CREDIT SUISSE AG
Form 20-F
March 22, 2013

As filed with the Securities and Exchange Commission on March 22, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 20-F

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

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012.

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

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

Commission file number: 001-15244
Credit Suisse Group AG

(Exact name of Registrant as specified in its charter)
Canton of Zurich, Switzerland
(Jurisdiction of incorporation or organization)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive offices)
David R. Mathers
Chief Financial Officer
Paradeplatz 8, CH 8001 Zurich, Switzerland
david.mathers@credit-suisse.com

Telephone: +41 44 333 6607
Fax: +41 44 333 1790
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Commission file number: 001-33434
Credit Suisse AG

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

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Securities registered or to be registered pursuant to Section 12(b) of the Act	Name of each exchange on which registered
Credit Suisse Group AG	
American Depositary Shares each representing one Share	New York Stock Exchange
Shares par value CHF 0.04*	New York Stock Exchange*
Credit Suisse AG	
Fixed to Floating Rate Tier 1 Capital Notes	New York Stock Exchange
Floating Rate Tier 1 Capital Notes	New York Stock Exchange
7.9% Tier 1 Capital Notes	New York Stock Exchange
Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net)	NYSE Arca
Exchange Traded Notes due April 20, 2020 Linked to the Cushing® 30 MLP Index	NYSE Arca
Exchange Traded Notes due October 6, 2020 Linked to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
Exchange Traded Notes due March 13, 2031 Linked on a Leveraged Basis to the Credit Suisse Merger Arbitrage Liquid Index (Net)	NYSE Arca
Market Neutral Equity ETN Linked to the HS Market Neutral Index Powered by HOLT™ due September 22, 2031	NYSE Arca
VelocityShares Daily Inverse VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily Inverse VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily 2x VIX Short Term ETN Linked to the S&P 500 VIX Short-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocityShares Daily 2x VIX Medium Term ETN Linked to the S&P 500 VIX Mid-Term Futures™ Index due December 4, 2030	NYSE Arca
VelocitySharesTM 3x Long Gold ETN Linked to the S&P GSCI® Gold Index ER due October 14, 2031	NYSE Arca
VelocitySharesTM 3x Long Silver ETN Linked to the S&P GSCI® Silver Index ER due October 14, 2031	NYSE Arca
VelocitySharesTM 2x Long Platinum ETN Linked to the S&P GSCI® Platinum Index ER due October 14, 2031	NYSE Arca
VelocitySharesTM 3x Inverse Gold ETN Linked to the S&P GSCI® Gold Index ER due October 14, 2031	NYSE Arca
VelocitySharesTM 3x Inverse Silver ETN	

Linked to the S&P GSCI® Silver Index ER due October 14, 2031	NYSE Arca
VelocitySharesTM 2x Inverse Platinum ETN	
Linked to the S&P GSCI® Platinum Index ER due October 14, 2031	NYSE Arca
VelocitySharesTM 3x Long Brent Crude ETN	
Linked to the S&P GSCI® Brent Crude Index ER due February 9, 2032	NYSE Arca
VelocitySharesTM 3x Long Crude Oil ETN	
Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032	NYSE Arca
VelocitySharesTM 3x Long Natural Gas ETN	
Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032	NYSE Arca
VelocitySharesTM 3x Inverse Brent Crude ETN	
Linked to the S&P GSCI® Brent Crude Index ER due February 9, 2032	NYSE Arca
VelocitySharesTM 3x Inverse Crude Oil ETN	
Linked to the S&P GSCI® Crude Oil Index ER due February 9, 2032	NYSE Arca
VelocitySharesTM 3x Inverse Natural Gas ETN	
Linked to the S&P GSCI® Natural Gas Index ER due February 9, 2032	NYSE Arca
Credit Suisse Gold Shares Covered Call Exchange Traded Notes (ETNs) due February 2, 2033 Linked to the Credit Suisse NASDAQ Gold FLOWS™ 103 Index	The Nasdaq Stock Market

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

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2012: 1,293,793,091 shares of Credit Suisse Group AG

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

Large accelerated filers Accelerated filers Non-accelerated filers

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

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

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

Item 17 Item 18

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

Yes No

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Definitions

For the purposes of this Form 20-F and the attached Annual Report 2012, unless the context otherwise requires, the terms “Credit Suisse Group,” “Credit Suisse,” “the Group,” “we,” “us” and “our” mean Credit Suisse Group AG and its consolidated subsidiaries and the term “the Bank” means Credit Suisse AG, the Swiss bank subsidiary of the Group, and its consolidated subsidiaries.

The business of the Bank is substantially similar to the Group and, except where noted or the context otherwise requires, information relating to the Group is also relevant to the Bank.

Abbreviations and selected terms are explained in the List of abbreviations and the Glossary in the back of the Annual Report 2012.

Sources

Throughout this Form 20-F and the attached Annual Report 2012, we describe the position and ranking of our various businesses in certain industry and geographic markets. The sources for such descriptions come from a variety of conventional publications generally accepted as relevant business indicators by members of the financial services industry. These sources include: Standard & Poor’s, Thomson Financial, Dealogic, the Loan Pricing Corporation, Institutional Investor, Lipper, Moody’s Investors Service and Fitch Ratings.

Cautionary statement regarding forward-looking information

For Credit Suisse and the Bank, please see Cautionary statement regarding forward-looking information on the inside page of the back cover of the attached Annual Report 2012.

Part I

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

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

Item 2. Offer statistics and expected timetable.

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

Item 3. Key information.

A – Selected financial data.

For Credit Suisse and the Bank, please see Appendix – Selected five-year information – Group on page A-2 and – Bank on page A-3 of the attached Annual Report 2012. In addition, please see IX – Additional information – Other information – Foreign currency translation rates on page 540 of the attached Annual Report 2012.

B – Capitalization and indebtedness.

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

C – Reasons for the offer and use of proceeds.

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

D – Risk factors.

For Credit Suisse and the Bank, please see I – Information on the company – Risk factors on pages 37 to 45 of the attached Annual Report 2012.

Item 4. Information on the company.

A – History and development of the company.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 22 to 23, and IV – Corporate Governance and Compensation – Corporate Governance – Overview – Company on pages 154 to 156 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 3 – Business developments and subsequent events in V – Consolidated financial statements – Credit Suisse Group on pages 244 to 245 of the attached Annual Report 2012 and, for the Bank, please see Note 3 – Business developments and subsequent events in VII – Consolidated financial statements – Credit Suisse (Bank) on page 414 of the attached Annual Report

2012.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 10 to 36 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 245 to 248 of the attached Annual Report 2012 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 415 to 416 of the attached Annual Report 2012.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 22 to 23 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on pages 53 to 54 of the attached Annual Report 2012. For a list of Credit Suisse's significant subsidiaries, please see Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 364 to 366 of the attached Annual Report 2012 and, for a list of the Bank's significant subsidiaries, please see Note 36 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 490 to 492 of the attached Annual Report 2012.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on page 539 of the attached Annual Report 2012.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information on pages 514 to 533 of the attached Annual Report 2012. In addition, for both Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management – Credit risk – Loans – Impaired loans on pages 142 to 143 and – Provision for credit losses on page 144 of the attached Annual Report 2012.

Item 4A. Unresolved staff comments.

None.

Item 5. Operating and financial review and prospects.

A – Operating results.

