased 21.3 million shares, worth CHF 261 million.

Finally, at the same 2018 Investor Day, we informed you, our shareholders, that we expect to generate a sustainable ordinary dividend and to increase it by at least 5% per annum. At the presentation of our full year and fourth quarter 2018 results in February 2019, we told the market that the Board of Directors will propose to shareholders at our Annual General Meeting on April 26, 2019 a distribution of CHF 0.2625 per share out of capital contribution reserves for the financial year 2018. 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.

We are pleased that the Group is now on a strong footing and in a position to deliver tangible returns to our shareholders through the return of capital, following the completion of our restructuring and the continued execution of our successful strategy.

With a much reduced cost base, focusing now on productivity gains and investment

Thanks to our focus on costs and on our strategic approach to cost management, we were able to exceed our target for the reduction of our adjusted* operating cost base, which stood at CHF 16.5 billion in 2018, at the end our restructuring program, CHF 0.5 billion below our target of less than CHF 17 billion. Since the end of 2015 we have recorded cumulative net cost savings of CHF 4.6 billion, exceeding our target of a reduction of greater than CHF 4.2 billion. All these costs are measured at constant foreign exchange rates fixed at the end of 2015 to provide transparency and to allow our shareholders to monitor the effectiveness of our cost program during the Group's restructuring. A significant proportion of our sustainable cost savings was achieved through strategic decisions about our portfolio of businesses, a number of which were exited or reduced in scale. At the same time we have made substantial investments, focusing in particular on risk and compliance, within our corporate functions, as well as rebuilding our equities franchise with a number of senior hires. Talent management has remained an essential focus during the restructuring as a part of our efforts to ensure we have the right people in the right roles across our business.

As we said at our 2018 Investor Day, we have effectively transformed our cost base, and we are pleased with the gains we have made in returning the Group to efficiency.

We expect to continue operating efficiently in 2019 and beyond, as is standard practice for any business. We will continue to allocate capital to the divisions that we expect will deliver recurring revenues by seeking to invest in talent, subject to market and economic conditions, and further transforming our technology through digitalization, robotics and automation.

Stronger capital position with significantly lower risk

We substantially strengthened our capital position in 2018 as we exceeded our targets for common equity tier 1 (CET1) and leverage ratios. We delivered a CET1 ratio of 12.6% and a Tier 1 leverage ratio of 5.2%

These capital and leverage ratios are already above the levels prescribed by the Swiss requirements that enter into force in 2020. In addition, and most importantly, we have strengthened our business by significantly reducing the Group's risk management value-at-risk since 2015.

Also, our US intermediate holding company completed its first public Comprehensive Capital Analysis and Review stress test in 2018, with the Board of Governors of the Federal Reserve System not objecting to the company's 2018 capital plan.

Given the uncertain macro-economic environment over the last three years, these achievements underscore both the balance and resilience of our new operating model.

Completed the wind down of legacy assets

At the same time as growing our revenues and reducing costs, we have reduced the overall level of risk at Credit Suisse and dealt effectively with our key legacy issues.

The Strategic Resolution Unit (SRU), which we set up in 2015 to help us dispose of and de-risk our legacy positions, closed on schedule at the end of 2018. It recorded an adjusted* loss before taxes of CHF 1.2 billion for the year, down from CHF 2.9 billion in 2016. The residual portfolio has been transferred to the Asset Resolution Unit and will be separately disclosed within the Corporate Center as of January 1, 2019. The closure of the SRU was a key milestone in the completion of our restructuring program.

Embedding a culture of compliance

One of the key goals we set ourselves at the start of the restructuring program was to significantly upgrade our risk and compliance controls and improve our culture. Regulation has changed the face of banking over the last decade and we believe in these changes and embrace them fully. We have aligned ourselves, as an organization, to the rules and regulations across the jurisdictions in which we operate, making our operations more resilient and our business stronger. In September 2018, FINMA said it had identified deficiencies in Credit Suisse AG's anti-money laundering due diligence obligations as well as shortcomings in our control mechanisms and risk management. We have continuously enhanced our compliance and control framework over the last three years – independent of this review. FINMA acknowledged the numerous proactive measures we have adopted since the end of 2015 to strengthen our compliance procedures. As a further measure, the Group took a decisive step in the fourth quarter of 2018 to enhance its compliance oversight at the Board level through the establishment of a new Board committee. The Conduct and Financial Crime Control Committee became effective in early 2019 and assumes responsibility for the supervision of the Group's financial crime compliance programs and related conduct and ethics initiatives. We believe the set-up of this new Board committee, combined with the many improvements implemented and continuous efforts by management, firmly signals the Group's commitment to rigorously address financial crime risk and ensure that the highest standards of conduct and vigilance are maintained throughout the Group.

In February 2019, we made a series of changes to our Group Executive Board to reflect the quality of talent available at Credit Suisse. Among these was the appointment of Lara Warner to the role of Group Chief Risk Officer. Lara was previously the Group's Chief Compliance & Regulatory Officer, a position that was created in 2015 when we set up our Compliance and Regulatory Affairs function. Lara's contribution to the Executive Board and Group over the past three years has been outstanding, as she has overseen the development of industry leading compliance capabilities in an area crucial to our growth strategy. She has created a modern, technology-enabled compliance organization with cutting-edge tools that aim to identify and detect threats across our entire platform while also engaging in efforts to strengthen relationships with our key regulators around the world.

We also announced that Lydie Hudson has been appointed to the role of Chief Compliance Officer, joining the Group Executive Board. Lydie has been with the firm for eleven years, serving most recently as Chief Operating Officer of GM; she has been instrumental in reshaping of the division during the restructuring period. At the same time, Antoinette Poschung was appointed as Global Head of Human Resources, joining the Group Executive Board. Since joining Credit Suisse in 2008, Antoinette has played a key role in talent development across the organization as well as heading a number of Human Resources functions for the Group.

Our compliance and regulatory affairs function has now been split given the growing importance of our relationship with regulators. Regulatory Affairs has been integrated into the CEO office, and the Global Head of Regulatory Affairs will continue maintaining close interaction with our key regulators around the world.

Finally, as part of our restructuring program, we have invested significantly in upgrading our compliance and control frameworks. We increased our headcount in compliance by over 40% over the last three years. We also completed a significant review of over 30,000 legacy clients and over 10,000 control issues and improvements were implemented across the Group. We used cutting edge technology, as previously mentioned, to move from 12 legacy platforms to one strategic platform. Since late 2015, we have rolled out new compliance tools Group-wide, including our Single Client View which now covers 99% of our wealth management clients. Additionally, we rolled out Trader Holistic Surveillance covering all traders globally and Relationship Manager Holistic Surveillance covering approximately 80% of relationship managers.

Banks propel global economic activity

Throughout our restructuring, we remained acutely conscious of our purpose and role as a global financial services group. Banks play an integral role in the local, regional and global economies. We are where people should turn to for safety, trust and reliability. We are meant to offer individuals and companies the comfort of depositing savings safely, to manage their payments securely and to act as financial intermediaries, connectors across markets and economies, bringing borrowers and lenders together, being the catalysts for opportunity and growth.

As banks, we have a duty to our communities and societies as our businesses and activities are often intertwined, even deeply rooted, in the prosperity of others. As a result, Credit Suisse always strives to carry out all its activities in accordance with clear principles and values – particularly our commitment to operating responsibly and with integrity in the interests of our stakeholders.

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In 2017, we announced the establishment of Impact Advisory and Finance (IAF), a department that aims to facilitate projects and initiatives for clients that have a positive economic and social impact, while generating a financial return. IAF is generating significant momentum across both wealth management as well as corporate and investment banking. The department has successfully helped seed impact investing funds in several parts of the world, partnered with the world's leading international organizations working on furthering investment in this space, and continues to drive our international green finance underwriting efforts.

Outlook

We experienced widespread volatility and lower client activity levels across the market in 2018, particularly in the second half. Looking at 2019, while sentiment did improve slightly at the start of the year, as signs of normalization returned to both equity and debt markets, investor concerns continue to weigh on the environment and a cautious approach to investing prevails.

The uncertain political climate in a number of major world economies as well as potential disruptions to world trade continue to be clear concerns. However, with our lower cost base, the reduction of our exposure to risk, our flexible and diversified model and the benefits flowing from the closure of our SRU, we expect to remain resilient in the face of strong headwinds and believe we are well positioned to take advantage of any potential upside.

Looking to the future of Credit Suisse in 2019 and beyond, we believe that the Group will benefit greatly from its position post-restructuring and from its strategic focus on wealth management combined with strong investment banking capabilities. Our target is to achieve a Group reported return on tangible equity of between 10% and 11% for 2019 and between 11% and 12% for 2020, assuming a flat revenue environment and capitalizing on factors under our control. We aim to achieve higher returns with –continued revenue growth in our Wealth Management-related businesses and IBCM, cost efficiencies and lower funding costs, as well as by select strategic investments, subject to market conditions.

We are now, more than ever before, well positioned to take advantage of a number of macro trends that we believe will remain supportive over the long term. We believe that global wealth will continue to grow; entrepreneurs will continue to require the services of our leading investment banking franchise; Switzerland will remain an attractive banking market; sales and trading revenue pools will continue to stagnate or decline worldwide; and both emerging and mature markets will offer attractive growth dynamics over the long term.

At the conclusion of our restructuring, we would like to thank our team of close to 46,000 employees worldwide for their hard work and commitment throughout this period of transformation. We could not have delivered on our goals and objectives without their dedication, effort and time. We would also like to express our thanks to our clients and shareholders for their continued trust and support over the last three years and into the future.

Best regards

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

March 2019

1 Source: Dealogic data (Americas and EMEA) for the period ending December 31, 2018.

2 Source: Dealogic data (Global) for the period ending December 31, 2018.

Important Information

* Adjusted results are non-GAAP financial measures that exclude certain items included in our reported results. Refer to "Reconciliation of adjusted results" in I – Information on the –company – Strategy and II – Operating and financial review – Credit Suisse for a reconciliation of the adjusted results to the most directly comparable US GAAP measures and to "–Financial goals" in I – Information on the company – Strategy for further information on estimates and targets that are non-GAAP financial measures.

References to Wealth Management mean Private Clients within Swiss Universal Bank, Private Banking within International Wealth Management, and Private Banking within Wealth –Management & Connected in Asia Pacific or their combined results. References to Wealth Management-related mean Swiss Universal Bank, International Wealth Management and Asia Pacific Wealth Management & Connected or their combined results.

For further details on capital-related information, see "Capital Management-Regulatory Capital Framework" in III-Treasury, Risk, Balance sheet and Off-balance sheet.

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" and in the "Cautionary statement regarding forward-looking information" in our Annual Report on Form 20-F for the fiscal year ended December 31, 2018 filed with the US Securities and Exchange Commission and other public filings and press releases. We do not intend to update these forward-looking statements.

Interview with the Chairman and the Chief Executive Officer

How satisfied are you with the progress achieved by Credit Suisse since the start of the restructuring?

Chairman: We have come a very long way since we began transforming the bank in late 2015 on the basis of our newly developed strategy. Together with Tidjane Thiam who assembled a new management team, we embarked on an ambitious plan to fundamentally alter the structure and activities of Credit Suisse – right down to the individual businesses. As a global bank with more than 48,000 employees in 2015 and operations in over 50 countries, that was no small undertaking. I think we have every reason to be satisfied with what we have achieved over the last few years. Credit Suisse is today a very different bank to when we started that journey and is certainly a great deal more resilient.

CEO: I am pleased for our colleagues as they are now starting to see the tangible results of their hard work. The last few years were an intense period for us all, and we faced many headwinds along the way. At the start of the restructuring process in 2015, we identified the most pressing problems we had to tackle. We wanted to achieve sustainable, compliant and profitable growth – shifting our focus to wealth management and leveraging our strong investment banking capabilities. It was also imperative for us to reduce both risks and costs as well as substantially strengthen our balance sheet. We had significant legacy issues to address, and we needed to upgrade our risk and compliance capabilities. We can say that, after three years of continuous effort, we have broadly achieved these objectives. That is a satisfying outcome for all of us at the bank, not to mention our clients and shareholders.

Credit Suisse recently announced new appointments to the Executive Board and senior leadership team. Can you explain the reasons for these changes – and why they are being made at this point in time?

CEO: The organisational structure we established in 2015 has worked well, producing strong results in our three regionally-focused businesses – Swiss Universal Bank (SUB), International Wealth Management (IWM) and Asia Pacific Wealth Management & Connected – in terms of revenue and profit growth, with approximately CHF 100 billion of Wealth Management net new assets acquired over three years. With the transformation of Credit Suisse now complete, we are ready to move into the next phase of our development and are taking the necessary steps to prepare for it. In February 2019, we made a number of new appointments to functional roles on the Executive Board and in our senior leadership team. It is very important for us to be successful in this post restructuring phase we are entering, and we want to ensure that our Group corporate functions are well aligned with our model as they support and interact with our divisions both in terms of effectiveness and efficiency. The recent changes will ensure we continue to make progress on that journey of improvement.

Chairman: The Board of Directors approved these appointments and fully supports the organizational changes, which should allow us to make continued progress on our journey of improvement. In particular, they are designed to ensure that key Group corporate functions – Risk, Compliance, Human Resources, Regulatory Affairs and Investor Relations, Corporate Communications, Marketing & Branding – are better aligned with our strategic model so they can interact with the businesses and support them as efficiently and effectively as possible. Overall, the Group corporate functions are instrumental in helping us to make the right decision for our business as we work towards our long-term goals.

How would you rate Credit Suisse's performance in 2018? Which areas of the business did especially well?

CEO: We performed well in 2018. With CHF 3.37 billion of Group reported pre-tax income in 2018, our income rose by 88% year on year. Net income attributable to shareholders was CHF 2.02 billion – marking our first annual post-tax profit since 2014. Many of our businesses are achieving strong, profitable, compliant growth, especially in our wealth management-focused divisions SUB, IWM and Asia Pacific (APAC). We attracted CHF 34.4 billion of Wealth Management net new assets in 2018 alone, with net inflows reported each quarter. SUB saw a further acceleration in its profitability in 2018, with adjusted* pre-tax income growth of 18% to CHF 2.2 billion. In IWM, we outperformed our closest peers in all our markets, exceeding our adjusted pre-tax income target of CHF 1.8 billion. I was satisfied with the results of our APAC division, given the significant market dislocation we saw towards the end of the year. Our performance in that region shows all the value of our innovative integrated model delivering private banking, investment banking and financing services to our clients. We also made considerable progress in Investment Banking & Capital Markets (IBCM), and in Global Markets (GM), which has demonstrated strict resource and risk discipline in a challenging environment.

How do you explain the disappointing performance of the Credit Suisse share price over the past 12 months? Do you view this as part of a broader trend affecting European financials?