For Credit Suisse and the Bank, please see II – Operating and financial review on pages 48 to 94 of the attached Annual Report 2012. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 24 to 36 of the attached Annual Report 2012 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Foreign exchange exposure and interest rate management on page 120.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management and – Capital management on pages 96 to 120 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 270 to 271 and Note 35 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 355 of the attached Annual Report 2012 and, for the Bank, please see Note 23 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 433 and Note 34 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 489 of the attached Annual Report 2012.

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

Not applicable.

D – Trend information.

For Credit Suisse and the Bank, please see Item 5.A of this Form 20-F. In addition, for Credit Suisse and the Bank, please see I – Information on the Company – Our businesses on pages 13 to 21 of the attached Annual Report 2012.

E – Off-balance sheet arrangements.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations on pages 149 to 152 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 30 – Derivatives and hedging activities, Note 31 – Guarantees and commitments and Note 32 – Transfers of financial assets and variable interest entities in V – Consolidated financial statements – Credit Suisse Group on pages 300 to 326 of the attached Annual Report 2012 and, for the Bank, please see Note 29 – Derivatives and hedging activities, Note 30 – Guarantees and commitments and Note 31 – Transfers of financial assets and variable interest entities in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 455 to 471 of the attached Annual Report 2012.

F – Tabular disclosure of contractual obligations.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Balance sheet, off-balance sheet and other contractual obligations – Contractual obligations and other commercial commitments on page 152 of the attached Annual Report 2012.

Item 6. Directors, senior management and employees.

A – Directors and senior management.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors, – Board Committees, – Biographies of the Board Members, – Executive Board and – Biographies of the Executive Board Members on pages 161 to 183 of the attached Annual Report 2012.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 187 to 220 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 11 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 251, Note 27 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 278 to 286 and Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 290 to 300, and Note 3 – Compensation to members of the Executive Board and the Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 387 to 396 of the attached Annual Report 2012 and, for the Bank, please see Note 11 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 419, Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 440 to 444 and Note 28 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 447 to 455 of the attached Annual Report 2012.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance on pages 154 to 185 of the attached Annual Report 2012.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Employees on page 156. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Core Results on pages 55 to 67 of the attached Annual Report 2012.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 187 to 220 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 27 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 278 to 286, and Note 3 – Compensation to members of the Executive Board and Board of Directors in VI – Parent company financial statements – Credit Suisse Group on pages 387 to 396 of the attached Annual Report 2012. For the Bank, please see Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 440 to 444 of the attached Annual Report 2012.

Item 7. Major shareholders and related party transactions.

A – Major shareholders.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Shareholders on pages 157 to 161 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 3 – Business developments and subsequent events in V – Consolidated financial statements – Credit Suisse Group on pages 244 to 245, Note 5 – Own shares held by the company and by group companies and Note 6 – Significant shareholders in VI – Parent company financial statements – Credit Suisse Group on page 396 of the attached Annual Report 2012. Credit Suisse's major shareholders do not have different voting rights. The Bank has 43,996,652 shares outstanding and is a wholly-owned subsidiary of Credit Suisse.

B – Related party transactions.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 187 to 220 of the attached Annual Report 2012. In addition, for Credit Suisse, please see Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 286 to 289 and Note 3 – Compensation to members of the Executive Board and the Board of Directors – Board of Directors loans in VI – Parent company financial statements – Credit Suisse Group on pages 387 to 396 of the attached Annual Report 2012 and, for the Bank, please see Note 27 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 445 to 446 of the attached Annual Report 2012.

C – Interests of experts and counsel.

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

Item 8. Financial information.

A – Consolidated statements and other financial information.

Please see Item 18 of this Form 20-F.

For a description of Credit Suisse's legal and arbitration proceedings, please see Note 37 – Litigation in V – Consolidated financial statements – Credit Suisse Group on pages 357 to 363 of the attached Annual Report 2012. For a description of the Bank's legal and arbitration proceedings, please see Note 35 – Litigation in VII – Consolidated financial statements – Credit Suisse (Bank) on page 490 of the attached Annual Report 2012.

For a description of Credit Suisse's policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Dividends and dividend policy on pages 119 to 120 of the attached Annual Report 2012.

B – Significant changes.

None.

Item 9. The offer and listing.

A – Offer and listing details, C – Markets.

For information regarding the price history of Credit Suisse Group shares and the stock exchanges and other regulated markets on which they are listed or traded, please see IX – Additional information – Other information – Listing details on page 539 of the attached Annual Report 2012. Shares of the Bank are not listed.

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

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

Item 10. Additional information.

A – Share capital.

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

B – Memorandum and Articles of Association.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview, – Shareholders and – Board of Directors on pages 154 to 177 and – Additional information – Changes of control and defense measures on page 183 and – Liquidation on page 185 of the attached Annual Report 2012. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 534 of the attached Annual Report 2012. Shares of the Bank are not listed.

C – Material contracts.

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

D – Exchange controls.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Exchange controls on page 534 of the attached Annual Report 2012.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 534 to 537 of the attached Annual Report 2012. The Bank does not have any public shareholders.

F – Dividends and paying agents.

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

G – Statement by experts.

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

H – Documents on display.

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

In addition, Credit Suisse's parent company financial statements, together with the notes thereto, are set forth on pages 381 to 400 of the attached Annual Report 2012 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 495 to 512 of the attached Annual Report 2012 and incorporated by reference herein.

I – Subsidiary information.

Not applicable.

Item 11. Quantitative and qualitative disclosures about market risk.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management on pages 121 to 148 of the attached Annual Report 2012.

Item 12. Description of securities other than equity securities.

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

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

D – American Depositary Shares.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional information – American Depositary Share fees on page 185 of the attached Annual Report 2012. Shares of the Bank are not listed.

Part II

Item 13. Defaults, dividend arrearages and delinquencies.

None.

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

None.

Item 15. Controls and procedures.

For Credit Suisse's management report and the related report from the Group's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in V – Consolidated financial statements – Credit Suisse Group on pages 379 to 380 of the attached Annual Report 2012. For the Bank's management report and the related report from the Bank's independent auditors, please see Controls and procedures and Report of the Independent Registered Public Accounting Firm in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 493 to 494 of the attached Annual Report 2012.

Item 16A. Audit committee financial expert.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Board of Directors – Board committees – Audit Committee on pages 165 to 166 of the attached Annual Report 2012.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Corporate governance framework on page 155 of the attached Annual Report 2012.

Item 16C. Principal accountant fees and services.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Additional Information – Internal and external auditors on pages 183 to 184 of the attached Annual Report 2012.

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

None.

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

For Credit Suisse, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management – Additional information – Share repurchases on page 119 of the attached Annual Report 2012. The Bank does not have any class of equity securities registered pursuant to Section 12 of the Exchange Act.

Item 16F. Change in registrants' certifying accountant.

None.

Item 16G. Corporate governance.

For Credit Suisse, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Complying with rules and regulations on pages 154 to 155 of the attached Annual Report 2012. Shares of the Bank are not listed.

Item 16H. Mine Safety Disclosure.

None.

Part III

Item 17. Financial statements.

Not applicable.

Item 18. Financial statements.

Credit Suisse's consolidated financial statements, together with the notes thereto and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 221 to 380 of the attached Annual Report 2012 and incorporated by reference herein. The Bank's consolidated financial statements, together with the notes thereto (and any notes or portions thereof in the consolidated financial statements of Credit Suisse Group referred to therein) and the Report of the Independent Registered Public Accounting Firm thereon, are set forth on pages 401 to 494 of the attached Annual Report 2012 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of February 6, 2013.

1.2 Articles of association (Statuten) of Credit Suisse AG as of May 2, 2011 (incorporated by reference to Exhibit 1.2 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2011 filed on March 23, 2012).

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG as of October 24, 2012.

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

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

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

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

4.4 Purchase and Underwriting Agreement, dated as of July 17, 2012, between Credit Suisse AG and Competrol Establishment.

4.5 Purchase and Underwriting Agreement, dated as of July 18, 2012, between Credit Suisse AG and Qatar Holding LLC.

7.1 Computations of ratios of earnings to fixed charges of Credit Suisse and of the Bank are set forth under IX – Additional Information – Statistical information – Ratio of earnings to fixed charges – Group and – Ratio of earnings to fixed charges – Bank on page 533 of the attached Annual Report 2012 and incorporated by reference herein.

8.1 Significant subsidiaries of Credit Suisse are set forth in Note 38 – Significant subsidiaries and equity method investments in V – Consolidated financial statements – Credit Suisse Group on pages 364 to 366, and significant subsidiaries of the Bank are set forth in Note 36 – Significant subsidiaries and equity method investments in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 490 to 492 in the attached Annual Report 2012 and incorporated by reference herein.

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

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

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

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

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

101.1 Interactive Data Files (XBRL-Related Documents).

SIGNATURES

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

CREDIT SUISSE GROUP AG

(Registrant)

Date: March 22, 2013

/s/ Brady W. Dougan	/s/ David R. Mathers
Name: Brady W. Dougan	Name: David R. Mathers
Title: Chief Executive Officer	Title: Chief Financial Officer

CREDIT SUISSE AG

(Registrant)

Date: March 22, 2013

/s/ Brady W. Dougan	/s/ David R. Mathers
Name: Brady W. Dougan	Name: David R. Mathers
Title: Chief Executive Officer	Title: Chief Financial Officer

Financial highlights

			in / end of		% change
	2012	2011	2010	12 / 11	11 / 10
Net income (CHF million)					
Net income attributable to shareholders	1,349	1,953	5,098	(31)	(62)
of which from continuing operations	1,349	1,953	5,117	(31)	(62)
Earnings per share (CHF)					
Basic earnings per share	0.82	1.37	3.91	(40)	(65)
Diluted earnings per share	0.81	1.36	3.89	(40)	(65)
Return on equity (%)					
Return on equity attributable to shareholders	3.9	6.0	14.4	–	–
Core Results (CHF million) [1]					
Net revenues	23,606	25,429	30,625	(7)	(17)
Provision for credit losses	170	187	(79)	(9)	–
Total operating expenses	21,557	22,493	23,904	(4)	(6)
Income from continuing operations before taxes	1,879	2,749	6,800	(32)	(60)
Core Results statement of operations metrics (%) [1]					
Cost/income ratio	91.3	88.5	78.1	–	–
Pre-tax income margin	8.0	10.8	22.2	–	–
Effective tax rate	26.4	24.4	22.8	–	–
Net income margin [2]	5.7	7.7	16.6	–	–
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,250.8	1,185.2	1,205.3	5.5	(1.7)
Net new assets	10.8	46.6	62.4	(76.8)	(25.3)
Balance sheet statistics (CHF million)					
Total assets	924,280	1,049,165	1,032,005	(12)	2
Net loans	242,223	233,413	218,842	4	7
Total shareholders' equity	35,498	33,674	33,282	5	1
Tangible shareholders' equity [3]	26,866	24,795	24,385	8	2
Book value per share outstanding (CHF)					

Total book value per share	27.44	27.59	28.35	(1)	(3)
Tangible book value per share [3]	20.77	20.32	20.77	2	(2)
Shares outstanding (million)					
Common shares issued	1,320.8	1,224.3	1,186.1	8	3
Treasury shares	(27.0)	(4.0)	(12.2)	–	(67)
Shares outstanding	1,293.8	1,220.3	1,173.9	6	4
Market capitalization					
Market capitalization (CHF million)	29,402	27,021	44,683	9	(40)
Market capitalization (USD million)	32,440	28,747	47,933	13	(40)
BIS statistics (Basel II.5) [4]					
Risk-weighted assets (CHF million)	224,296	241,753	247,702	(7)	(2)
Tier 1 ratio (%)	19.4	15.2	14.2	–	–
Core tier 1 ratio (%)	15.5	10.7	9.7	–	–
Dividend per share (CHF)					
Dividend per share	0.75[5]	0.75[6]	1.30[6]	–	–
Number of employees (full-time equivalents)					
Number of employees	47,400	49,700	50,100	(5)	(1)

1 Refer to "Credit Suisse reporting structure and Core Results" and "Core Results" in II – Operating and financial review for further information on Core Results. 2 Based on amounts attributable to shareholders. 3 A non-GAAP financial measure. Tangible shareholders' equity is calculated by deducting goodwill and other intangible assets as shown on our balance sheet from total shareholders' equity. 4 Under Basel II.5 since December 31, 2011. Previously reported under Basel II. Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information. 5 Proposal of the Board of Directors to the Annual General Meeting on April 26, 2013. Refer to "Capital trends and capital distribution proposal" in II – Operating and financial review – Core Results – Information and developments for further information. 6 Paid out of reserves from capital contributions.

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

Annual Report

The Annual Report 2012 is a detailed presentation of the Group’s annual financial statements, company structure, corporate governance and compensation practices, treasury and risk management framework and a review of our operating and financial results.

Cover: Inside courtyard of Uetlihof 2, Credit Suisse, Zurich, Switzerland.

Corporate Responsibility Report and Company Profile

For a detailed presentation on how the Group assumes its diverse social and environmental responsibilities when conducting its business activities, refer to the Corporate Responsibility Report 2012. This publication is complemented by our **Responsibility Chronicle** that adds a multimedia dimension to the publication by providing a selection of reports, videos and picture galleries that focus on our international projects and initiatives. The Company Profile 2012 is enclosed in the Corporate Responsibility Report and contains key financial figures as well as strategic information. **www.credit-suisse.com/responsibility**

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

Message from the Chairman and the Chief Executive Officer

Dear shareholders, clients and colleagues

2012 was a year of transition for the financial services industry, as banks sought to adapt to new regulatory requirements, changing macroeconomic conditions and evolving client needs. Especially following the escalation of the Eurozone debt crisis, there was further debate about the mode and pace of implementation of the Basel III regulatory framework and the Swiss "Too Big to Fail" legislation. In Switzerland, developments in the cross-border wealth management business were driven by the focus on finding a politically acceptable basis for the future of this business and ongoing efforts to resolve legacy tax matters, particularly with other European countries and the US.

In response to this changing industry landscape, we took swift and decisive action during 2012 – building on the strategic steps we have been taking since 2008. In 2012, we substantially strengthened our capital position, lowered our cost base, reduced balance sheet assets both in terms of total assets and risk-weighted assets, and adapted the organizational structure of our businesses. Throughout this transformation, we maintained our strong market share momentum across businesses, continued to invest in key markets and achieved consistent pre-tax income during 2012 on an underlying* basis.

We now have a business model that is focused on those areas of business, where we can create value for clients and shareholders in the new environment. We are confident that the combination of a leading global wealth and asset management business for both private and institutional clients and a focused investment bank, together with our universal bank in our Swiss home market, provides us with a broad-based business structure and balanced income streams.

Significant progress in transforming our bank

We took further significant steps in 2012 to adapt our organization to new regulatory requirements and the changing market environment, as well as to evolving client needs:

– We further reduced our Basel III risk-weighted assets by CHF 55 billion, ending 2012 with Group-wide risk-weighted assets of CHF 284 billion. With that we are close to our target of less than CHF 280 billion in risk-weighted assets by year-end 2013.