Chairman:

Indeed, our share price and the banking sector as a whole have suffered major losses. Of course, this is anything but pleasing, whether for shareholders, the management team or other employees who would like to see their performance reflected in the value of the company and who are also partly paid in shares. However, we must bear in mind that our share price was impacted by a number of forces which were prevalent across the European banking landscape, and markets as a whole, for most of 2018. With the improvements in profitability management has achieved, we are confident that returns for the Group can continue to improve in 2019 and in the future, subject to market conditions, and should be reflected in a higher share price over time. We expect that in 2019, our shareholders should begin to see the benefits of the restructuring – both through the anticipated return of capital and aimed increase in tangible book value per share as capital generation strengthens.

On the subject of returning capital to shareholders, can you explain the reason for the buyback you announced in December 2018?

CEO: At the end of last year, the Board of Directors approved a share buyback programme of Group ordinary shares of up to CHF 1.5 billion in 2019 because we are committed to returning capital to our shareholders. Credit Suisse began repurchasing shares in January, and we expect to repurchase at least CHF 1.0 billion this year, subject to market and economic conditions. Buybacks are core to satisfying our commitment to shareholders. Our focus is on generating capital and then to distribute at least 50% of net income to shareholders. The reason we favour share buybacks over dividends is they give the company greater flexibility and will allow us to reduce some of the dilution that occurred due to previous capital increases, which were indispensable to eliminate our legacy issues, restructure the Group and return to growth, but were costly for shareholders.

Is your Swiss home market still as important for Credit Suisse in 2019 as it was in the past? How Swiss is today’s Credit Suisse?

Chairman: Yes, absolutely. Switzerland is our home. Our Swiss roots are reflected in our name, and they are just as important today as they were when Alfred Escher established the bank more than 160 years ago. Our decision to create the Swiss Universal Bank division back in 2015 underscores our strong commitment to this market, and it is today the largest contributor to our profits. If you consider that around one in five people and over 100,000 businesses in Switzerland bank with Credit Suisse, and we have more than CHF 160 billion of loans outstanding to Swiss clients, it shows the close ties between our bank and the Swiss economy. Let’s not forget that we are also one of the country’s largest employers, with 15,840 members of our workforce based here. I would also say that compared to other international companies based in Switzerland, Credit Suisse is a very Swiss institution. One-third of the members of our Executive Board are Swiss and a significant proportion of them reside here in Switzerland. We have always made sure that overall, the Board of Directors retains its Swiss nature. In short, our strategy and our ambitions for our Swiss home market remain unchanged.

CEO: I have always believed that in business, like in sport, it is crucially important to be able to ‘win at home’. Creating our Swiss Universal Bank and emphasising the importance of Switzerland was an integral part of my vision for Credit Suisse. Being named ‘Best Bank in Switzerland’ both by ‘The Banker’ magazine and by Euromoney is something we set out to achieve and of which we are all very proud.

At the start of the restructuring, you underscored the scale of the wealth management opportunity in Asia. Do you still believe the region offers the same potential?

CEO: I actually underscored the scale of the opportunity both in mature economies like Switzerland, where we have effectively been able to grow since 2015, and in emerging economies in general, which includes Asia, yes, but also Latin America, the Middle East and Eastern Europe. Focusing on Asia for a moment, it is worth noting that in 2018, the Asia region had around 800 billionaires, an increase of around one-third from the prior year. That is a staggering pace of growth – and yet the private banking market in Asia is still in its infancy. The total volume of wealth in our target segment – ultra-high-net worth clients and entrepreneurs – is estimated at around USD 5,000 billion. At present, as demonstrated by our 2018 results, Credit Suisse is a leader in wealth management in Asia, ranking third in Asia in terms of assets under management, but we still have only a small percentage of the potential market. I see three ways of growing our business in the region. First, our existing clients are becoming ever wealthier, which means our recurring revenue from managing their assets should increase. Second, we can grow our market share with each client – often by offering them solutions to specific opportunities they see or challenges they face. And third, we hope that a good proportion of these new billionaires that are emerging will be attracted by what Credit Suisse can do for them. That’s not to say that we didn’t see challenges across the Asian markets in 2018, with trade tensions and other macro issues impacting client sentiment and risk appetite. However, we continue to believe in the long term attractiveness of the region.

You recently proposed the election of a new Board member from Asia, Shan Li. What kind of insights into the Asia region do you hope to gain from him? And with regard to the second new Board member, Christian Gellerstad, where do you seek to leverage his expertise and experience?

Chairman: I believe both Board members will ideally complement the strengths of the Board with their excellent capabilities and will contribute their expertise to the future development of our strategy. Shan Li has an excellent track record in the financial services industry – especially in the Chinese market, which is of key importance for Credit Suisse. In China, the focus is shifting from industry and manufacturing goods to consumption and services. The healthcare and Information Technology sectors are booming, and we can see plenty of potential for our strategy of being the global “Bank for Entrepreneurs” for our onshore China clients. We are positioning our franchise for an eventual full China market opening, and we expect Shan Li’s experience will be a significant benefit as we move towards this goal. Christian Gellerstad is a well-recognized wealth management expert. His more than two decades of industry experience and leadership expertise in running a private banking business in mature and developing markets should make him ideally positioned to support our growth initiatives in wealth management.

What would you describe as the key ingredients of a successful client relationship? How is this changing as a result of digitalization?

Chairman: I think trust is the most vital ingredient for a successful client relationship. In fact, our entire business works on the basis of trust. Our clients entrust us with their assets and turn to us for advice because they have confidence in our financial expertise and our ability to deliver good performance, as well as in our financial solidity and resilience as a bank. At the same time, we know that for many of our clients, reputation is as important as performance in their choice of financial partner. We therefore work according to clear conduct and ethics standards and expect our employees to act responsibly and with integrity under any circumstances. Last year, Credit Suisse attracted over CHF 56 billion of net new assets. I see that as clear evidence of the trust that clients around the globe place in Credit Suisse.

CEO: I agree that we must earn our clients' trust day after day to build strong relationships with them. I also believe that we must strive to be a professional and reliable partner and deliver our full range of expertise to them – whether it is by providing the best possible investment advice, ensuring best execution of their transactions or protecting and growing their assets. Naturally, we also have to keep pace with their changing needs. With the advance of technology, we are seeing a tectonic shift in what individual clients want and expect from us. For example, millennials drastically differ from previous generations of clients in their consumer behavior. They are technology natives and are purpose-driven. They are demanding faster and more convenient access to our services via their preferred channels, and they want banking to be truly mobile. In response, we are continuing to develop and expand our digital offering along the client lifecycle and are creating user interfaces and consumer touch points that make sense for them. Anticipating and acting on our clients' changing needs is unquestionably a key part of being a successful financial partner.

Credit Suisse has underscored its efforts to resolve legacy issues and to implement a robust compliance and control framework, as well as bringing about a change of culture within the Group. Which concrete steps have you taken? What role does the Board of Directors play in influencing our corporate culture?

Chairman: Resolving legacy issues and upgrading our compliance and control framework with enhanced processes were integral parts of the restructuring process. We also said that we wanted to transform the Group's culture. We have delivered on these objectives through a series of targeted measures. Let me give you a couple of examples: First, to build a culture of integrity and fairness, we recognized the need to have a single set of values for employees across all our businesses and regions. We therefore launched our Group-wide Conduct and Ethics Standards, which promote a shared understanding and expectations in terms of our values and conduct. Naturally, our Code of Conduct, which is endorsed by the Board of Directors and Executive Board, and is binding for all employees as well as Board members, is of key importance in this context. Second, in terms of reinforcing compliance, Credit Suisse fully embraced the regulatory and legislative changes that were introduced over the last decade to remedy the industry's shortcomings. Today, our Compliance unit operates as an independent Executive Board-level function, underscoring its high level of importance within Credit Suisse. As part of the organizational changes I mentioned before, the Regulatory Affairs function now reports directly to the CEO – reflecting the growing importance of our relationship with regulators. In addition, in early 2019, the Board of Directors established the Conduct and Financial Crime Control Committee to monitor and assess the effectiveness of our financial crime compliance programs and initiatives that are focused on further improving conduct and vigilance as part of our efforts to combat financial crime and firmly embed a strong compliance culture in the Group.

Credit Suisse is today placing a strong emphasis on sustainable finance and impact investing – why is this area so important to you?

CEO: Because it is simply the right thing to do. It is therefore not surprising that there has been a notable increase in the demand for sustainable and impact investing products in recent years as more and more investors seek ways of using their capital to have a positive impact on the world while also producing a financial return. Credit Suisse has been active in this space for more than a decade, and we are working hard to meet this growing demand. In 2017, I established the Impact Advisory & Finance (IAF) department, which reports directly to me. It aims to facilitate projects and initiatives for clients that have a positive economic and social impact while delivering financial returns. IAF generated significant momentum across both wealth management and corporate and investment banking in 2018. It is also playing a part in codifying this relatively new but rapidly growing sector. Through these activities, we can contribute to the development of the global economy and support social progress and environmental sustainability.

These are topics that are important to me.

Technology has already transformed much of what Credit Suisse does. In which areas do you expect to see the greatest technological benefits in the coming years? What are the main cyber risks facing the industry and what steps are you taking to protect Credit Suisse and its clients?

Chairman: Technology catalyzes disruptive change and drives progress in our industry. That is why, in 2015, the Board established an Innovation and Technology Committee, an interdisciplinary advisory group to discuss the progress we are making at Credit Suisse in terms of innovation and technology initiatives as well as to consider industry-wide technology trends. The Group's leadership regularly examines the role that innovation and technology will play in the future of banking, and how we can most effectively deploy them across our divisions. In the coming years, I expect

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to see an uptick in the use of technological innovations in banking, leveraging amongst much else the cloud, distributed ledger, automation, robotics and machine-learning as well as data science more generally. Of course, rapid technological development also brings new challenges, for example in the field of cybersecurity, which will be a serious concern across our industry for the foreseeable future. Regulators and companies are working to understand how best to protect banks' data and the integrity of the financial services ecosystem. We continue to invest significantly in our information and cybersecurity programs, and we regularly assess the effectiveness of our key controls. In addition, we routinely conduct employee training to embed a mature cyber risk management culture within the organization.

2019 marks the 200th anniversary of the birth of Credit Suisse's founder Alfred Escher. What do you find most inspiring about him? To what extent is his vision of entrepreneurship still relevant today?

Chairman: What I find most inspiring about Alfred Escher is his incredible entrepreneurial spirit and his desire to bring about lasting change – benefiting the economy and society. In the 19th century, Escher almost single-handedly developed part of the infrastructure of modern Switzerland, including its rail network and the famous Gotthard tunnel. And of course, he founded Credit Suisse in 1856 to raise capital for his infrastructure projects. I am inspired by the courage he showed in pursuing his vision at a time when many of his ideas were met with skepticism. He was relentless in his efforts to drive progress and prosperity. Today, Escher still inspires us with his foresight and determination to make things happen. What we can learn from his vision of entrepreneurship is the importance of anticipating future trends, having the courage of your convictions and thinking creatively to formulate innovative solutions. A portrait of our founder hangs in the boardroom here at our head office in Zurich and is a constant reminder of his great legacy.

What do you expect to be the greatest challenges for Credit Suisse in 2019?

CEO: I believe the main headwinds we will face in 2019 relate to heightened global geopolitical and macroeconomic uncertainties. These include the potential disruptions to world trade due to tensions between the US and China and other uncertainties in the world whether it is the situation in the Middle East in general, the UK's anticipated withdrawal from the EU or the impact of the situation in Venezuela on Latin America, to name a few. These developments are especially challenging due to their potential adverse impact on investor confidence and client activity levels. The continuation of the ultra-low interest rate environment in many countries also places a burden on our business. Nevertheless, I am confident that Credit Suisse can remain resilient in the face of these pressures thanks to our lower cost base, reduced risk exposures, our flexible and diversified business model and the benefits flowing from the closure of our Strategic Resolution Unit. And, of course, we are well positioned to take advantage of any potential upside going forward.

* Adjusted results are non-GAAP financial measures that exclude certain items included in our reported results. For further information relating to this and other descriptions in this interview, please refer to the endnotes in the "Message from the Chairman and the Chief Executive Officer".

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 seek to follow a balanced approach with our wealth management activities, aiming to capitalize on both the large pool of wealth within mature markets as well as the significant growth in wealth in Asia Pacific and other emerging markets. Founded in 1856, we today have a global reach with operations in about 50 countries and 45,680 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 consolidated the remaining portfolios from the former non-‑strategic units plus additional businesses and positions that did 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 Switzerland, which offers attractive growth opportunities and where we can build on a strong market position across our key businesses. Our Private ‑Clients business has a leading franchise in our Swiss home market and serves ultra-high-net-worth individual, high-net-worth individual, affluent and retail clients. Our Corporate & Institutional Clients business serves large corporate clients, small and medium-sized enterprises, institutional clients, external asset managers, financial institutions and commodity traders.

‑International Wealth Management

The International Wealth Management division through its Private Banking business offers comprehensive advisory services and tailored investment and financing solutions to wealthy private clients and external asset managers in Europe, the Middle East, Africa and Latin America, utilizing comprehensive access to the broad spectrum of Credit Suisse’s global resources and capabilities as well as a wide range of proprietary and third-party products and services. Our Asset Management business offers investment solutions and services globally to a broad range of clients, including pension funds, governments, foundations and endowments, corporations and individuals.

Asia Pacific

In the Asia Pacific division, our wealth management, financing and underwriting and advisory teams work closely together to deliver integrated advisory services and solutions to our target ultra-high-net-worth, entrepreneur and corporate clients. Our Wealth Management & Connected business combines our activities in wealth management with our financing, underwriting and advisory activities. Our Markets business represents our equities and fixed income sales and trading businesses, which support our wealth management activities, but also deals extensively with a broader range of institutional clients.

Global Markets

The Global Markets division offers a broad range of financial products and services to client-driven businesses and also supports Credit Suisse's global wealth management businesses and their clients. Our suite of 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.

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 included remaining portfolios from former non-strategic units plus transfers of additional exposures from the business divisions. The unit's primary focus was 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 provided clearer accountability, governance and reporting. Beginning in 2019, the Strategic –Resolution Unit has ceased to exist as a separate division of the Group.

Strategy

Credit Suisse strategy

Our strategy is to be a leading wealth manager with strong investment banking capabilities.

We believe wealth management is one of the most attractive segments in banking. Global wealth has grown significantly over the last ten years and is projected to continue to grow faster than GDP over the next several years, with both emerging markets and mature markets offering attractive growth opportunities. We seek to follow a balanced approach with our wealth management activities, aiming to capitalize on both the large pool of wealth within mature markets as well as the significant growth in wealth in Asia Pacific and other emerging markets.