– We strengthened our capital position by adding CHF 12.3 billion in pro-forma Look-through Swiss Core Capital** and our capital program is on track to achieve the end-2018 requirement of a 10% Swiss Core Capital ratio by mid-2013.

– We lowered our cost base by CHF 2.0 billion compared to the adjusted* annualized run-rate for the first half of 2011 and we are underway to achieve our CHF 4.4 billion run-rate reduction target by end-2015.

– We adapted the business models and organizational structure of our businesses. We created an integrated Private Banking & Wealth Management division with a strong global footprint that will continue to be a key revenue driver for the bank. We transformed our Investment Banking division to be Basel III compliant and remain focused on our market-leading, high-return businesses.

Throughout this transformation, we generated solid revenues and an underlying* return on equity of 10% for the full year 2012, and we maintained our strong market share momentum.

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Developments in our individual businesses

In Private Banking & Wealth Management, we made good progress in adapting our business to the new environment while continuing to achieve strong client momentum and improving profitability. We are confident that the organizational steps that we announced in November 2012 to better manage the alignment of the products, advice and services that we deliver to clients will further increase our productivity and efficiency. The integrated Private Banking & Wealth Management division, which is led by Hans-Ulrich Meister and Robert Shafir, comprises our Wealth Management Clients business and Asset Management business, as well as our Corporate & Institutional Clients business in Switzerland. With its strong global presence, our Wealth Management Clients business is in a good position to operate successfully in the new regulatory environment and to generate attractive returns despite ongoing margin pressure in the industry. Our Asset Management business is focused on liquid, scalable alternative investment products and multi-asset class solutions and on close collaboration with our other businesses. Asset Management has a particularly strong position in our Swiss home market.

In Investment Banking, we have transformed our business model and are one of the first global banks to be Basel III compliant. In 2012, we generated higher revenues and higher returns on significantly less risk-weighted assets and on a substantially reduced expense base. In November 2012, we announced the appointment of Gaël de Boissard, head of Fixed Income, to the Executive Board to lead the Investment Banking division with Eric Varvel, who is continuing to run the Equities and Investment Banking departments within the division. The new organizational structure for Investment Banking reflects the importance of the Equities and Underwriting & Advisory businesses. At the same time, it also recognizes the progress we have made in evolving our Fixed Income business to the new environment and the strength of this business for Credit Suisse. The streamlined organization builds on the strategic steps we have taken since 2008 and helps us to execute our business strategy, including continued market share growth, reallocation of capital toward a better balance between Private Banking & Wealth Management and Investment Banking, and further progress in reducing costs.

We have also adapted our Shared Services functions to the changing business priorities. Shared Services provides support in the areas of finance, operations, human resources, legal and compliance, risk management and IT. In 2012, we created a combined Finance, Operations and IT function that enables the bank to accelerate progress towards a common infrastructure, achieve greater coordination to partner with the business efficiently and improve client access to our industry-leading products. We also transferred further services to our Centers of Excellence around the globe. We expect the strategic importance of these centers to increase further in future.

Our performance in 2012

For the full year 2012, we delivered underlying* Core pre-tax income of CHF 5,008 million, more than double the CHF 2,371 million in the prior year. Underlying* net income attributable to shareholders was CHF 3,577 million and underlying* return on equity was 10%. After taking account of significant non-operating items, including fair value charges on own debt of CHF 2,939 million due to the improvement of our own credit spreads, our reported Core pre-tax income was CHF 1,879 million, net income attributable to shareholders was CHF 1,349 million and return on equity was 3.9%.

In Private Banking & Wealth Management, net revenues of CHF 13,541 million were stable compared to 2011, despite the adverse impacts of continued low transaction levels and the low interest rate environment. Total operating expenses of CHF 9,584 million decreased 8% compared to the prior year, and 3% excluding the litigation provisions of CHF 478 million in 2011 in connection with the German and US tax matters. The lower expenses reflect the efficiency measures we implemented throughout 2012, including the integration of Clariden Leu. Private Banking &

Wealth Management recorded net asset inflows of CHF 40.6 billion for the full year across all regions, particularly from emerging markets and the ultra-high-net-worth client segment. However, these inflows were partly offset by significant items, including an outflow of a single low-margin client mandate in the amount of CHF 14.7 billion in the first quarter of 2012, structural outflows of CHF 6.9 billion in Western Europe and outflows of CHF 7.5 billion relating to the integration of Clariden Leu. As a result, Private Banking & Wealth Management reported net new assets for the full year 2012 amounting to CHF 10.8 billion.

For 2012, Investment Banking net revenues were CHF 12,558 million, up 20% compared to the prior year. This increase was primarily due to higher fixed income revenues, which reflected a more favorable market environment and the strength of our repositioned franchise. Total operating expenses in Investment Banking declined by 4% compared to the prior year, primarily due to the benefits of our efficiency measures. In 2012, Investment Banking reduced risk-weighted assets by USD 55 billion to USD 187 billion compared to 2011 and is continuing to make substantial progress toward its target of reducing risk-weighted assets to below USD 175 billion by end- 2013. Investment Banking's normalized* return on Basel III allocated capital improved to 14% in 2012, excluding losses from the wind-down portfolio.

We continued to see the benefits of the integrated bank model in 2012, with 18.6% of Group-wide net revenues generated as a result of collaboration among our businesses.

Creating value for our stakeholders

We want to be a company that is close to our clients and provides them with the best service, generates superior returns for our shareholders, is considered a great employer by the over 47,000 people who work for us around the world and is a contributing member of the communities where we operate. We have adapted decisively to the structural changes in our operating environment and have addressed the needs of our stakeholders. We are confident that the actions we have taken in 2012 and the steps we will implement going forward position us as a strong and reliable partner to our clients, shareholders and employees.

We would like to thank our shareholders and clients for their loyalty to Credit Suisse and for the trust they placed in us in 2012. We particularly wish to thank all our employees for their continued commitment and their valuable contribution to the success of our business.

Yours sincerely,

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

March 2013

* Underlying, normalized and adjusted results are non-GAAP financial measures. The table below includes a reconciliation of certain of these measures. For –further information on the calculation of underlying, normalized and adjusted measures, including reconciliations for historical periods, the cost run rate on an adjusted annualized basis and Investment Banking's normalized return on Basel III allocated capital for ongoing businesses, see the 4Q12 Results Presentation Slides.

** As of January 1, 2013, Basel III was implemented in Switzerland along with the "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with the current interpretation of such requirements, including relevant assumptions. Changes in the final implementation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown herein. In addition, we have calculated our 2012 pro forma Look-through Swiss Core Capital assuming the successful completion of the remaining CHF 0.8 billion of capital measures we announced in July 2012.

	Core pre-tax income		Net income attributable to shareholders		Return on equity (%)	
in	2012	2011	2012	2011	2012	2011
Overview of significant items (CHF million)						
Reported results	**1,879**	**2,749**	**1,349**	**1,953**	**3.9**	**6.0**

Fair value losses/(gains) from movement in own credit spreads	2,939	(1,616)	2,261	(1,151)	–	–
Realignment costs	680	847	477	640	–	–
Gain on sale of stake in Aberdeen Asset Management	(384)	(15)	(326)	(13)	–	–
Gain on sale of non-core business (Clariden Leu integration)	(41)	–	(37)	–	–	–
Impairment of Asset Management Finance LLC and other losses	68	–	41	–	–	–
Gain on sale of real estate	(533)	(72)	(445)	(60)	–	–
Gain on sale of Wincasa	(45)	–	(45)	–	–	–
Losses on planned sale of certain private equity investments	82	–	72	–	–	–
Litigation provisions	363[1]	478[2]	230[1]	428[2]		
Underlying results	**5,008**	**2,371**	**3,577**	**1,797**	**10.0**	**5.5**

1 Includes CHF 136 million (CHF 96 million after tax) related to significant Investment Banking litigation provisions in the third quarter of 2012 and CHF 227 million (CHF 134 million after tax) NCFE-related litigation provisions in the fourth quarter of 2012. 2 Related to litigation provisions in connection with German and US tax matters.

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Credit Suisse at a glance

Credit Suisse

As one of the world’s leading financial services providers, we are committed to delivering our combined financial experience and expertise to corporate, institutional and government clients and to high-net-worth individuals worldwide, as well as to private clients in Switzerland. Founded in 1856, today we have a global reach with operations in over 50 countries and 47,400 employees from approximately 100 different nations. Our broad footprint helps us to generate a geographically balanced stream of revenues and net new assets and allows us to capture diverse growth opportunities around the world. We serve our diverse clients through our two divisions, which cooperate closely to provide holistic financial solutions, including innovative products and specially tailored advice.

Private Banking & Wealth Management

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

Investment Banking

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

Strategy

An integrated global bank

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

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

Progress across key strategic pillars

In 2012, we made significant progress in evolving our client-focused, capital-efficient strategy to meet emerging client needs and regulatory trends while delivering attractive returns to shareholders. We undertook considerable efforts to adapt our business portfolio, to optimize and strengthen our capital position and to reduce our cost base. As a result of these actions, we believe that Credit Suisse today is better positioned to perform in a challenging market environment and compete in our chosen businesses and markets around the world.

> Refer to "Cost savings and strategy implementation" in II – Operating and financial review – Core Results – Information and developments for further information on Group cost efficiencies.
> Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on capital trends.

Organizational alignment

In November 2012, we announced an alignment of our organization to further strengthen our focus and ensure a more comprehensive execution of our strategy. We integrated our former Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division, including the majority of our securities trading and sales business in Switzerland, which was transferred from the Investment Banking division. We evolved certain responsibilities on our Executive Board so that the four heads of our two business divisions are each also responsible for one of our four regions. The modified management structure allows for efficient cross-regional and cross-divisional collaboration to better realize revenue opportunities with more effective alignment between legal entities and their management structure, which also meets regulatory expectations.

Private Banking & Wealth Management

Our Private Banking & Wealth Management division is comprised of our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients, we continue to focus on our international growth strategy, most notably fast growing and large onshore markets, as well as our >>>ultra-high-net-worth individual client segment (UHNWI), while building on our strong position in the Swiss market and enhancing our efficiency. Further, we have realigned our organization in the Swiss market to balance growth in market share with operating efficiency. In our Corporate & Institutional Clients business, we further strengthened our focus on the specific client needs in our different businesses. In our Asset Management business, we strengthened our focus on liquid, scalable alternative investment products and multi-asset class solutions, while exiting subscale or less capital-efficient businesses and selectively optimizing our footprint.

Investment Banking

In the Investment Banking division, we remain committed to offering our clients a broad spectrum of equities, fixed income, and investment banking advisory products and services. We are focused on businesses where we have a competitive advantage and where we are able to operate profitably and with an attractive return on capital in the new regulatory environment. While the industry still faces substantial restructuring, we have substantially completed our transformation to a business model which is fully compliant with the >>>Basel III regulatory framework. We will continue to redeploy capital to our market-leading, high-returning businesses while continuing to reduce >>>risk weighted assets and our cost base to further improve returns.

Group cost efficiencies

In 2012, we continued to implement cost efficiency initiatives achieving our original cost savings target of CHF 2 billion one year early relative to the annualized first half 2011 expense run rate measured at constant foreign exchange rates and adjusted to exclude business realignment and other significant non-operating expenses and variable compensation expenses. We continue to adjust and optimize our footprint across businesses and regions and adapt Shared Services to changing business priorities.

As a result of the integration of our new Private Banking & Wealth Management division and other measures we are taking, in February 2013 we updated our overall cost savings targets relative to the annualized first half 2011 expense run rate to CHF 3.2 billion in 2013, CHF 3.8 billion by the end of 2014 and CHF 4.4 billion by the end of 2015, adjusted on the same basis as described above. We expect to incur CHF 1.6 billion of business realignment costs associated with these measures during the course of 2013 to 2015.

> Refer to “Cost savings and strategy implementation” in II – Operating and financial review – Core Results – Information and developments for further information on group cost efficiencies.

Group priorities

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

We target an annual after-tax return on equity (ROE) of 15% across market cycles. Building on the momentum we have established, we aim to further focus on our most profitable client businesses, gain market share and strengthen our geographic footprint, including our goal to achieve a 25% revenue contribution from emerging markets by 2014. To achieve our goals, we continue to focus on the following priorities:

Client focus

We put our clients’ needs first. We aspire to be a consistent, reliable, flexible and long-term partner focused on clients with complex and multi-product needs, such as >>>UNHWI, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds. By listening attentively to their needs and offering superior solutions, we empower our clients to make better financial decisions. Against the backdrop of significant changes within our industry, we strive to consistently enable our clients to realize their goals and thrive. We continue to strengthen the coverage of our key clients by dedicated teams of senior executives who can deliver our integrated business model. We have a strong capital position and high levels of client satisfaction and brand recognition, and our strong client momentum is well recognized. We were named “Best Private Bank Globally”, “Best Investment Bank in Switzerland” and “Best Emerging Markets and Western Europe M&A House” in Euromoney’s Awards for Excellence in 2012.

Employees

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

Collaboration

We help our clients thrive by delivering the best products and services across our organization and divisions. We have established a dedicated governance structure in order to drive, measure and manage collaboration among our businesses. We target collaboration revenues of 18% to 20% of net revenues, and in 2012 we recorded collaboration revenues of CHF 4.4 billion, representing 19% of net revenues. Since the inception of our collaboration program in 2006, we have built a strong track record of delivering customized value propositions. We believe this is a significant differentiator for Credit Suisse. We have observed increasing momentum in collaboration initiatives, including tailored solutions for entrepreneurs and high-net-worth clients by Investment Banking and managed investment products developed by Private Banking & Wealth Management. As we also benefit from our programs for cross-divisional management development and lateral recruiting, collaboration revenues, including cross-selling and client referrals, have proven to be a resilient source of both revenues and assets.

Capital and risk management

As prudent risk taking aligned with our strategic priorities is fundamental to our business, we maintain a conservative framework to manage liquidity and capital. In July 2012, we announced a number of comprehensive capital measures designed to accelerate the strengthening of our capital position in light of the current regulatory and market environment, including the implementation of the >>>Basel III framework and the Swiss >>>"Too Big to Fail" legislation. Our capital measures include, among others, capital raising from key strategic investors and current shareholders, strategic divestments and real estate sales. As of year-end 2012, our Look-through Swiss Core Capital ratio was 9.0%, and our >>>Basel II.5 tier 1 capital ratio improved to 19.4% from 15.2% in 2011. Our Basel II.5 leverage ratio improved to 5.8% from 4.6% in 2011. We continued to optimize our balance sheet and plan to further reduce it to achieve a 2013 target of below CHF 900 billion on a foreign-exchange neutral basis compared to the end of the third quarter 2012. We continue to deploy capital in a disciplined manner based on our economic capital model, assessing our aggregated risk taking in relation to our client needs and our financial resources.