In the wealth management sector, we expect that emerging markets will account for nearly 60% of the growth in global wealth in the coming years, with more than 60% of that additional wealth expected to be created in Asia Pacific. Wealth is highly concentrated in emerging markets, with wealth creation mostly tied to first and second generation entrepreneurs. 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 and offer an integrated approach across their private and corporate financial needs. We are scaling up our wealth management franchise in emerging markets by recruiting and retaining high-quality relationship managers while prudently managing our lending exposure, building on our strong investment and advisory offering and global investment banking capabilities. At the same time we are investing in our risk management and compliance functions.

Despite slower growth, mature markets are still expected to remain important and account for more than half of global wealth by 2022. We plan to capitalize on opportunities in markets such as Western Europe, with a focused approach to building scale given the highly competitive environment.

Switzerland, as our home market, provides compelling opportunities for Credit Suisse. Switzerland remains the country with the highest average wealth and highest density of affluent clients globally. Switzerland benefits from its highly developed and traditionally resilient economy, where many entrepreneurial small and medium-sized enterprises continue to drive strong export performance. We provide a full range of services to private, corporate and institutional clients with a specific focus on becoming the "Bank for Entrepreneurs" and plan to further expand our strong position with Swiss private, corporate and institutional clients as well as take advantage of opportunities arising from consolidation.

We have simplified and de-risked our Global Markets business model, reducing complexity and cost while continuing to support our core institutional client franchises and maintaining strong positions in our core franchises. We aim to further strengthen our International Trading Solutions business, our product manufacturing and distribution platform relating to our Global Markets, Swiss Universal Bank and International Wealth Management divisions. We have right-sized our operations and reduced risk in a focused way by exiting or downsizing selected businesses consistent with our return on capital objectives and lower risk profile.

In our Investment Banking & Capital Markets division, we have focused on rebalancing our product mix towards advisory and equity underwriting while maintaining our leading leveraged finance franchise. Our objective is to align, and selectively invest in, our coverage and capital resources with the largest growth opportunities and where our franchise is well-positioned. We believe this will help us to strengthen our market position, contribute to a revenue mix that is more diversified and less volatile through the market cycle and achieve returns in excess of our cost of capital. We will continue to leverage Investment Banking & Capital Markets' global connectivity with our other divisions and its platform to drive opportunities for the Group.

We intend to continue with a disciplined approach to cost management across the Group, focusing on continuous productivity improvements that can release resources for growth investments while maintaining a strong operating leverage.

Completion of the three-year restructuring plan

We have successfully completed our ambitious three-year restructuring plan outlined at the Investor Day on October 21, 2015.

Delivered profitable growth

Over the last three years we have rebalanced the allocation of capital towards our high-quality and high-returning Wealth Management-related and Investment Banking & Capital Markets businesses. This has led to a significant shift in our business mix with more than two-thirds of our capital, excluding the Corporate Center and the Strategic

Resolution Unit, allocated to our Wealth Management-related and Investment Banking & Capital Markets businesses. References to our Wealth Management-related businesses mean our Swiss Universal Bank division, our International Wealth Management division and our Wealth Management & Connected business within our Asia Pacific division or their combined results.

Since 2015, we have attracted CHF 100.9 billion of net new assets in Wealth Management, leading to assets under management of CHF 757.2 billion. Our balanced approach in Wealth Management has contributed to positive inflows in mature markets as well as strong inflows in emerging markets. Our focus on growing our entrepreneur and ultra-high-net-worth (UHNW) franchise has been successful with Wealth Management net new assets of CHF 34.4 billion in 2018, an increase of 90% since 2015. References to Wealth Management in connection with net new assets or assets under management measures mean the Private Clients business within Swiss Universal Bank, the Private Banking business within International Wealth Management and the Wealth Management & Connected business within Asia Pacific or their combined results.

In Investment Banking & Capital Markets, we have made notable progress in the execution of our targeted plans for investment grade corporates, non-investment grade corporates and financial sponsors and have improved share of wallet across all of these client segments since 2015.

Our strategic actions have led to strong growth in our Wealth Management-related and Investment Banking & Capital Markets businesses. We have grown our Wealth Management-related and Investment Banking & Capital Markets revenues by CHF 2.0 billion since 2015, which represents a compound annual growth rate of 5%. Our focus on delivering positive operating leverage has continuously driven returns higher in our Wealth Management-related and Investment Banking & Capital Markets businesses as we have achieved an income before taxes of CHF 4.9 billion in 2018, an increase of 159% since 2015 and adjusted income before taxes of CHF 5.2 billion in 2018, an increase of 75% since 2015.

> Refer to “Wealth Management-related businesses and Investment Banking & Capital Markets – Reconciliation of adjusted results” for further information.

Improved the resilience of our business model

A key focus of our strategy has been to make the bank more resilient in challenging market conditions while preserving our ability to benefit when markets are more favorable.

Over the last three years we have significantly lowered the breakeven point of the Group. In 2015, we announced our strategic cost transformation program with the aim of reducing our adjusted operating cost base measured at constant 2015 foreign exchange rates to below CHF 17 billion, in order to achieve net savings of more than CHF 4.2 billion. We successfully completed the program at the end of this year, achieving reported total operating expenses of CHF 17.3 billion and an adjusted operating cost base of CHF 16.5 billion.

> Refer to “Operating cost base – Reconciliation of adjusted results” for further information.

Since 2015, we have substantially lowered the risk profile of our business activities. On a Group level we have reduced average Value-at-Risk by 41% and reduced level 3 assets by 50%. In our Global Markets business we have successfully restructured our business portfolio while maintaining our core franchise strengths and reducing risk-weighted assets and leverage exposure since the third quarter of 2015.

We have significantly strengthened our capital position since the third quarter of 2015 with look-through common equity tier 1 (CET1) capital of CHF 35.9 billion and Tier 1 capital of CHF 46.1 billion as of year-end 2018. Our look-through CET1 ratio has increased from 10.2% in the third quarter of 2015 to 12.6% at year-end 2018 and our look-through Tier 1 leverage ratio has increased from 3.9% in the third quarter of 2015 to 5.2% as of year-end 2018. In addition we have established a dedicated compliance function in 2015 and made sizeable investments to upgrade our compliance and control frameworks as well as strengthened our risk management function.

Resolved legacy issues and wound-down our Strategic Resolution Unit

Over the last three years, we have resolved major litigation issues including the US Department of Justice (DOJ) residential mortgage-backed securities (RMBS) matter.

At year-end 2018 the Strategic Resolution Unit was wound down as a separate division. We achieved the targets we set for the Strategic Resolution Unit in 2015, releasing significant capital for the Group and substantially reducing the negative impact on income before taxes. The residual portfolio remaining as of December 31, 2018 is now managed in an Asset Resolution Unit (ARU) and will be separately disclosed within the Corporate Center.

Reconciliation of adjusted results

Adjusted results referred to in this document are non-GAAP financial measures that exclude certain 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 consistently over time, on a basis that excludes items that management does not consider representative of our underlying performance.

The adjusted operating cost base at constant foreign exchange rates from 2015 includes adjustments as made in all our disclosures for restructuring expenses, major litigation provisions, expenses related to business sales and a goodwill impairment taken in the fourth quarter of 2015 as well as adjustments for debit valuation adjustments (DVA) related volatility, foreign exchange impacts and for certain accounting changes which had not been in place at the launch of the cost savings program. Adjustments for certain accounting changes have been restated to reflect grossed up expenses in the Corporate Center and, starting in the first quarter of 2018, also include adjustments for changes from ASU 2014-09 “Revenue from Contracts with Customers”. Adjustments for foreign exchange apply unweighted currency exchange rates, i.e., a straight line average of monthly rates, consistently for the periods under review.

Wealth Management-related businesses and Investment Banking & Capital Markets –
Reconciliation of adjusted results

	Wealth Management-related businesses			Investment Banking & Capital Markets		Total	
in	2018	2017	2015	2018	2015	2018	2015
Adjusted results (CHF million)							
Net revenues	**13,268**	**12,829**	**11,631**[1]	**2,177**	**1,787**	**15,445**	**13,418**
Real estate gains	(23)	0	(95)	0	0	(23)	(95)
(Gains)/losses on business sales	(92)	28	(34)	0	0	(92)	(34)
Adjusted net revenues	**13,153**	**12,857**	**11,502**	**2,177**	**1,787**	**15,330**	**13,289**
Provision for credit losses	**186**	**117**	**174**	**24**	**0**	**210**	**174**
Total operating expenses	**8,561**	**8,797**	**9,252**[2]	**1,809**	**2,101**	**10,370**	**11,353**
Goodwill impairment	0	0	(446)	0	(380)	0	(826)
Restructuring expenses	(243)	(150)	(79)	(84)	(22)	(327)	(101)
Major litigation provisions	(116)	(97)	(299)	(1)	0	(117)	(299)
Expenses related to business sales	(47)	0	0	0	0	(47)	0
Adjusted total operating expenses	**8,155**	**8,550**	**8,428**	**1,724**	**1,699**	**9,879**	**10,127**
Income/(loss) before taxes	**4,521**	**3,915**	**2,205**	**344**	**(314)**	**4,865**	**1,891**
Total adjustments	291	275	695	85	402	376	1,097
Adjusted income before taxes	**4,812**	**4,190**	**2,900**	**429**	**88**	**5,241**	**2,988**

1
Excludes net revenues of CHF 148 million for Swisscard.

2
Excludes operating expenses of CHF 123 million for Swisscard.

Operating cost base - Reconciliation of adjusted results

in	2018	2017	2016	2015
Adjusted results (CHF million)				
Total operating expenses	**17,303**	**18,897**	**22,337**	**25,895**
Goodwill impairment	0	0	0	(3,797)
Restructuring expenses	(626)	(455)	(540)	(355)

Major litigation provisions	(244)	(493)	(2,707)	(820)
Expenses related to business sales	(51)	(8)	0	0
Debit valuation adjustments (DVA)	46	(83)	0	0
Certain accounting changes	(228)	(234)	(70)	(58)
Operating cost base before foreign exchange adjustment	**16,200**	**17,624**	**19,020**	**20,865**
Foreign exchange adjustment [1]	334	326	291	310
Adjusted operating cost base	**16,534**	**17,950**	**19,311**	**21,175**

1
Calculated at constant 2015 foreign exchange rates.

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Financial goals

At the Investor Day on December 12, 2018, we communicated our return on tangible equity (RoTE) targets for the Group. We confirmed our RoTE target of 10 – 11% for 2019 and 11 – 12% for 2020 and announced a target of above 12% beyond 2020.

For 2019 and 2020, we plan to distribute at least 50% of net income to shareholders, primarily through share buybacks and the distribution of a sustainable ordinary dividend, which dividend amount we expect to increase by at least 5% per annum. For 2019, the Board of Directors of the Group approved a share buyback program of Group ordinary shares of up to CHF 1.5 billion. We expect to buy back at least CHF 1.0 billion in 2019, subject to market and economic conditions. For 2020, we expect a similar share buyback program as in 2019, subject to approval by the Board of Directors. The level of the share buyback for 2020 will be set in light of our capital plans and will be subject to prevailing market conditions, but is expected to be in line with our intention to distribute at least 50% of net income. We commenced the share buyback program on January 14, 2019.

Our estimates and targets often include metrics that are non-GAAP financial measures and are unaudited. A reconciliation of these estimates and targets to the nearest GAAP measures is unavailable without unreasonable efforts. Adjusted results exclude goodwill impairment, major litigation charges, real estate gains and other revenue and expense items included in our reported results, which are unavailable on a prospective basis. RoTE is based on tangible shareholders' equity, a non-GAAP financial measure, which is calculated by deducting goodwill and other intangible assets from total shareholders' equity as presented in our balance sheet, both of which are unavailable on a prospective basis. Such estimates and targets are calculated in a manner that is consistent with the accounting policies applied by us in preparing our financial statements.

Organizational structure

Our organizational structure consists of 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. Our organization is designed to drive stronger client focus and provide better alignment with regulatory requirements, with decentralization increasing 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, consisting of: Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Chief Compliance Officer, General Counsel and Global Head of Human Resources.

Evolution of legal entity structure

The execution of the program evolving the Group's legal entity structure to support the realization of our strategic objectives, increase the resilience of the Group and meet developing and future regulatory requirements has substantially concluded. The legal entity program was prepared in discussion with the Swiss Financial Market Supervisory Authority FINMA (FINMA), our primary regulator, and other regulators and addressed regulations in Switzerland, the US and the UK with respect to 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. The program was approved by the Board of Directors of the Group and certain elements required final approval by FINMA and other global regulators.

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.

Client segment specific value propositions

Our wide range of wealth management solutions is tailored to specific client segments. Close collaboration with our investment banking businesses enables us to offer customized and innovative solutions to our clients, especially in the ultra-high-net-worth individuals (UHNWI) segment, and we have specialized teams offering bespoke and complex solutions predominantly for our sophisticated clients. This distinct value proposition of our integrated bank remains a key strength in our client offerings.

Structured advisory process

We apply a structured approach in our advisory process based on a thorough understanding of our clients' needs, personal circumstances, product knowledge, investment objectives and a comprehensive analysis of their financial

situation to define individual client risk profiles. On this basis, we define an individual investment strategy in collaboration with our clients. This strategy is implemented to help ensure adherence to portfolio quality standards and compliance with suitability and appropriateness standards for all investment instruments. 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.
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 global “House View” of our 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.
In addition, we offer solutions for a range of private and corporate wealth management needs, which include financial planning, succession planning and trust services.
Financing and lending
We offer a broad range of financing and lending solutions across all of our private client segments, including consumer credit and real estate mortgage lending, real asset lending relating to ship and aviation financing for UHNWI, standard and structured hedging and lombard lending solutions as well as collateral trading services.
Multi-shore platform
With global operations comprising 13 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 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, insurance companies, 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 provide strategies and comprehensive management across equities, fixed income, and multi-asset products in both fund formation and customized solutions. Stressing investment principles, such as risk management and asset allocation, we take an active and disciplined approach to investing. Alongside our actively managed offerings, we have a suite of passively managed solutions, which provide clients access to a wide variety of investment options for different asset classes in a cost-effective manner.
We also offer institutional and individual clients a range of alternative investment products, including credit investments, hedge fund strategies, real estate and commodities. We are also able to offer access to various asset classes and markets through strategic alliances and key joint ventures with external managers.
Investment banking financial solutions
Equity underwriting
Equity capital markets originates, syndicates and underwrites equity in initial public offerings (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.

Equities

Cash equities provides a comprehensive suite of offerings, including: (i) research, analytics and other content-driven products and services (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 trade execution; (iii) high touch and program trading, exchange-traded funds (ETFs) and advanced execution services (AES) platform under our global execution services group, which executes client orders

and makes markets in listed and over-the-counter (OTC) cash securities, ETFs and programs, providing liquidity to the market through both capital commitments and risk management. AES is a sophisticated suite of algorithmic trading strategies, tools and analytics that facilitates global trading across equities, options, futures and foreign exchange. 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 over 100 trading destinations in over 40 countries and six continents.
Prime services offers hedge funds and institutional clients execution, financing, custody, clearing and risk advisory services across various asset classes through prime brokerage, synthetic financing and listed and OTC derivatives. In addition, we partner with the most established fund managers, fast-growing funds and select startups, blending traditional prime brokerage services with innovative financing solutions and comprehensive capital and consulting advisory services, to help funds build durable organizations across their lifecycle.
Equity derivatives provides a full range of equity-related and cross-asset products, including investment options, systematic strategies and financing solutions, as well as sophisticated hedging and risk management expertise and comprehensive execution capabilities to private banking clients, financial institutions, hedge funds, asset managers and corporations.
Convertibles: The convertibles team provides secondary trading and market making of convertible bonds as well as pricing and distribution of Credit Suisse-originated convertible issuances.
Fixed income
Global credit products is a leading, client-focused and accomplished credit franchise, providing expert coverage in credit trading, sales, financing and capital markets. Our strong history of credentials and long-standing record in leveraged finance reflect our unique ability to provide value-added products and solutions to both issuer and investor clients. Our capital markets businesses are responsible for structuring, underwriting and syndicating a full range of products for our issuer clients, including investment grade and leveraged loans, investment grade and high yield bonds and unit transactions. We are also a leading provider of committed acquisition financing, including leveraged loan, bridge finance and mezzanine finance and collateralized loan obligation formation. In sales and trading, we are a leading market maker in private and public debt across the credit spectrum, including leveraged loans as well as high yield and investment grade cash. We are also a market maker in the credit derivatives market, including the credit default swap index (CDX) suite, liquid single-name credit default swaps (CDS), sovereign CDS, credit default swaptions and iBoxx total return swaps. We offer clients a comprehensive range of financing options for credit products including, but not limited to, repurchase agreements, short covering, total return swaps and portfolio lending.
Securitized products is a market leading franchise providing asset based liquidity and financing solutions and products to institutional and wealth management clients. We have experience in a broad range of asset categories including consumer, commercial, residential, commercial real estate, transportation and alternatives. Our finance business focuses on providing asset and portfolio advisory services and financing solutions (warehouse, bridge and acquisition) and originates, structures and executes capital markets transactions for our clients. Our trading platform provides market liquidity across a broad range of loans and securities, including residential mortgage-backed securities (RMBS), asset-backed securities (ABS) and commercial mortgage-backed securities (CMBS). CMBS and RMBS include government- and agency-backed as well as private-label loans. We have a seasoned and dedicated securitized product sales force that distributes our primary and secondary product offerings to our client base. We also offer residential mortgage servicing capabilities through our mortgage servicer Select Portfolio Services.
Macro products includes our global foreign exchange and rates businesses and investment grade capital markets team in Switzerland. Our rates business offers market-making capabilities in US cash and derivatives, European cleared swaps and select bilateral and structured solutions. Our investor products business manufactures credit rates, foreign exchange and commodity based structured products for institutional and private banking clients. In addition, our investor products business includes our benchmark and proprietary commodity index business.
Emerging markets, financing and structured credit includes a range of financing products including cash flow lending, share-backed lending and secured financing transactions and onshore trading in Brazil, Mexico and Russia. In addition, we offer financing solutions and tailored investment products for Latin American, Central and Eastern European, Middle Eastern and African financial institutions and corporate and sovereign clients.
Other

Other products and activities include lending and certain real estate investments. 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 over 20,000 companies worldwide, 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. We serve our clients through the following four dedicated business areas in order to cater to our Swiss client base: Private & Wealth Management Clients and Premium Clients within the Private Clients business, and Corporate & Investment Banking as well as Institutional Clients within the Corporate & Institutional Clients business.

Our **Private Clients** business has a leading client franchise in Switzerland, serving approximately 1.5 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 the access to a broad range of comprehensive products and services. Our network includes 1,260 relationship managers in 148 branches, including 26 branches of the Bank’s affiliate, Neue Aargauer Bank. Additionally, our consumer finance business BANK-now has 20 branches. Also, we offer our clients the world’s leading credit card brands through Swisscard AECS GmbH, an equity method investment jointly owned with American Express.

Our **Corporate & Institutional Clients** business offers expert advice and high-quality services to a wide range of clients, serving the needs of over 100,000 corporations and institutions, including large corporate clients, small and medium-size enterprises, institutional clients, external asset managers, financial institutions and commodity traders. This business also includes our Swiss investment banking business, serving corporate clients and financial institutions in connection with financing transactions in debt and equity capital markets and advising on M&A transactions. Our business includes 520 relationship managers who serve our clients out of 42 locations.

Key data – Swiss Universal Bank

			in / end of
	2018	2017	2016
Key data			
Net revenues (CHF million)	5,564	5,396	5,759
Income before taxes (CHF million)	2,125	1,765	2,025
Assets under management (CHF billion)			
– Private Clients	198.0	208.3	192.2
– Corporate & Institutional Clients	348.7	354.7	339.3
Number of employees	11,950	12,600	13,140

Business environment

The Swiss private banking and wealth management industry remains very attractive and continues to have positive growth prospects. Switzerland has one of the highest millionaire densities worldwide and is expected to continue to have one of the highest average levels of wealth per adult. We remain well-positioned in the Swiss market with strong market shares across our client segments.

The corporate and institutional clients business continues to offer attractive opportunities, supported by the expected steady growth of the Swiss economy. 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 the higher critical size necessary to fulfill business and regulatory requirements. We continue to believe that we are well-positioned to opportunistically take advantage of this potential market consolidation. We have made additional progress in adapting to the changing regulatory environment 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 market for our Group and is core to our overall strategy. Within Swiss Universal Bank, we combine all the strengths and critical mass of our Swiss 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.
In order to further cement our standing as a leading Swiss bank, we continue to focus on the following four key priorities:
Bank for Switzerland
We are committed to our Swiss home market and to all our clients in Switzerland – we are a universal bank that serves private, corporate and institutional client segments. We intend to expand our market share and continue to be a responsible partner in Swiss society.

The reduction of management hierarchies and increased scope of control at local market levels, introduced in 2017, were fully realized in 2018. Those measures resulted in more efficient priority-setting and faster decision-making in those markets leading to increased client satisfaction. As a consequence of changing client needs, we opened our first digital advisory branch in Switzerland. Our digital advisory branch format is designed to work without the classic teller function, but with innovative elements such as a digital bar and a lounge area. We continue to see potential in developing the HNWI and the UHNWI business, which are both wealth market segments that are growing significantly and remain highly attractive. Our holistic offering and the collaboration across the division and across the bank are the bases for our efforts to capture further growth in both market segments. Our efforts and commitment to Switzerland have been recognized by Euromoney (Best Bank in Switzerland 2018) and The Banker (Bank of the Year 2018 Switzerland).

Bank for Entrepreneurs

Entrepreneurship has always been important for Credit Suisse, and entrepreneurial thinking is one of our core principles. We have grown and will seek to continue to significantly grow our business with entrepreneurs and their companies across all businesses within Swiss Universal Bank, including by leveraging our international connectivity in investment banking and asset management. It is our ambition to be recognized as the “Bank for Entrepreneurs”.

We strengthened our focus on being recognized as the “Bank for Entrepreneurs” by launching joint client coverage for private and corporate clients in 2015. In this context, we increased the number of Entrepreneurs & Executives relationship managers and now cover the Swiss market with 15 locations. Our broad range of expertise and capabilities enabled us to execute a large number of investment banking transactions in 2018 and we were again recognized as the number one investment bank in Switzerland.

Bank for the Digital World

We are transforming the way we serve and advise our clients in an increasingly digital society and economy. We expect new technologies and business models to emerge and must adapt our efforts to be successful. To this end, we are investing in digital capabilities with a focus on client engagement, self-service capabilities and frontline productivity. Digitalization, automation and data management will be key drivers to continuously improve our cost position and drive our competitiveness with the possibility to fundamentally change the way we work.

During 2018, various digital solutions for private, corporate and institutional clients as well as relationship managers were launched. We enhanced our self-service capabilities including through the introduction of digital client onboarding for corporate clients, which allows those clients to identify themselves and open an account through a computer or mobile device. This offering complements the similar online opening capabilities we launched for private clients in 2017. In 2018 we managed to further improve the productivity of client-facing employees and completed our front-to-back digitalization program, which digitalized approximately 200 processes. The whole program helped us increase our efficiency by reducing manual processes and physical paper forms. Furthermore, we have improved client satisfaction through a significant reduction of transaction processing times.

Bank for the Next Generation

While we are always mindful of the needs of all clients, we particularly aim to support the next generation in Switzerland in achieving their ambitions. Supertrends such as an aging population are expected to fundamentally change our country in coming years and will open opportunities for us to make a difference to our clients across generations. Developing our own young talents in their careers with various programs will complement this process and is part of our long-term commitment to the next generation in Switzerland.

We successfully launched Viva Kids in 2017, a new offering dedicated to our youngest clients. With over 25,000 clients enrolled since its inception, we have exceeded our ambitious expectations. Viva Kids is designed to help parents in the financial education of their children and we believe it will be an important contributor for our future client base.

Awards and market share momentum

Credit Suisse was highly placed in a number of key industry awards in 2018, including:

- Best Bank in Switzerland – *Euromoney Awards for Excellence 2018*
- Best Bank for Wealth Management in Western Europe – *Euromoney Awards for Excellence 2018*
- Best Investment Bank in Switzerland – *Euromoney Awards for Excellence 2018*
- Bank of the Year in Switzerland – *The Banker*
- Best Trade Finance Bank in Switzerland – *Global Finance*

International Wealth Management

Business profile

In International Wealth Management, we cater to the needs of our private, corporate and institutional clients by offering expert advice and a broad range of financial solutions.

Our **Private Banking** business provides comprehensive advisory services and tailored investment and financing solutions to wealthy private clients and external asset managers in Europe, the Middle East, Africa and Latin America. We serve our clients through 1,110 relationship managers in 43 cities in 25 countries, utilizing comprehensive access to the broad spectrum of Credit Suisse's global resources and capabilities as well as a wide range of proprietary and third-party products and services.

Our **Asset Management** business offers investment solutions and services globally to a broad range of clients, including pension funds, governments, foundations and endowments, corporations and individuals, along with our private banking businesses. Our asset management 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
	2018	2017	2016
Key data			
Net revenues (CHF million)	5,414	5,111	4,698
Income before taxes (CHF million)	1,705	1,351	1,121
Assets under management (CHF billion)			
– Private Banking	357.5	366.9	323.2
– Asset Management	388.7	385.6	321.6
Number of employees	10,210	10,250	10,300

Business environment

The private banking industry continues to benefit from attractive growth prospects in the European and emerging markets covered by International Wealth Management, where private banking assets are expected to grow by approximately 5% annually through 2022. Regionally, private banking assets are expected to grow by approximately 7% in Russia and Central & Eastern Europe, by approximately 8% in the Middle East & Africa and by approximately 6% in Latin America. This growth is expected to be fueled by an increase in population, entrepreneurial wealth creation and technological advancements. Although wealth is expected to grow at a slower pace in Europe (by approximately 3% annually), this region continues to be of crucial importance, holding around 20% of the world's wealth. In addition, it is expected that demographic developments relating to an aging population, such as funding pressure in the public pension systems and a transfer of wealth to the next generation, will present important opportunities in the European private banking markets.

The asset management industry continues to evolve and grow with positive support from increasing global wealth. At the same time, managers face a number of challenges, including regulatory complexities and revenue and margin compression. The continued rise of passive and low-fee products reflects ongoing fee sensitivity from investors and although fees for alternative strategies have been more resilient, market pressure has led to a need for more innovative products. In this environment, managers must demonstrate differentiating capabilities including not only strong investment performance, but also other value-add capabilities such as risk management and controls, compliance, client reporting, and data security.

For most of 2018 the wealth and asset management industry faced continued uncertainties, in particular in relation to monetary policy tightening and political uncertainties around the anticipated withdrawal of the UK from the European Union. In addition, investors were confronted with a number of unexpected challenges as the US took a more conservative stance on trade relationships and the market generally experienced high volatility as well as increasingly challenging conditions towards the end of the year. While facing structural pressure from industry-specific regulatory changes, the sector saw the continued pursuit of new opportunities and efficiencies arising from digital technology advancements and front-to-back process improvements.

Business strategy

Our private banking and asset management businesses are among the industry's leaders by size and reputation in our target markets and regions. International Wealth Management continues to contribute significantly to Credit Suisse's strategic and financial ambitions. The following three strategic priorities guide our decisions:

Deliver client value

We focus on deploying solutions and products that are tailored to our clients' needs, holistically advising them on their assets and liabilities. We are leveraging our investment strategy and research capabilities, including the Credit Suisse House View, as part of our approach to further optimize the risk/return profiles of our clients' investment portfolios. Our Asset Management business continues to strengthen its partnership with our wealth management businesses to provide customized products and solutions to our clients. We are addressing our clients' sophisticated financing needs by broadening our lending services and leveraging additional resources.

Enhance client proximity

Our focus on enhancing client proximity is intended to capture market share, which we are facilitating by hiring predominantly experienced relationship managers. In addition, we are strengthening and adapting our footprint with technology investments in our key hubs, while selectively investing in onshore locations in markets with attractive growth prospects. To facilitate collaboration and improve the breadth and depth of solutions offered to our targeted strategic UHNWI and entrepreneur clients, we operate a strategic clients business, consisting of senior coverage officers, who are fully embedded in our client coverage organization and highly connected across the Group. Our efforts to enhance client proximity are supported by a regionally empowered business model that aids the acceleration of decision-making and empowers local market management to steer their respective businesses.

Increase client time

We are capturing growth in the lower wealth band client segment by developing a digitally-enabled service model and providing focused coverage and a targeted offering on a multi-channel service platform. We are making additional organizational changes aimed at simplifying structures and are making important investments in the redesign of certain processes, technology and automation efforts aimed at shortening the time-to-market of products and solutions and reducing our relationship managers' administrative tasks, so that they can spend more time with our clients. Finally, we continue to actively manage risk and focus on ensuring compliant business conduct.