As of January 1, 2013, the Basel Committee on Banking Supervision (BCBS) Basel III framework (Basel III) was implemented in Switzerland along with the Swiss "Too Big to Fail" legislation and regulations thereunder. Our related disclosures are in accordance with our current interpretation of such requirements, including relevant assumptions. Changes in the final implementation of these requirements in Switzerland or in any of our assumptions or estimates could result in different numbers from those shown in this report. Our ratio calculations use estimated >>>risk-weighted assets (RWA) as of December 31, 2012, as if the Basel III framework had been implemented in Switzerland as of such date.

> Refer to "Capital management" in III – Treasury, Risk, Balance sheet and Off-balance sheet for further information on capital trends.

Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. In 2013 we are targeting a cost/income ratio of below 70%. In line with the announced evolution of our strategy, implemented efficiency measures are generating significant cost savings while helping to build an efficiency culture. We have increased deployment under our Centers of Excellence (CoE) program to over 14,000 roles, increasing efficiency, and have established initiatives to further leverage the service capabilities and talent at our CoE sites.

To track our progress and benchmark our performance we have defined a set of KPIs for growth, efficiency and performance, and capital to be achieved across market cycles, and these indicators were updated at year-end 2012.

> Refer to "Key performance indicators" in II – Operating and financial review – Core Results – Information and developments for a more detailed description of our businesses and our performance in 2012 against the defined targets.

Industry trends and competition

For the financial services industry, 2012 was a year of transition, with banks seeking to adapt to new regulatory requirements, changing macroeconomic conditions and evolving client needs. There was further debate about the process and timing of implementing the >>>Basel III regulatory framework and the Swiss >>>"Too Big to Fail" legislation. In Switzerland, developments in the cross-border wealth management business were driven by the focus on finding a political basis for operating this business in the future and ongoing efforts to resolve legacy tax matters, particularly with European countries and the US.

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

Corporate responsibility and Code of Conduct

At Credit Suisse, we are convinced that our responsible approach to business is a decisive factor determining our long-term success. We therefore expect all our employees and members of the Board of Directors to observe the professional standards and ethical values set out in our Code of Conduct, including our commitment to complying with all applicable laws, regulations and policies in order to safeguard our reputation for integrity, fair dealing and measured risk-taking. At the same time, we strive to assume our corporate responsibilities in every aspect of our work based on our broad understanding of our role as a financial services provider, member of society and employer. Our approach also reflects our commitment to protecting the environment and the importance we assign to our dialogue with our stakeholders. To ensure that we supply the full breadth of information required by our stakeholders, we publish a Corporate Responsibility Report and additional information, which can be found at *www.credit-suisse.com/responsibility.* Our Code of Conduct is available on our website at *www.credit-suisse.com/code.*

Our businesses

Private Banking & Wealth Management

Business profile

Within the Private Banking & Wealth Management division, we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. Private Banking & Wealth Management comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses, and had total assets under management of CHF 1,250.8 billion as of the end of 2012.

Our **Wealth Management Clients** business is one of the largest in the international wealth management industry serving over two million clients, including >>>UHNWI and >>>high-net-worth individual clients around the globe and private clients in Switzerland. We offer our clients a distinct value proposition, combining global reach with a structured advisory process and access to a broad range of sophisticated products and services. As of the end of 2012, our Wealth Management Clients business had assets under management of CHF 798.5 billion. Our global network comprises 3,910 relationship managers in 42 countries with more than 330 offices and 22 >>>booking centers.

Our **Corporate & Institutional Clients** business offers expert advice and high-quality services to a wide range of clients, serving the needs of over 100,000 corporations and institutions, mainly in Switzerland, including large corporate clients, small and medium size enterprises (SME), institutional clients, financial institutions, shipping companies and commodity traders. More than 1,500 employees serve our clients out of 38 locations. While the Swiss home market remains our core focus, we are also building out our capabilities in international growth markets with dedicated teams in Luxembourg, Singapore and Hong Kong. As of the end of 2012, Corporate & Institutional Clients reported CHF 323.1 billion of client assets and CHF 60.6 billion of net loans.

Our **Asset Management** business offers investment solutions and services globally to a wide range of clients, including pension funds, governments, foundations and endowments, corporations and individuals. We invest across a broad range of asset classes with a focus on alternative investment strategies, emerging markets, asset allocation and traditional investment strategies. Our investment professionals deliver access to best-in-class products and holistic client solutions. Asset Management had CHF 371.6 billion of assets under management as of the end of 2012.

Key data – Private Banking & Wealth Management

			in / end of
	2012	2011	2010
Key data			
Net revenues (CHF million)	13,541	13,447	14,580
Income before taxes (CHF million)	3,775	2,961	4,142
Assets under management (CHF billion)	1,250.8	1,185.2	1,205.3
Number of employees	27,300	28,100	28,700

Industry trends and competition

Notwithstanding the current economic uncertainty, the wealth management industry continues to have positive growth prospects. Assets of ultra- and high-net-worth individuals globally are projected to grow approximately 6% annually over the next five years. Structurally, the industry is undergoing significant change. Wealth creation continues to shift towards emerging markets, with higher growth rates fueled by entrepreneurial activity and comparatively strong economic development. Mature markets, with around two thirds of the world's wealth located in the US, Japan and Western Europe, are experiencing a generational transfer of wealth. New and proposed laws and international treaties, including tax treaties entered into by Switzerland, are leading to increased regulation of cross-border banking activities for certain clients.

Globally, regulatory requirements for investment advisory services are also increasing, including in the areas of suitability, appropriateness of advice, client information and documentation. We believe Credit Suisse will be well adapted for this new environment through application of our structured advisory process, which helps to ensure that our business conduct is compliant with all applicable regulatory standards.

We believe the market for corporate and institutional banking services continues to offer attractive business opportunities. However, the competition between banks is intense and the low-interest rate environment remains challenging, resulting in continuous pressure on margins. This business is also significantly affected by new capital requirements for banks. International financial institutions continue to review their market strategies in light of capital and leverage restrictions.

The asset management industry overall faced significant challenges affecting growth in 2012, with assets under management remaining flat compared to 2007 levels, even while global investable assets have increased. Within the asset management industry, allocations to alternative investments have continued to increase due to projected low returns from fixed-income products and increased volatility in equity markets.

Within alternatives, the hedge fund industry continued to see modest inflows in 2012, with the largest hedge fund managers capturing the majority of asset inflows. Private equity fundraising remained relatively flat in 2012 relative to 2011, remaining far below pre-crisis peaks. The regulatory environment continued to evolve in 2012 and is expected to continue to trend toward simpler, more regulated fund structures in conjunction with investors seeking better transparency and risk management.

For the wealth and asset management industry in general, gross margins remain under pressure due to continued low interest rates as well as clients choosing a more conservative asset mix and reducing their overall investment activity in the face of economic uncertainty and specific events such as the European sovereign debt crisis and the US "fiscal cliff". We expect these challenging conditions to last for some time to come. Competition and cost pressure in the industry remain intense, with many competitors reevaluating their business models. Attracting and retaining the best talent continues to be a key factor for success. As a result of these structural industry trends, we expect industry consolidation and restructuring to continue. We believe Switzerland is well positioned as a financial center to continue its success in this changing marketplace, offering clients a politically stable and economically diversified investment environment combined with a long-standing heritage in wealth and asset management services.