Awards and market share momentum

Credit Suisse received a number of key industry awards in 2018, including:

- Best Bank for Wealth Management in Western Europe – *Euromoney Awards for Excellence 2018*
- Best Bank for Wealth Management in Central & Eastern Europe – *Euromoney Awards for Excellence 2018*
- Best Bank for Wealth Management in the Middle East – *Euromoney Awards for Excellence 2018*
- Best Bank for Wealth Management in Latin America – *Euromoney Awards for Excellence 2018*
- Best Private Bank in Russia (sixth consecutive year) and Best Private Bank in the Middle East – Global Private Banking Awards 2018 – *PWM / The Banker*
- Outstanding Private Bank in Eastern Europe and in Western Europe – *Private Banker International Europe 2018*
- Best Private Bank in the Middle East and Best Private Bank Globally for Family Office Services – *Euromoney Private Banking Survey 2019*
- Collateralized Loan Obligation (CLO) Manager of the Year – *Creditflux Manager Awards*
- Best Asset Management Services in Latin America – *Euromoney*

Asia Pacific

Business profile

In the Asia Pacific division, we manage an integrated business to deliver a broad range of advisory services and solutions that meet the private wealth and business needs of our clients. We report our financial performance along two businesses: Wealth Management & Connected, which reflects our activities in private banking, underwriting and advisory and financing; and Markets, which represents our equities and fixed income sales and trading businesses as well as activities that support our wealth management strategy.

Within **Wealth Management & Connected**, we focus on an advisory-led model to deliver holistic solutions to our clients, which primarily include UHNWI, entrepreneurs and corporate clients. Our Private Banking business offers a comprehensive suite of wealth management financial products and solutions. Our underwriting and advisory business provides advisory services related to debt and equity underwriting of public offerings and private placements as well as mergers and acquisitions. Our financing business provides tailored lending solutions. We collaborate closely with our Markets business and with the Group's other businesses to deliver the full breadth of Credit Suisse capabilities to our clients.

Within **Markets**, our equities and fixed income franchises provide a broad range of services, including sales and trading, prime brokerage and investment research to our clients, which include entrepreneurs, corporations, institutional investors, financial institutions and sovereigns. The business collaborates closely with Global Markets to meet the needs of global institutional clients and with the Group's wealth management businesses.

Key data – Asia Pacific

			in / end of
	2018	2017	2016

Key data

Net revenues (CHF million)	3,393	3,504	3,597
Income before taxes (CHF million)	664	729	725
Assets under management (CHF billion)			
– Private Banking	201.7	196.8	166.9
Number of employees	7,440	7,230	6,980

Business environment

The fundamentals underpinning long-term, entrepreneur-led wealth creation and growth in business activities for the Asia Pacific region continue to remain positive. According to Credit Suisse Research Institute's Global Wealth Report 2018, in the 12 months to mid-2018, Asia Pacific represented the largest wealth region, with China having the second largest household wealth behind the US. An increase in wealth held by UHNWIs and HNWIs is expected to result in larger capital pools for investment and enhanced opportunities for entrepreneur-led activity, notwithstanding short-term market cyclicality and pressures.

Despite positive long term dynamics, the banking environment in Asia Pacific grew increasingly challenging during the course of 2018 as trade tensions and geopolitical developments led to higher market volatility, generally cautious investor sentiment and lower risk appetite. As a result, asset prices and client transaction activities contracted, particularly in the second half of the year.

Business strategy

Our business strategy remains steadfast despite short term market cyclicality and pressures and is centered on the growth of wealth and financial markets in Asia, as well as on our ambition to be “The Bank for Entrepreneurs in Asia Pacific”. Our divisional model and integrated delivery are key differentiators that support our client-centric strategy. Our consistent focus on maintaining a diversified footprint and leading market positions has been critical to meet our clients’ needs, attract strong talent and foster a partnership culture that can deliver attractive returns and growth with disciplined risk management.

Despite challenging market conditions during 2018, our business demonstrated resilient performance, supported by strong net new asset generation, higher recurring revenues and a culture of collaboration. Our diversified platform across a mix of clients, countries and products is essential to effectively and sustainably compete in a region as dynamic as Asia Pacific, with its variety of economic, business and client characteristics.

Looking ahead, our strategic focus continues to be on deepening key client relationships, further growing our recurring revenues, maintaining our market leading franchises across Asia Pacific and continuing to enhance our productivity and risk controls.

Significant transactions

We executed a number of significant transactions in 2018, reflecting the diversity and strength of our franchise. Noteworthy transactions include:

In Greater China, we advised CVC Capital Partners on the sale of Linxens to Tsinghua Unigroup Ltd. (financial services) and advised Tsinghua Unigroup Ltd. on bridge financing for its acquisition of Linxens (technology). We also advised on the US IPO of iQiyi, Inc. (online entertainment), a senior unsecured bond offering for S.F. Holding Co., Ltd. (logistics) and convertible bond offerings for China Conch Venture Holdings Limited (energy) and China Evergrande Group (real estate).

In South East Asia, we advised Equis Pte. Ltd. on its sale to Global Infrastructure Partners (energy), Sasseur REIT on its Singapore IPO (real estate), Temasek Holdings Private, Ltd. on a block placement of Celltrion Inc shares (biopharmaceuticals), Digital Telecommunications Infrastructure Fund on a rights offering and primary placement (telecommunications), and United Overseas Bank Limited and Oversea-Chinese Banking Corporation Limited on their respective notes offerings (financial services). We also advised Vinhomes Joint Stock Company on its equity raise, initial equity offering and strategic investment by GIC Private Limited (real estate), Vinfast Trading and Production LLC on a syndicated term loan as well as Export Credit Agency-backed financing (automotive) and Vingroup JSC on a private placement of convertible dividend preference shares to Korea’s Hanwha Group (conglomerate).

Elsewhere, in Korea, we advised a consortium including SK hynix Inc. on the acquisition of Toshiba Corporation’s memory business (technology) and LG Chem, Ltd. on its dual currency convertible bond offering (chemicals); in Japan, we advised a consortium controlled by The Baupost Group LLC. on its acquisition of shares in Westinghouse Electric Company LLC from Toshiba Corporation (financial services); in India, we advised HDFC Bank Limited on a domestic and US equity offering (financial services) as well as Volcan Investments Limited on a cash offer for Vedanta Resources Plc and associated financing (metals and mining); in Australia, we advised on the sale of Rio Tinto’s Australian coal business (mining) and on Beach Energy Limited’s acquisition of Lattice Energy Limited (energy).

Awards and market share momentum

We were highly placed in a number of key industry awards in 2018, including:

Best Private Banking Services Overall Asia – *Euromoney Private Banking and Wealth Management Survey 2019*
Best Investment Bank, Asia – *Euromoney*
Derivatives House of the Year, Asia, ex-Japan – *AsiaRisk*
High-Yield Bond House of the Year, Asia Pacific – *IFR Asia*
Structured Equity House of the Year, Asia Pacific – *IFR Asia, IFR Global*
Best Private Bank, UHNW– *Asian Private Banker*

Best Private Bank, Digital Innovation – *Asian Private Banker*

Top three Private Banks by Assets under Management in Asia, ex-China Onshore – *Asian Private Banker*

Top three in Investment Banking Revenues and Share of Wallet in Asia Pacific, ex-Japan and ex-China Onshore – *Dealogic*

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Global Markets

Business profile

Global Markets provides a broad range of financial products and services to client-driven businesses and also supports the Group's private banking, Investment Banking & Capital Markets and Asia Pacific businesses and their clients. Our suite of 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
	2018	2017	2016
Key data			
Net revenues (CHF million)	4,980	5,551	5,497
Income before taxes (CHF million)	154	450	48
Number of employees	11,350	11,740	11,530

Business environment

In 2018, operating conditions were mixed across our businesses. During the year, we experienced higher volatility compared to low levels in 2017, driven by macroeconomic and geopolitical uncertainties. Market conditions were more favorable in 2018 for equity trading, particularly in equity derivatives, as a return of volatility and higher volumes resulted in increased client activity. Credit market conditions were challenging compared to the prior year, characterized by rising interest rates, significant widening of credit spreads and higher volatility, which led to lower client activity, particularly in our securitized products and credit trading and underwriting businesses. In addition, our leveraged finance and investment grade underwriting businesses declined in 2018, reflecting lower issuance activity.

Business strategy

In 2018, we successfully completed our three-year Credit Suisse Group restructuring, creating a more cost efficient and capital light business with a reduced risk profile. We made consistent progress towards our goals of reducing earnings volatility and providing a differentiated platform to our wealth management and institutional clients. While the revenue environment was challenging during the year, we reduced operating expenses significantly compared to 2017 as a result of our continued cost discipline by eliminating duplication across functions and optimizing our New York and London footprint. As a result, we achieved our end-2018 ambition of less than USD 4.8 billion in operating expenses, on an adjusted basis. As of the end of 2018, we also operated under our thresholds of USD 60 billion in risk-weighted assets and USD 290 billion in leverage exposure.

During the year we rationalized part of our macro and emerging markets businesses, which allowed us to continue to invest in our International Trading Solutions (ITS) and equities platforms, as we pivot towards supporting our wealth management clients. In ITS, we began to see the benefits from our investments in the platform as evidenced by an increase in ITS revenues compared to 2017, reflecting improved collaboration. In addition, we maintained strong positions in our credit businesses, which generate high returns and drive profits for the Global Markets division.

Looking ahead, the division continues to focus on further increasing cross-divisional collaboration to drive revenue growth with our core institutional, corporate and wealth management clients, increasing operating leverage with ongoing cost controls and attracting top talent. In addition, we are investing in key talent across the franchise and will remain focused on defending our leading market positions across equities and fixed income products. With regard to costs, we will continue to focus on productivity cost savings, including increasing efficiencies from consolidating redundant platforms and eliminating duplication across functions. We believe that the combination of increased revenues and greater cost controls have the potential to help us support the overall Group return on tangible equity attributable to shareholders target of 10%-11% by year-end 2019.

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 strategies, business 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
	2018	2017	2016
Key data			
Net revenues (CHF million)	2,177	2,139	1,972
Income before taxes (CHF million)	344	369	261
Number of employees	3,100	3,190	3,090

Business environment

Operating conditions in 2018 were challenging compared to 2017, characterized by geopolitical and macro-economic uncertainties. Persistent geopolitical tensions surrounding global trade and negotiations related to the withdrawal of the UK from the EU had a considerable impact on financial markets. Capital markets slowed down with volatility fueled by an equity markets correction. The underwriting activity across both equity and debt products declined with the industry-wide fee pool down 11% compared to 2017. In contrast, global M&A activity was strong in 2018 with announced volumes up 19% compared to 2017, driven by mega deals across many sectors.

Business strategy

Our strategy focuses on leveraging our global structuring and execution expertise to develop innovative financing and advisory solutions for our clients. Our divisional strategy is designed to generate sustainable, profitable growth and continue delivering returns in excess of our cost of capital. Our key strategic priorities include: achieving a balanced product mix, optimizing the client coverage model and using our global platform to meet our clients' needs for cross-border expertise in developed and emerging markets.

A key element of our strategy is rebalancing our product mix to generate stronger results in M&A advisory and equity underwriting, while maintaining our leading leveraged finance franchise. We expect that refocusing our efforts on these products 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 continue to optimize our client strategy in order to deliver efficient and effective client coverage. Our strategic objective is to align, and selectively invest in, our coverage and capital resources with the largest growth opportunities and where our franchise is well-positioned. We have made notable progress in the execution of our targeted plans for investment grade corporates, non-investment grade corporates and financial sponsors.

We will continue to leverage Investment Banking & Capital Markets' global connectivity with our other divisions and its platform to drive opportunities for the Group.

Significant transactions

We executed a number of noteworthy transactions in 2018, reflecting the diversity of our franchise.

In M&A, we advised on a number of transformational transactions announced throughout the year, including Dr Pepper Snapple Group's sale to Keurig Green Mountain, Inc. (consumer), BMC Software, Inc.'s sale to KKR & Co. Inc. (technology software), Dominion Energy, Inc.'s acquisition of SCANA Corporation (power), Pinnacle Foods Inc.'s sale to Conagra Brands, Inc. (consumer), Praxair, Inc.'s divestiture of its European assets to Taiyo Nippon Sanso Corporation (chemicals), UBM plc's sale to Informa PLC (media), SS&C Technologies, Inc.'s acquisition of DST Systems, Inc. (technology services), Meridian Health Plan, Inc.'s sale to WellCare Health Plans, Inc. (healthcare services), Brookfield Business Partners L.P.'s acquisition of Johnson Controls International Plc's power solutions business (industrials) and Encana Corporation's acquisition of Newfield Exploration Company (oil & gas).

In equity capital markets, we executed rights offerings for Bayer AG (life sciences), Banca Piccolo Credito Valtellinese SpA (banks), ARYZTA AG (food & beverage), IPOs for GrafTech International Ltd. (metals/mining), Silver Run Acquisition Corporation II (exploration & production), Grupo Aeroportuario de la Ciudad de México S.A. de C.V. (transportation & logistics), Vista Oil & Gas S.A.B de C.V. (exploration & production), Cactus, Inc. (field equipment & services), Falcon Minerals Corporation (exploration & production), Dufry AG (retail), and follow-ons for SS&C Technologies Holdings, Inc. (technology), International Game Technology (media) and Advance Publications, Inc. (media).

In debt capital markets, we arranged key financings for a diverse set of clients including Bayer AG (life sciences), Campbell Soup Company (food & beverage), DowDuPont Inc. (chemicals), Comcast Corporation (media), Union Pacific Corporation (transportation & logistics), NXP Semiconductors N.V. (semiconductors), AT&T Inc. (telecom), Rabobank Nederland (banks), Atlantia SpA (transportation & logistics), Société Générale Group (banks) and Progressive Corporation (insurance).

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Strategic Resolution Unit

Business profile

Beginning in 2019, the Strategic Resolution Unit has ceased to exist as a separate division of the Group. For further information, refer to the Development of the Strategic Resolution Unit section below.

The Strategic Resolution Unit was established to facilitate the effective and rapid wind-down of capital usage and reduce the drag on the Group pre-tax income results through the reduction of costs. The Strategic Resolution Unit included remaining portfolios from former non-strategic units and transfers of additional exposures from the business divisions.

Key data – Strategic Resolution Unit

			in / end of
	2018	2017	2016
Key data			
Net revenues (CHF million)	(708)	(886)	(1,271)
Income/(loss) before taxes (CHF million)	(1,381)	(2,135)	(5,759)
Number of employees	1,320	1,530	1,830

Composition

Our Strategic Resolution Unit contained specific wind-down activities and positions. For reporting purposes, the Strategic Resolution Unit was split into the following categories: restructuring of select onshore businesses which contained the onshore repositioning in select Western European countries and the US; legacy cross-border and small markets businesses which included the repositioning of cross-border businesses; legacy asset management positions which included portfolio divestitures and discontinued operations; legacy investment banking portfolios; and legacy funding costs relating to non-Basel III compliant debt instruments.

Non-controlling interests without significant economic interest were reflected in the Strategic Resolution Unit and included revenues and expenses from the consolidation of certain private equity funds and other entities in which we had non-controlling interests without significant economic interest.

Development of the Strategic Resolution Unit

As part of the Group's strategy announced in the fourth quarter of 2015, we formed the Strategic Resolution Unit to oversee the effective wind-down of businesses and positions that did not fit our strategic direction in the most efficient manner possible. At that time the Strategic Resolution Unit was created to facilitate the immediate right-sizing of our business divisions from a capital perspective and included remaining portfolios from our former non-strategic units plus additional transfers from the business divisions. The expectation at that time was that the Strategic Resolution Unit's risk-weighted assets and leverage exposure would be reduced by approximately 80% by 2020, excluding operational risk. In March 2016 we updated our expectation of the timing of the 80% reduction of the division's risk-weighted assets and leverage exposure to year-end 2019, excluding operational risk. In the first quarter of 2017, we announced an acceleration of the release of capital from the Strategic Resolution Unit and a plan to complete the wind-down of the division by the end of 2018.

At our Investor Day in 2017 we announced that we estimated adjusted operating expenses in the Strategic Resolution Unit would amount to approximately USD 500 million and USD 250 million in 2018 and 2019, respectively. We further announced our adjusted pre-tax loss targets of approximately USD 1,400 million and USD 500 million in 2018 and 2019, respectively. The allocation of costs to the Strategic Resolution Unit was conducted pursuant to a Group-wide allocation methodology, i.e., the Strategic Resolution Unit was subject to the same cost allocation methodology as the strategic divisions; however reductions in service usage during the course of the wind-down of the division reduced allocated costs. We targeted a reduction of the Strategic Resolution Unit's risk-weighted assets (excluding operational risk) to USD 11 billion and leverage exposure to USD 40 billion by year-end 2018.

As of the end of 2018, risk-weighted assets (excluding operational risk) in the Strategic Resolution Unit had been reduced to USD 7 billion and leverage exposure had been reduced to USD 30 billion. Reported pre-tax loss had been reduced to CHF 1,381 million and adjusted pre-tax loss had been reduced to CHF 1,240 million as of the end of 2018.

> Adjusted results are non-GAAP financial measures. Refer to "Reconciliation of adjusted results" in II – Operating and financial review – Credit Suisse for further information.

Beginning in 2019, the Strategic Resolution Unit has ceased to exist as a separate division of the Group. The residual portfolio remaining as of December 31, 2018 is now managed in an Asset Resolution Unit and will be separately disclosed within the Corporate Center. Certain activities such as legacy funding costs and noncontrolling interests without significant economic interest, which were previously part of the Strategic Resolution Unit, have been moved into the Corporate Center and will not be reflected in the Asset Resolution Unit. At our Investor Day in 2018 we confirmed our estimate that the Asset Resolution Unit would have an adjusted pre-tax loss of approximately USD 500 million in 2019.

> Refer to “Financial goals” in Strategy – Credit Suisse strategy for further information on the reconciliation of our estimates and targets to the nearest GAAP measures.

On occasion, the reduction of exposures in the Strategic Resolution Unit involved the maturation of lending facilities or other transactions that wholly or partially may have been renewed or extended by our strategic business divisions, such as Global Markets or International Wealth Management. Similarly, there may have been occasions where strategic business divisions would enter into new transactions with counterparties resulting in exposures that may have had similar characteristics to those recorded in the Strategic Resolution Unit. This was aligned with the Group’s risk appetite and that of the relevant strategic divisions.

In 2017, we amended and enhanced our risk appetite framework in an effort to provide additional governance and controls to ensure all new business activities are scrutinized to distinguish between those types of business exposures held in the Strategic Resolution Unit that will be allowed for execution in our strategic divisions and those that will be prohibited or for which we have limited risk appetite.

In the first quarter of 2018, after a business reassessment, the Executive Board and the Audit Committee approved the transfer of twelve counterparty relationships and associated financing transactions from the Strategic Resolution Unit to the Global Markets and Investment Banking & Capital Markets divisions. The execution of these transfers occurred in the first quarter of 2018. The impact of these transfers on risk-weighted assets and leverage exposure for the Strategic Resolution Unit was a decline of approximately USD 0.8 billion and USD 1.3 billion, respectively. Risk-weighted assets of USD 0.7 billion and leverage exposure of USD 1.2 billion were transferred to Global Markets and risk-weighted assets of USD 0.1 billion and leverage exposure of USD 0.1 billion were transferred to Investment Banking & Capital Markets.

A reassessment in the first quarter of 2018 of certain assets under management and assets under custody recorded in the Strategic Resolution Unit resulted in a change in the estimate of the expected outflows in connection with the tax regularization of client assets. The estimate of the expected outflows declined by approximately CHF 1.9 billion for assets under management, and CHF 1.1 billion, CHF 0.6 billion and CHF 0.2 billion of such assets under management were transferred to Asia Pacific, International Wealth Management and Swiss Universal Bank, respectively. In addition, CHF 0.6 billion of assets under custody were transferred to International Wealth Management. The transfers were in line with the original transfer of such assets to the Strategic Resolution Unit and as such were reflected as a structural effect in our asset under management disclosures, with no impact to net new assets.

In the second quarter of 2018, after a business reassessment in connection with our planning relating to the withdrawal of the UK from the EU, the Audit Committee approved the transfer of assets and liabilities relating to Credit Suisse (Deutschland) Aktiengesellschaft from the Strategic Resolution Unit to the Investment Banking & Capital Markets division. The execution of this transfer occurred in the second quarter of 2018. The impact of the transfer on risk-weighted assets for the Strategic Resolution Unit was a decline of approximately USD 0.2 billion.

In the fourth quarter of 2018, a reassessment of certain assets under management and assets under custody recorded in the Strategic Resolution Unit resulted in a change in the estimate of the expected outflows in connection with the tax regularization of client assets. The estimate of the expected outflows declined by approximately CHF 1.9 billion for assets under management, and CHF 1.5 billion and CHF 0.4 billion of such assets under management were transferred to International Wealth Management and Swiss Universal Bank, respectively. The transfers were in line with the original transfer of such assets to the Strategic Resolution Unit and as such were reflected as a structural effect in our asset under management disclosures, with no impact to net new assets. Additionally, the impact of these transfers on leverage exposure for the Strategic Resolution Unit was a decline of approximately USD 0.1 billion, transferred to International Wealth Management. In addition, after a business reassessment, the Audit Committee approved a transfer of 11 third-party fund interests from the Strategic Resolution Unit to International Wealth Management.

> Refer to “Update to the risk appetite framework” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Risk appetite framework for further information.

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.

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 2018 and early 2019 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 June 13, 2018, the Bank of England published its final statement of policy on its approach to setting minimum requirements for own funds and eligible liabilities (MREL), including its approach on setting internal MREL. Under the statement of policy, internal MREL requirements for UK material subsidiaries of non-UK global systemically important banks (G-SIBs), such as Credit Suisse, will be scaled between 75% and 90% of external MREL based on factors including the resolution strategy of the group and the home country’s approach to internal total loss-absorbing capacity calibration. Interim internal MREL requirements came into effect beginning January 1, 2019, and their full implementation will be phased in through January 1, 2022.

ISDA Resolution Stay Protocols

On July 31, 2018, the International Swaps and Derivatives Association, Inc. (ISDA) published an ISDA 2018 US Resolution Stay Protocol (the ISDA US Protocol) to facilitate compliance with the final rules (the QFC Stay Rules) promulgated by the US banking regulators in 2017 requiring, among other things, the US operations of non-US G-SIBs to include provisions in qualified financial contracts (QFCs) that limit the ability of counterparties to exercise “default rights” arising in the context of a resolution of the G-SIB and ensure that actions taken under US resolution regimes are enforceable on a cross-border basis. Credit Suisse’s US operations are subject to the QFC Stay Rules and are in the process of having all of their covered entities adhere to the ISDA US Protocol to amend their QFCs with adhering counterparties to comply with the QFC Stay Rules.

Industry-led developments

In 2017, public and private sector representatives from the foreign exchange committees of 16 international foreign exchange (FX) trading centers agreed to form a Global Foreign Exchange Committee and publish the FX Global Code, which sets out global principles of good practice, including ethics, governance, execution, information sharing, risk management and compliance, and confirmation and settlement processes. Credit Suisse signed the FX Global Code’s Statement of Commitment on a global basis on May 21, 2018 and supports the adoption of the FX Global Code by FX market participants.

Switzerland

Credit Suisse is subject to the Basel III framework, as implemented in Switzerland, as well as Swiss legislation and regulations for systemically important banks, 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. Certain requirements under the legislation, including those regarding capital, were 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 June 15, 2018, the Swiss Parliament adopted the Federal Financial Services Act (FFSA) and the Financial Institutions Act (FinIA). The FFSA regulates the provision of financial services in Switzerland, including to Swiss clients from abroad on a cross-border basis, as well as the offering of financial instruments in or into, and the admission to trading of financial instruments in, Switzerland. The FinIA governs the license requirements and provides for a differentiated supervisory regime for portfolio managers, trustees, managers of collective assets, fund management companies and investment firms (so-called financial institutions) as well as for Swiss branches and representative offices of foreign financial institutions. The FinIA introduces prudential supervision of certain categories of asset managers that have previously not been subject to supervision by special supervisory bodies. The FFSA and FinIA are expected to enter into effect on January 1, 2020. The implementing ordinances were published on October 24, 2018 for consultation until February 6, 2019.

On July 18, 2018, FINMA published its revised Anti-Money Laundering Ordinance (AMLO-FINMA). For Swiss financial intermediaries with branches or group companies outside of Switzerland, the revised AMLO-FINMA sets out in detail the requirements for global monitoring of money laundering and terrorist financing risks, in particular legal and reputational risks. The revised AMLO-FINMA also specifies the risk management measures to be put in place if domiciliary companies or complex structures are used or if there are links with high-risk countries. The revised AMLO-FINMA will enter into effect on January 1, 2020.

In September 2018, FINMA announced the conclusion of two enforcement procedures against Credit Suisse AG. The first procedure related to past interactions with the Fédération Internationale de Football Association (FIFA), the Brazilian oil corporation Petróleo Brasileiro S.A. (Petrobras) and the Venezuelan oil corporation Petróleos de Venezuela, S.A. (PDVSA). The second procedure related to a significant business relationship with a politically exposed person. FINMA identified deficiencies in anti-money laundering processes for both of these procedures as well as shortcomings in Credit Suisse AG's control mechanisms and risk management for the second procedure. The Bank has cooperated with FINMA throughout this process and FINMA acknowledged the numerous proactive measures the Bank has adopted since the end of 2015 to strengthen its compliance procedures in general as well as specific efforts to combat money laundering. FINMA recommended additional measures to complement these actions and to accelerate the implementation of the steps already initiated by the Bank and will commission an independent third party to review the implementation and effectiveness of these measures.

Tax

On September 28, 2018, the Tax Proposal 17 or the Federal Act on Tax Reform and AHV Financing (TRAF) was adopted by the Swiss Parliament. The TRAF replaces the Corporate Tax Reform Act III (CTR III), which was rejected in a public vote on February 12, 2017. Like the CTR III, the TRAF provides for an abolishment of the cantonal tax privileges for holding companies, mixed companies and domicile companies. The TRAF includes, among other measures, a patent box that is mandatory for all cantons but narrower than the one contained in CTR III, an optional surplus research and development allowance of 50%, a notional interest deduction and a step-up in basis. Subject to certain exemptions, the TRAF introduces a 50:50% distribution rule according to which withholding tax-free (and for Swiss resident private individuals, income tax-free) distributions out of capital contribution reserves made by companies listed in Switzerland shall only benefit from the tax-free treatment if and to the extent the company distributes a taxable dividend in the same amount (provided that the company has distributable profits and retained earnings). In January 2019, the optional referendum on TRAF was called, and the popular vote is scheduled for May 19, 2019. Unless the TRAF is rejected in the referendum, its main provisions will enter into force on January 1, 2020, with some provisions having entered into force already on January 1, 2019, including the provisions on step-up. In connection with the tax reform, several cantons had announced to cut their statutory corporate income tax rates to approximately 12%, subject to, and simultaneously with, the effectiveness of the reform.

On December 14, 2018, the Swiss Parliament adopted the bill on the Federal Act on Calculation of the Participation Deduction for "Too Big to Fail" Instruments. The bill is subject to an optional referendum, which may be called until April 7, 2019. In March 2019, the Federal Council determined that, if no referendum is called, the act will enter into force retroactively as of January 1, 2019. Current legislation requires systemically relevant banks to issue contingent convertible bonds, write-off bonds and bail-in bonds through their top holding company from January 1, 2020 at the latest. Despite the top holding company on-lending the funds internally to direct or indirect subsidiaries, current corporate income tax laws require the top holding company to allocate interest paid under the contingent convertible bonds, write-off bonds or bail-in bonds to the participation exemption for dividends of the top holding company. This reduces the participation exemption for dividends of the top holding company of systemically relevant banks and may lead to materially higher corporate income taxes for such top holding company. This inadvertent consequence of higher corporate income taxes is inconsistent with the "Too Big to Fail" legislation's objective of strengthening the equity capital of systemically relevant banks. If enacted, the proposed legislation will permit systemically relevant banks to carve out interest paid in respect of such instruments for purposes of calculating tax exempt net participation

income and thereby remedy the effect of higher corporate income taxes from higher interest allocations.
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 rulemaking by different regulators, including the US Department of the Treasury (US Treasury), the Board of Governors of the Federal Reserve System (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 details of implementation.

Sanctions

As a result of allegations concerning Russian acts related to Ukraine, Syria, cybersecurity and electoral interference, in 2018 the US Treasury's Office of Foreign Assets Control (OFAC) designated a number of Russian government officials, business people and certain related companies as specially designated nationals (SDNs), which blocks their assets and prohibits dealings within US jurisdiction by both the newly designated SDNs and entities owned 50% or more by one or more blocked persons. US law also authorizes the imposition of other restrictions against non-US entities which, among other activities, engage in significant transactions with or provide material support to such sanctioned persons. OFAC issued new general licenses concurrently with the designations to provide a limited time period to wind down pre-existing contracts and divest or withdraw from business relationships with many of the recently sanctioned persons and entities, but these licenses are temporary. Further sanctions related to Russia or additional Russian persons or entities are possible, and the potential effects of related disruptions may include an adverse impact on our businesses.

Since 2017, OFAC has imposed, and in early 2019 continued to expand, sanctions related to Venezuela that, among other restrictions, block the assets of Venezuela's state-owned oil company and certain government officials, prohibit further dealings with them within US jurisdiction and restrict the ability of US persons to purchase new debt of and certain bonds issued by the government of Venezuela, subject to certain exceptions and licenses. Further sanctions related to Venezuela or Venezuelan entities are possible, and the potential effects of related disruptions may include an adverse impact on our businesses.