For Swiss institutions, the Swiss franc remains strong historically, even given the actions by the Swiss National Bank (SNB) to maintain a minimum exchange rate against the euro. This strength can adversely affect operating performance for Swiss institutions as revenues are based on assets under management that are often denominated in currencies that have weakened against the Swiss franc but a substantial portion of the related expenses are incurred in Swiss francs.

Strategy

As of November 30, 2012 we integrated our former Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division. In addition, the majority of our securities trading and sales business in Switzerland was transferred from the Investment Banking division into the Private Banking & Wealth Management division. This integration created one of the foremost integrated wealth and asset management businesses globally. As a result of the integration and other measures, the Group updated its overall cost savings target by an additional CHF 0.4 billion to be achieved by year-end 2015.

Wealth Management Clients

In 2012 we made significant progress towards our goals. We improved our organizational structure to deliver more dedicated and client centric services, especially in our Swiss home market. In parallel, we increased our profitability through strict cost management and revenue and pricing measures. We also continued our focus on fast growing and large markets, UHNWI clients, and on attracting top talent to the business. With these efforts and even in the challenging economic environment, in 2012 we were able to achieve a pre-tax income margin of 22.6% and a gross margin of 114 basis points. We expect to make additional progress by continuing our long-term strategy along:

– Advice at the core

– Global growth

– Productivity management

– Regulatory transformation

– Integrated bank

– Best people

Advice at the core: We have continued to deliver tailor-made and best-in-class financial solutions to our clients based on our structured advisory process. In addition, particularly in Switzerland, we created a more client centric organizational structure. Furthermore, we established new business units focusing on specific client segments and continued to develop our range of solutions based on client needs with the expertise of our research and investment experts. To ensure the highest standards in our product offerings, our selection of internal and third-party solutions is based on comprehensive due diligence with regard to client appropriateness.

Global growth: Our Swiss home market remains a key area of focus where we continued to expand our already strong market position through new services and special campaigns. This resulted in CHF 2.3 billion of net new assets in Switzerland in 2012. In addition, we successfully continued our expansion in fast growing emerging markets, increasing our footprint in those markets in 2012 by 12% in terms of assets under management. We also significantly invested in our dedicated offerings for UHNWI clients, resulting in strong net new assets inflows of CHF 26.3 billion in 2012 from this client segment. Moreover, we concluded the integration of Hedging-Griffo in Brazil, the largest wealth market in Latin America, as well as the integration of HSBC's wealth management business in Japan. With these successful integrations, we are now among the top wealth managers in both countries.

Productivity management: Key to achieving our productivity enhancements were our efficiency management programs we announced and began implementing in November 2011, our CoE, now including more than 2,800 roles, and the completion of the integration of Clariden Leu. We are continuing our market review with a focus on locations with maximum scale and high cost efficiencies, and are planning to exit markets which do not meet these standards. Through these various efficiency measures we achieved CHF 300 million of pre-tax income improvements in 2012.

Regulatory transformation: We are dedicated to strict compliance with national and international regulations and proactive development and implementation of new business standards, including in the areas of client advice and anti-money laundering measures.

Integrated bank: The unique value proposition of our integrated bank remains a key strength in our client offerings. Close collaboration with the Investment Banking division and other businesses within Private Banking & Wealth Management enables us to offer customized and innovative solutions to our clients, especially to UHNWI clients, our fastest growing and most profitable segment.

Best people: Attracting, developing and retaining the industry's top talent continues to be a vital cornerstone of our strategy. Therefore, while reducing the overall headcount in 2012 in accordance with our efficiency targets, we continued to hire experienced senior relationship managers, who accounted for 64% of our relationship manager hires. We also continued to build on our extensive training and certification programs through which we enhance our existing talent pool.

Corporate & Institutional Clients

In 2012 we successfully took further steps towards the implementation of our business strategy and achievement of the overall Private Banking & Wealth Management strategy despite a difficult market environment. Our focus on risk and margin management was not only the base for our solid financial results, but was also a key factor in reinforcing our reputation as a proactive partner for our clients. A new client segmentation framework in the SME business, a redesigned sales management process and the integration of key organizational units allowed us to further strengthen our focus on the needs of our different client segments. Through various efficiency measures completed in 2012, we maintained our cost/income-ratio at a highly competitive level, supporting our solid financial results. In 2012 we were recognized with several awards, including "Best Private Bank for Business Jet Finance and Advisory" by *Corporate Jet Investor*, "Best Trade Finance Bank" in Switzerland by *Global Finance Magazine* and "Best Swiss Global Custodian" by *R&M Surveys*.

Asset Management

We continue to focus on alternative investment strategies, including emerging markets, and core investments, including asset allocation and traditional products.

Strategic divestments: In line with our strategy toward a more liquid alternatives business and given the remaining uncertainty regarding the implementation of the "Volcker Rule", we accelerated the implementation of our strategy in mid-2012 and began the process of selling certain businesses within Asset Management. These comprise certain private equity businesses and investments and our exchange-traded funds (ETF) business. We announced the sale of the ETF business in January 2013 and expect to complete the sale by the end of the second quarter of 2013. During 2012 we completed the sale of our residual stake in Aberdeen Asset Management and the sale of Wincasa AG.

Realignment of businesses: As part of our overall strategy, including the divestments mentioned above, we have realigned our asset management businesses to optimize our re-sized footprint. We will manage our business along the following lines:

– Alternative investment strategies, which includes hedge fund strategies, alternative beta, commodities and credit investments;

– Core investments, which includes multi asset class solutions, equities, fixed income, real estate and index mandates; and

– Legacy, which includes businesses identified for sale and other private equity interests that are not considered part of our scalable, capital-light alternative investment strategies.

Growth in targeted areas: We have made significant progress in new initiatives in our targeted growth areas in 2012. We announced the formation of an asset management joint venture with one of our strategic investors focused on investment strategies in the Middle East, Turkey and other frontier markets. We launched a number of new products during the year, including the largest listed closed-end structured credit trust of its kind in Mexico, two fixed income bond funds in Singapore, a structured products fund, an alternatives fund that offers US investors a mutual fund vehicle providing a fund of hedge funds return profile with daily liquidity, and two fixed income bond funds in Singapore. Further, we successfully closed fundraisings for two significant collateralized loan obligation transactions.

Brazilian operations: We successfully integrated the existing Asset Management businesses in Brazil into one platform within our subsidiary Hedging-Griffo, and expanded our asset management capabilities through our investment in Peninsula Investimentos SA, which sponsors and manages hedge funds with a focus on Brazil macroeconomic funds and private equity funds.

Efficiency measures: We continued to streamline and simplify our business which resulted in reduced total operating expenses and headcount.

Products and services

Wealth Management Clients

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

– **Structured advisory process:** We apply a structured approach based on a thorough understanding of our clients' needs, personal circumstances, product knowledge, investment objectives and a comprehensive analysis of their financial situation to define individual client risk profiles. On this basis we define together with our clients an individual investment strategy. This strategy is implemented ensuring that portfolio quality standards are adhered to and that all investment instruments are compliant with suitability and appropriateness standards. Responsible for the implementation are either the portfolio managers, in the case of discretionary mandates, or our relationship managers working together with their clients, in the case of advisory mandates.