Supervision

On May 24, 2018, the US President signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). EGRRCPA raises the thresholds at which US enhanced prudential standards promulgated pursuant to the Dodd-Frank Act would apply to large bank holding companies (BHCs) and foreign banking organizations (FBOs) with between USD 50 billion and USD 250 billion in global consolidated assets. Because our global consolidated assets are above USD 250 billion, we do not expect to automatically benefit from the increase in thresholds. EGRRCPA also loosens the restrictions imposed by the so-called "Volcker Rule" on a banking entity sharing a name with a covered fund that it advises, although the name sharing restriction would continue to prevent us from sharing the Credit Suisse name with a covered fund. The Volcker Rule 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.

On June 14, 2018, the Fed issued a final rule establishing single counterparty credit limits (SCCLs) for BHCs with total consolidated assets of USD 250 billion or more, US global systemically important bank holding companies, the US operations of FBOs with global consolidated assets of USD 250 billion or more, and intermediate holding companies (IHCs) with total consolidated assets that equal or exceed USD 50 billion that are subsidiaries of such FBOs. The final rule limits aggregate net credit exposures to any single unaffiliated counterparty based on capital ratios. The final rule includes a regime of substituted compliance with home country rules for the combined US operations of FBOs (including our US IHC and New York Branch) that can certify that the FBO meets, on a consolidated basis, large exposure standards established by their home-country supervisor that are consistent with the large exposures framework established by the Basel Committee on Banking Supervision (BCBS). IHCs, however, including our US IHC, are ineligible for the substituted compliance regime and remain subject to a separate SCCL requirement. Our US IHC will be required to comply by July 1, 2020. If our combined US operations are unable to certify that they can meet the criteria to qualify for the regime of substituted compliance, our combined US operations will be required to comply by January 1, 2020.

Resolution regime

On December 20, 2018, the FDIC and the Fed provided feedback on the July 2018 resolution plans submitted by the four FBOs with large and complex US operations, including us. Our feedback letter did not find any deficiencies in our July 2018 plan and noted meaningful improvements over our July 2015 plan, including reorganizations of our US operations, pre-positioning of total loss-absorbing capacity (TLAC) and liquidity in the US, shared services resiliency and greater operational capabilities. The FDIC and the Fed noted shortcomings in the July 2018 plans of the FBOs, with ours relating to governance mechanisms, liquidity modelling and critical services mapping. A project plan to remediate these shortcomings is due by April 5, 2019. Our next resolution plan is due in July of 2020.

Investment services regulation

On June 21, 2018, the United States Court of Appeals for the Fifth Circuit issued its mandate vacating the US Department of Labor's final rules revising the definition of "fiduciary" for purposes of the US Employee Retirement Income Security Act of 1974, as amended, and US Internal Revenue Code of 1986, as amended, in their entirety. As a result, no revision of our policies, procedures or practices related to the US Department of Labor's vacated rule is necessary.

Tax

On December 22, 2017, the Tax Cuts and Jobs Act was enacted in the US, which revises US corporate income tax law by, among other things, introducing the base erosion and anti-abuse tax (BEAT), effective as of January 1, 2018. It is broadly levied on tax deductions created by certain payments, for example, for interest and services, to affiliated group companies outside the US, in the case where the calculated tax based on a modified taxable income exceeds the amount of ordinary federal corporate income taxes paid. The tax rates applicable for banks are 6% for 2018, 11% for 2019 until 2025 and 13.5% from 2026 onward. On the basis of the current analysis of the BEAT tax regime, following the draft regulations issued by the US Treasury on December 13, 2018, we regard it as more likely than not that the Group will be subject to this regime in 2018. The finalization of

US BEAT regulations is expected to occur in 2019. Prospectively, additional tax regulations of the US tax reform relating to interest deductibility may also impact Credit Suisse.

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 rule-making and implementation processes, and their final form and cumulative impact remain uncertain.

Investment services regulation

On December 21, 2017, the European Commission decided to recognize the equivalence of the Swiss legal and supervisory framework for trading venues with that of the EU for a temporary period of one year. On December 17, 2018, the European Commission extended the equivalence for six months. The decision allows European securities traders to meet the new Markets in Financial Instruments Regulation (MiFIR) shares trading obligation on Swiss exchanges until June 30, 2019.

Anti-money laundering regulation

On June 19, 2018, the text of the Fifth Money Laundering Directive (MLD5) was published in the Official Journal of the EU. MLD5 entered into force on July 9, 2018 and the laws of the EU member states must comply with the requirements of MLD5 by January 10, 2020. Among other things, MLD5 clarified the requirements for enhanced due diligence measures and countermeasures relating to high-risk third countries and introduced a new obligation for EU member states to establish centralized mechanisms to identify holders and controllers of bank and payment accounts.

Prudential regulation

In November 2016, the European Commission published its legislative proposals for the amendment of the Capital Requirements Regulation (CRR) (through an amending Regulation CRR II), the Capital Requirements Directive IV (CRD IV) (through an amending Directive CRD V) and the EU Bank Recovery and Resolution Directive (BRRD) (through an amending Directive BRRD II). After trialogue negotiations between the EU Commission, Parliament and Council, political agreement on this legislative package was reached in December 2018, and this legislative package is expected to enter into force during the first quarter of 2019. Our EU banks and investment firms will be subject to CRR II, which contains, among other things, proposed reforms to the CRR regarding international prudential standards based on the Basel III standards and provisions relating to, among other things, leverage ratio, market risk, counterparty credit risk and large exposures and implementing the Financial Stability Board's (FSB) TLAC standard. The majority of the CRR II measures will apply beginning in 2021. In addition, Credit Suisse will be expected to comply with the CRD V proposal, which includes a requirement for non-EU groups that are G-SIBs, which have two or more bank or investment firm subsidiaries in the EU, to establish an intermediate parent undertaking in the EU, or two intermediate parent undertakings under certain specific circumstances, by 2023. Similarly, Credit Suisse will be subject to BRRD II, which revises the existing EU regime relating to MREL to align it with the TLAC standard and to introduce, among other things, changes to the contractual recognition of bail-in and a new moratorium power for competent authorities.

Tax

On May 25, 2018, the Council of the European Union adopted an amendment to the Directive on Administrative Cooperation in (direct) taxation in the EU, with respect to mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements, imposing reporting requirements on intermediaries in relation to certain arrangements. The provisions of the amendment (DAC6) must be implemented into each EU member state's domestic law by the end of 2019, and will apply from July 1, 2020. However, once DAC6 applies, the reporting requirements (where triggered) will capture arrangements where the first step was implemented after June 25, 2018.

UK

UK-EU relationship

On June 23, 2016, voters in the UK voted to leave the EU in a non-binding referendum. On March 16, 2017, the European Union (Notification of Withdrawal) Bill was enacted and on March 29, 2017, the UK government submitted the formal notification under Article 50 of the Lisbon Treaty to the European Council of the intention of the UK to withdraw from the EU. In June 2018, the European Union (Withdrawal) Act 2018 (EUWA) was enacted in connection with the withdrawal of the United Kingdom from the EU. The EUWA, among other things, preserves EU-derived UK legislation and incorporates directly applicable EU legislation in UK law, as “retained EU law”, on March 29, 2019, and delegates legislative powers to the UK government to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law arising as a result of the UK’s withdrawal from the EU. A withdrawal agreement was negotiated between the EU and UK and finalized on November 14, 2018, which included an agreement on a standstill transition period until December 31, 2020 to further negotiate the future relationship. During the transition period, the UK would continue to implement new EU law that comes into effect and the UK would continue to be treated as part of the EU’s single market in financial services. The UK Parliament has not yet approved the withdrawal agreement between the EU and the UK, and it appears likely that there will be a delay of the UK’s withdrawal from the EU for a period of time beyond March 29, 2019, although it is still possible that the UK could leave the EU without such an agreement in place. To prepare for withdrawal, HM Treasury is using its powers under the EUWA to remedy deficiencies in retained EU law relating to financial services, through statutory instruments. The statutory instruments are not intended to make policy changes, other than to reflect the UK’s new position outside the EU, and to smooth the transition to this situation. HM

Treasury has also delegated powers to the UK's financial services regulators to address deficiencies in the regulators' rulebooks arising as a result of exit, and to the EU Binding Technical Standards that will become part of retained EU law.

Credit Suisse is working to address the implications of the consequences of these changes and to minimize disruption for our clients. Adverse changes to any of these arrangements, and even uncertainty over potential changes during any period of negotiation, could potentially impact our results in the UK or other markets we serve.

Regulatory framework

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

Global initiatives

Total Loss-Absorbing Capacity

On January 1, 2019, the final FSB TLAC standard for G-SIBs became effective, subject to a phase-in until January 1, 2022. 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 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 is at least 16% of a G-SIB's RWA as of January 1, 2019, and will 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, effective July 1, 2016, the Swiss Federal Council adopted the revised Capital Adequacy Ordinance implementing the FSB's TLAC standard.

> 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.

In the US, the Fed has adopted a final rule that implements the FSB's TLAC standard. The final rule requires, among other things, the US IHCs of non-US G-SIBs, such as Credit Suisse's US IHC, to maintain minimum amounts of "internal" TLAC, a TLAC buffer and long-term debt satisfying certain eligibility criteria, commencing January 1, 2019. The entity designated as Credit Suisse's US IHC is required to issue all TLAC debt instruments to a foreign parent entity (a non-US entity that controls the IHC) or another foreign affiliate that is wholly owned by its foreign parent. The final rules also impose limitations on the types of financial transactions in which the entity designated as Credit Suisse's US IHC can engage.

In the UK, the Bank of England published its statement of policy on its approach to establishing the requirement under the BRRD for certain UK entities, including Credit Suisse International (CSI) and Credit Suisse Securities Europe Limited (CSSEL), to maintain the MREL requirement. 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 statement of policy reflects both the TLAC standards and the requirements of the European Banking Authority (EBA)'s Regulatory Technical Standards on MREL. It does not set TLAC requirements in addition to MREL. On June 13, 2018, the Bank of England also published its final statement of policy on its approach to setting MREL, including its approach on setting internal MREL. Under the statement of policy, internal MREL requirements for UK material subsidiaries of non-UK G-SIBs, such as Credit Suisse, will be scaled between 75% and 90% of external MREL based on factors including the resolution strategy of the group and the home country's approach to internal total loss-absorbing capacity calibration. Interim internal MREL requirements came into effect beginning January 1, 2019, and their full implementation will be phased in through January 1, 2022.

ISDA Resolution Stay Protocols

On November 12, 2015, ISDA launched the ISDA 2015 Universal Resolution Stay Protocol (ISDA 2015 Universal Protocol) and Credit Suisse voluntarily adhered to the ISDA 2015 Universal Protocol at the time of its launch. By adhering to the ISDA 2015 Universal 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 securities financing transactions are subject to statutory stays on affiliate-linked default and early termination rights in the event a bank counterparty enters into resolution, regardless of its 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 ISDA 2015 Universal 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. Although other large banking groups have also adhered to the ISDA 2015 Universal 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 ISDA 2015 Universal Protocol. In order to expand the scope of parties and transactions covered by the ISDA 2015 Universal

Protocol or similar contractual arrangements, the G20 committed to introducing regulations requiring large banking groups to include ISDA 2015 Universal Protocol-like provisions in certain financial contracts when facing counterparties under foreign laws. Certain G20 member nations, including the US, introduced such requirements in 2015, 2016 and 2017.

In Switzerland, the Swiss Federal Council introduced amendments to the Ordinance on Banks and Savings Banks (Banking Ordinance) that require banks, including Credit Suisse, to include terms in certain of their contracts (and in certain 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 have been set forth in the Banking Ordinance since January 1, 2016. A partial revision of the Ordinance of FINMA on the Insolvency of Banks and Securities Dealers (FINMA Banking Insolvency Ordinance) entered into effect on April 1, 2017. The rule only affects an exhaustive list of contracts whose continued existence is essential for a bank requiring restructuring. The listed contracts are customary in the financial market and include, in particular, contracts governing the purchase, sale, lending and repurchase of certain underlying securities. Contracts entered into by foreign group entities are only subject to the rule if, among other things, the respective financial contract is guaranteed or otherwise secured by a bank or securities dealer domiciled in Switzerland. Certain contracts, e.g. contracts with individuals as well as for the placement of financial instruments in the market, are excluded. The list of contracts is internationally harmonized and broadly in line with the definition of financial contracts in accordance with the BRRD.

In the UK, the Prudential Regulation Authority (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 that would be applicable upon their resolution. UK entities have been required to comply with these rules from June 1, 2016 for contracts where the counterparty is a credit institution or an investment firm, and from January 1, 2017 in respect of contracts with all other counterparties.

ISDA has developed another protocol, the ISDA Resolution Stay Jurisdictional Modular Protocol to facilitate market-wide compliance with these new requirements by both dealers, such as Credit Suisse, and their counterparties.

In the US, in 2017, the Fed, the FDIC and the OCC each issued final rules designed to improve the resolvability of US headquartered G-SIBs and the US operations of non-US G-SIBs, such as our US operations. These final rules require covered entities to modify their QFCs to obtain agreement of counterparties that (1) their QFCs are subject to the stays on early termination rights under the Orderly Liquidation Authority and the Federal Deposit Insurance Act, which is similar to requirements introduced in other jurisdictions to which we are already subject, and (2) certain affiliate-linked default rights would be limited or overridden if an affiliate of the G-SIB entered proceedings under the US Bankruptcy Code or other insolvency or resolution regimes. Covered QFCs must be conformed to the rules' requirements starting January 1, 2019, with full compliance by January 1, 2020. ISDA has developed the ISDA US Protocol to facilitate compliance with the final rules. Credit Suisse's US operations are in the process of having all of their covered entities adhere to the ISDA US Protocol to amend their QFCs with adhering counterparties to comply with the final rules.

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, loss-absorbing capacity, 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 Swiss Federal Act on Stock Exchanges and Securities Trading (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 on a consolidated basis as a systemically relevant bank for the purposes of Swiss law.
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.
Credit Suisse is subject to the Basel III framework, as implemented in Switzerland, as well as Swiss legislation and regulations for

systemically important banks, 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.
In addition, Switzerland has stringent anti-corruption and anti-bribery laws related to Swiss and foreign public officials as well as persons in the private sector.
Compensation design and its implementation and disclosure have been required to comply with standards promulgated by FINMA under its Circular on Remuneration Schemes, as updated from time to time.

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. On June 15, 2018, the Swiss Parliament adopted the FinIA, which is expected to govern all aspects of the securities dealer business in Switzerland instead of the SESTA, beginning January 1, 2020.
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. Effective January 1, 2020, our activities as asset manager of collective assets will also be governed by the FinIA.

Resolution regime

The FINMA Banking Insolvency Ordinance governs resolution (i.e., restructuring or liquidation) procedures of Swiss banks and securities dealers, such as Credit Suisse AG and Credit Suisse (Schweiz) 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 FINMA 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 an impending insolvency because 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, Credit Suisse (Schweiz) AG or Credit Suisse Group AG, it would have discretion to take decisive actions, including (i) transferring the assets of the

banks 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 banks or Credit Suisse Group AG, as applicable, is a party, (iii) converting the debt of the banks 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 banks 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, Credit Suisse (Schweiz) 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 FINMA Banking Insolvency Ordinance. Contingent liabilities of Credit Suisse AG, Credit Suisse (Schweiz) 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, Credit Suisse (Schweiz) AG and Credit Suisse Group AG, creditors have no right to reject the restructuring plan approved by FINMA.

Supervision

The Federal Act on Financial Market Infrastructure and Market Conduct in Securities and Derivatives Trading (also known as "FMIA") governs the organization and operation of financial market infrastructures and the conduct of financial market participants in securities and derivatives trading. FMIA, along with the Financial Market Infrastructure Ordinance (also known as "FMIO") came into effect on January 1, 2016. However, financial market infrastructures and the operators of organized trading facilities were granted different transitional periods to comply with various new duties, including those associated with the publication of pre- and post-trade transparency information and with high-frequency trading. Under the FMIA, FINMA was designated to determine the timing of the introduction of a clearing obligation and to specify the categories of derivatives covered. Accordingly, on September 1, 2018, the revised Ordinance of the Swiss Financial Market Supervisory Authority on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FMIO-FINMA) entered into force, introducing a mandatory clearing obligation for standardized interest-rate and credit derivatives traded over the counter (OTC) and making effective, as of such date, the deadlines for the first clearing obligations laid down in the FMIO, i.e., six months, twelve months or eighteen months, depending on the categories of derivatives and the type of counterparty.

Tax

Administrative assistance in tax matters

The Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAC) entered into force and became applicable as of January 1, 2018. Under the MAC, Switzerland is required to exchange information in tax matters both spontaneously in certain cases as well as upon request. Furthermore, the revised Federal Act on International Administrative Assistance in Tax Matters and the revised Federal Ordinance on International Administrative Assistance in Tax Matters (OIAA) entered into force, which provide the procedural rules for international administrative assistance on tax matters based on either the MAC or under bilateral double taxation treaties of Switzerland. In exceptional cases, the Swiss legislation permits exchange of information before the taxpayer concerned is informed. Under the MAC (and as clarified in the OIAA), Switzerland commenced for tax periods from January 1, 2018 onwards to automatically exchange information on certain advance tax rulings within the scope of the Organisation for Economic Co-operation and Development (OECD) and the Group of Twenty (G20) project to combat base erosion and profit shifting (BEPS).

On June 10, 2016, the Swiss Federal Council submitted to the Swiss Parliament an amendment of the Federal Act on International Administrative Assistance in Tax Matters for adoption to also allow administrative assistance for requests based on stolen data, however, only if the stolen data has been obtained by regular administrative assistance or from public sources. The Swiss Parliament has yet to debate the proposed new law.

On December 1, 2017, the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (CbCR) as well as the implementing Swiss federal legislation entered into force, which is the Federal Act on the International Automatic Exchange of Country by Country Reports of Multinationals and the Federal Ordinance on the International Automatic Exchange of Country by Country Reports of Multinationals. Under the CbCR and the implementing legislation, multinational groups of companies in Switzerland will have to prepare country-by-country reports for the first time for the 2018 tax year. The reports will be exchanged by Switzerland starting in 2020. On a voluntary basis, multinational groups of companies may prepare, and are permitted to submit, country-by-country reports for the 2016 and 2017 tax periods. Any such reports were exchanged for the first time in 2018.

Automatic exchange of information in tax matters

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information (AEOI) in tax matters (the AEOI Agreement), which applies to all 28 member states and also Gibraltar.

Further, Switzerland signed the multilateral competent authority agreement on the automatic exchange of financial account information (MCAA), and based on the MCAA, a number of bilateral AEOI agreements with other countries also became effective. Based on the AEOI Agreement, the bilateral AEOI agreements and the implementing laws of Switzerland, in 2017 Switzerland began to collect data in respect of financial assets held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in a EU member state or Gibraltar or a treaty state, and began to exchange such data in 2018. Switzerland has signed and will sign further AEOI agreements with additional countries. An up-to-date list of the AEOI agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Financial Matters.

Withholding tax reforms

On January 1, 2017, the revised Withholding Tax Act entered into force. It extends the exemption of interest paid on contingent convertible bonds and write-down bonds of banks or group companies of finance groups which were approved by FINMA and issued between January 1, 2013 and December 31, 2016, to issuances between January 1, 2017 and December 31, 2021. It also exempts interest paid on TLAC instruments approved

by FINMA for purposes of meeting regulatory requirements which have been or will be issued between January 1, 2017 and December 31, 2021, or have been issued prior to January 1, 2017 where the foreign issuer thereof will be substituted for a Swiss issuer between January 1, 2017 and December 31, 2021.
Stamp tax reforms
On January 1, 2017, the revised Stamp Tax Act entered into force. The revision introduced an exemption from the 1% issuance stamp tax for equity securities in banks or group companies of a financial group issued in connection with the conversion of TLAC instruments into equity, in addition to the exemption for equity securities in banks issued from conversion capital.
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 Department of Financial Services (DFS), 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, could 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 Fed may adopt (including at the recommendation of the FSOC) 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 for financial holding companies could also be adversely affected.

As mentioned above, 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 FBO 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 "legacy" investments in, and bank relationships with, certain private funds, that were in place prior to December 31, 2013, for which the Fed extended the compliance deadline to July 21, 2017. In April 2017, the Fed granted Credit Suisse an extended transition period to conform investments in certain illiquid funds under the Volcker Rule for an additional five years (i.e., until July 21, 2022). Credit Suisse has implemented a Volcker Rule compliance program reasonably designed to satisfy the requirements of the Volcker Rule. The Volcker Rule's implementing regulations are highly complex and may be subject to further rulemaking, regulatory interpretation and guidance, and its full impact will not be known with certainty for some time.

Fed regulations implementing the Dodd-Frank Act required Credit Suisse to create a single US IHC to hold all of its US subsidiaries with limited exceptions by July 1, 2017. The IHC requirement does not apply to the New York Branch. Credit Suisse's US IHC is 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, and is subject to capital planning and capital stress testing requirements under the Dodd-Frank Act and the Fed's annual Comprehensive Capital Analysis and Review (CCAR). In June 2018, the Fed released results of its annual CCAR stress tests, publicly releasing results for Credit Suisse's US IHC for the first time. Credit Suisse's US IHC was projected to maintain capital ratios above minimum regulatory requirements in the adverse and severely adverse CCAR stress scenarios, and the Fed did not object to its proposed capital plan. As part of the stress testing requirements of the Dodd-Frank Act, Credit Suisse's US IHC was also required to conduct a mid-cycle stress test using a set of internally developed macroeconomic scenarios and submit the results to the Fed in October 2018. As disclosed, Credit Suisse's US IHC was projected to maintain capital ratios above minimum regulatory requirements under the internally developed severely adverse scenario.

Credit Suisse's US IHC is also subject to additional requirements under the Fed's final TLAC framework for IHCs, described above. In addition, both Credit Suisse's US IHC itself and the combined US operations of Credit Suisse (including Credit Suisse's US 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 Credit Suisse's US IHC and the New York Branch, liquidity stress testing and SCCLs. Under proposals that remain under consideration, the combined US operations of Credit Suisse may 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 liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) to the US operations of certain large FBOs, and that could further tailor the US prudential standards applicable to FBOs based on size, complexity and risk.

> Refer to "Liquidity and funding management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on Basel III LCR and NSFR.

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 but no final rules have been adopted.

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. Most of our US broker-dealers are also subject to additional 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 ERISA and similar state statutes.

The Dodd-Frank Act 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, commodity trading advisors and introducing brokers, among other regulatory categories. With the effectiveness of the Dodd-Frank Act, CFTC oversight was expanded to include persons engaging in a relevant activity with respect to swaps, and registration categories were added for swap dealers and major swap participants. For derivatives activities, these CFTC registrants are subject to industry self-regulatory organizations, such as the National Futures Association (NFA), which has been designated by the CFTC as a registered futures association.

Each of CSI, CSSEL and Credit Suisse Capital LLC (CS Capital) is registered with the CFTC as a swap dealer as a result of its applicable swap activities and is therefore subject to requirements relating to reporting, record-keeping, swap confirmation, swap portfolio reconciliation and compression, mandatory clearing, mandatory on-facility trading, swap trading relationship documentation, external business conduct, risk management, chief compliance officer duties and reports and internal controls. However, where permitted by comparability determinations by the CFTC or in reliance on no-action letters issued by the CFTC, non-US swap dealers, including CSI and CSSEL, can comply with certain requirements through substituted compliance with EU regulations. The CFTC has also stated that it intends to grant new substituted compliance and exemption orders and no-action letters at the point of the UK's withdrawal from the EU, which would permit CSI and CSSEL to satisfy such requirements by complying with relevant UK regulations.

As registered swap dealers that are not banks, CSSEL and CS Capital are also subject to the CFTC's margin rules for uncleared swaps. As a non-US swap dealer, CSSEL is only subject to these rules in connection with its uncleared swaps with US persons, non-US persons guaranteed by US persons, and certain non-US swap dealer subsidiaries of US persons. As a registered swap dealer that is a foreign bank, CSI is subject to the margin rules for uncleared swaps and security-based swaps of the Fed, and CSI likewise is only subject to these rules in connection with its uncleared swaps and security-based swaps with US persons, non-US persons guaranteed by US persons, and certain non-US swap dealer subsidiaries of US persons. Both of these margin rules are following a phased implementation schedule.

Since March 1, 2017, CSI, CSSEL and CS Capital have been required to comply with variation margin requirements with covered entities under these rules, requiring the exchange of daily mark-to-market margin with all such covered entities. Initial margin requirements began phasing in annually for different counterparties from September 1, 2016, with remaining phases relating to the application of initial margin requirements to market participants with group-wide notional derivatives exposure during the preceding March, April and May of at least USD 750 billion or at least USD 8 billion on September 1, 2019 or September 1, 2020, respectively. The broad expansion of initial margin requirements on September 1, 2020 could have a significant adverse impact on our OTC derivatives business because of the large number of affected counterparties that might need to enter into new documentation and upgrade their systems in order to comply.

The Dodd-Frank Act also mandates that the CFTC adopt capital requirements for non-bank swap dealers (such as CSSEL and CS Capital), and the CFTC continues to consider proposed rules in this area. Under the CFTC's most recent proposal, CSSEL and CS Capital could elect whether to satisfy capital requirements based on Fed rules implementing Basel capital requirements or SEC rules similar to the capital requirements currently applicable to US broker-dealers, but in each case they would be subject to an additional capital requirement based on 8% of the initial margin required for their derivatives positions. If the CFTC found EU capital requirements to be comparable, or, following the UK's withdrawal from the EU, if the CFTC found relevant UK capital requirements to be comparable, CSSEL could satisfy the CFTC's requirements through "substituted compliance" with the EU or UK requirements, as applicable. If the CFTC did not grant that comparability determination, however, CSSEL could face a significant competitive disadvantage relative to non-US competitors not subject to CFTC capital requirements due to the additional capital that may be required under the CFTC's rules as proposed and the burdens associated with satisfying duplicative capital regimes. In contrast, the Fed thus far has declined to apply additional capital requirements to swap dealers that are foreign banks, such as CSI.

The CFTC continues to consider proposed rules with potential revisions to its framework for the cross-border application of swap dealer regulations. In the meantime, key aspects of that framework, such as the application of certain CFTC rules to swaps between non-US persons, remain subject to temporary no-action letters. Expiration of any 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 or rules once effective.

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 and therefore are subject to disclosure, recordkeeping, reporting and other requirements of the CFTC and the NFA.

The Dodd-Frank Act mandates that the CFTC establish aggregate position limits for certain physical commodity futures contracts and economically equivalent swaps, and the CFTC continues to consider proposed rules in this area. If the CFTC adopted its most recent proposal, these position limit rules would require us to develop a costly compliance infrastructure and could reduce our ability to participate in the commodity derivatives markets, both directly and on behalf of our clients.

In addition, in late 2018 the SEC began again to solicit comments on its rules implementing the derivatives provisions of the Dodd-Frank Act, and it is possible that the SEC will finalize some of these rules during 2019. However, the timing remains unclear. 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. For example, 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. In particular, SEC rules applying public transaction reporting and external business conduct requirements to security-based swaps between non-US persons that are arranged, negotiated or executed by US personnel could discourage non-US counterparties from entering into such transactions, unless the SEC permits substituted compliance with non-US reporting or business conduct requirements. The SEC requirements, as currently finalized, would take effect upon or shortly after security-based swap dealer registration, which will not be required until after the SEC completes several other pending rulemakings relating to security-based swap dealer regulation.

FATCA

Pursuant to an agreement with the US Internal Revenue Service (IRS) entered into in compliance with the US Foreign Account Tax Compliance Act (FATCA), Credit Suisse is required to identify and provide the IRS with information on accounts held by US persons and certain US-owned foreign entities, as well as to withhold tax on payments made to foreign financial institutions (FFIs) that are not in compliance with FATCA and account holders who fail to provide sufficient information to classify an account as a US or non-US account. Switzerland and the United States have entered into a "Model 2" intergovernmental agreement to implement FATCA, pursuant to which 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 FFIs, such as Credit Suisse. 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, who would in turn report that information to the IRS. It is unclear when negotiations will continue for the Model 1 intergovernmental agreement and when any new regime would come into force. We are continuing to follow developments regarding FATCA closely and are coordinating with all relevant authorities.

Resolution regime

The Dodd-Frank Act also established an "Orderly Liquidation Authority", a 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 QFCs, 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 the Fed and the FDIC require bank holding companies and companies treated as bank holding companies with total consolidated assets of USD 100 billion or more, such as us, and certain designated non-bank financial firms, to submit periodically 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. The Fed and FDIC delayed our

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deadline for submission of our next US resolution plan until July 2020.

Cybersecurity

Federal and state regulators, including the DFS, FINRA and the SEC, have increasingly focused on cybersecurity risks and responses for regulated entities. For example, the DFS cybersecurity regulation applies to any licensed person, including DFS-licensed branches of non-US banks, and requires each company to assess its specific risk profile periodically and design a program that addresses its risks in a robust fashion. Each covered entity must monitor its systems and networks and notify the superintendent of the DFS within 72 hours after it is determined that a material cybersecurity event has occurred. Similarly, FINRA has identified cybersecurity as a significant risk and will assess firms' programs to mitigate those risks. In addition, the SEC has issued expanded interpretative guidance that highlights requirements under US federal securitie