– **Client segment specific value propositions:** We offer a wide range of wealth management solutions tailored to specific client segments. Our global market segments are primarily made up of UHNWI and high-net-worth individual clients, and, in Switzerland, private clients. UHNWI and high-net-worth individual clients contributed 41% and 45% of assets under management in Wealth Management Clients at the end of 2012, respectively. For entrepreneurs, we offer solutions for a range of private and corporate wealth management needs, including succession planning, tax advisory, financial planning and investment banking services. Our entrepreneur clients benefit from the advice of Credit Suisse's experienced corporate finance advisors, immediate access to a network of international investors and the professional support in financial transactions. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions to our UHNWI clients.

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

– **Multi-shore platform:** With global operations comprising 21 international booking centers in addition to our operations in Switzerland, we are able to offer our clients booking capabilities locally as well as through our international hubs. Our multi-shore offering is designed to serve clients who are focused on geographical risk diversification, have multiple domiciles, seek access to global execution services or are interested in a wider range of products than are available to them locally. In 2012, CHF 26.5 billion of net new assets in Wealth Management Clients were booked outside Switzerland, and we expect that international clients will continue to drive our growth in assets under management.

Corporate & Institutional Clients

In Corporate & Institutional Clients, we supply a comprehensive spectrum of financial solutions to companies and institutional clients. Our offering is derived from our clients' needs and delivered through our integrated franchise and growing international presence. With this foundation, we are able to assist our clients in virtually every stage of their business cycle and cover their banking needs in Switzerland and abroad. For corporate clients we provide a wide range of basic banking products such as traditional and structured lending, payment services, foreign-exchange, capital goods and real estate leasing as well as investment solutions. Furthermore, together with the Investment Banking division we offer tailor-made services in the areas of mergers and acquisitions, syndications and structured finance. For corporations with specific needs for global finance and transaction banking we provide services in commodity trade finance, commodity project and export finance as well as trade finance and factoring. For our institutional clients, including pension funds and public sector clients, we offer a wide range of fund solutions and fund-linked services, including fund management and administration, fund design and comprehensive global custody solutions. Our offerings also include ship and aviation finance and a competitive range of services and products for financial institutions such as securities, cash and treasury services.

Asset Management

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

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

In our core investments business, in the area of multi-asset class solutions we provide clients around the world with innovative solutions and comprehensive management across asset classes to optimize client portfolios, with services that range from funds to fully customized solutions. Stressing investment principles such as risk management and asset allocation, we take an active, disciplined approach to investing. Other core investment strategies include a suite of fixed income and equity funds, our real estate business which aims to provide investors with stable and attractive cash flows by applying active portfolio management to reduce volatility, and our indexed solutions business which provides institutions and individual clients access to a wide variety of asset classes in a cost-effective manner.

Products that we now include in our legacy business include our ETF business, the private equity businesses and investments that we have targeted for sale, and other private equity interests that are not considered part of our scalable, capital-light alternative investment strategies.

Investment Banking

Business profile

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

Key data – Investment Banking

			in / end of
	2012	2011	2010
Key data			
Net revenues (CHF million)	12,558	10,460	15,873
Income/(loss) before taxes (CHF million)	2,002	(593)	3,594
Number of employees	19,800	20,700	20,500

Industry trends and competition

2012 was a challenging year marked by market uncertainty amid continued concerns from the European sovereign debt crisis, global economic slowdown and the late 2012 threat of the US “fiscal cliff”. Investment Banking, in particular, was impacted by a high degree of macroeconomic uncertainties, political tensions and continuing regulatory developments. Similar to many of our global competitors, Credit Suisse’s Investment Banking business was affected by subdued corporate and institutional risk appetite, continued low client activity levels across businesses and high market volatility during the year. In addition, financial institutions across the globe were under significant pressure to adapt their business models as legal requirements became increasingly stringent. The evolving regulatory framework and significant regulatory developments in 2011 and 2012 have fundamentally changed the business and competitive landscape of the industry. One example of significant change affecting the industry is the phasing-in of higher minimum capital requirements under >>>Basel III beginning in 2013 in some countries, including Switzerland. Banks deemed systemically important will be required to hold additional capital by the beginning of 2019 as part of efforts to prevent another financial crisis. Although some of the new regulatory measures require further rule-making and will be implemented over time, we expect increased capital and liquidity requirements and derivatives regulation to result in reduced risk-taking and increased transparency.

Strategy

Since 2008, Credit Suisse has proactively pursued a client-focused, capital-efficient business model. This strategy, coupled with our conservative funding and liquidity position and strong capitalization, has served us well during a period of market volatility and industry change. In light of persistent headwinds, we announced a refinement to our strategy in November 2011 aimed at adapting our businesses to the new market and regulatory environment. This includes significantly reducing Basel III >>>RWA in fixed income, achieving greater financial flexibility by reducing our cost base, optimizing our portfolio towards synergies with the Private Banking & Wealth Management division and delivering sustainable, attractive returns in areas where we have competitive advantages.

Since this announcement, we have made substantial progress in executing the initiatives of our evolved strategy. We have significantly adapted our business model and have become one of the first global banks to be Basel III compliant. Without these proactive measures, the onset of regulatory changes arising from Basel III would result in a material increase in RWA for Investment Banking, with the vast majority impacting the fixed income business. In 2012, we accelerated our RWA reduction plan and reduced Basel III RWA by USD 55 billion to USD 187 billion. The bulk of these reductions were in our fixed income wind-down businesses, as evidenced by a decrease of USD 35 billion, or 73%, in Basel III RWA during the year. Specifically, we reduced positions and risks across long-dated trades in global rates, credit correlation book, legacy wind-down portfolio and legacy emerging markets portfolio. We also transferred a portion of risk in the wind-down portfolio to the 2011 Partner Asset Facility (PAF2). Looking ahead, we have a Basel III RWA target for Investment Banking of USD 175 billion to be achieved by year-end 2013.

Another component of our evolved strategy is our focus on cost initiatives, which have been ongoing since the second quarter of 2011. We achieved CHF 1.3 billion of direct cost savings in 2012 compared to the annualized 6M11 run-rate, measured at constant foreign exchange rates and adjusted to exclude significant non-operating expenses and variable compensation expenses. Having made substantial progress in 2012, the Group recently announced revised cost savings targets to be achieved by year-end 2015, of which an additional CHF 0.5 billion is expected to come from Investment Banking. Through these initiatives, we are creating significant flexibility in our Investment Banking cost structure, which will permit us to adapt to the challenging market environment while taking advantage of favorable market opportunities when they arise.

As a result of our proactive efforts to improve operating and capital efficiency, in 2012 we generated higher revenues and returns on significantly less RWA and on a substantially reduced expense base. We have a targeted, client-focused and capital-efficient fixed income business that has delivered more balanced and consistent results, with lower risk and less revenue volatility. We have an industry-leading equities franchise. Our underwriting & advisory businesses have global reach with opportunities to increase returns driven by our planned cost savings. We remain focused on our market-leading, high-return businesses where we have competitive advantages or synergies with Private Banking & Wealth Management, including cash equities, prime services, emerging markets, securitized products and global credit products. We are allocating a majority of our Investment Banking capital base to these businesses.

We believe we have benefitted from an early mover advantage by adapting to the regulatory and operating changes ahead of our peers, and we have seen announcements of similar strategies from our peers throughout 2012. In light of the substantial restructuring we completed in 2012, we have revised our key performance indicator, the cost/income ratio target to 70%, which is an enhancement over the previous pre-tax income margin target of 25% and implied cost/income ratio target of 75%. We believe our transformed portfolio will allow us to generate attractive returns under Basel III and support the overall Group ROE target of 15% or greater across market cycles.

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

Significant transactions

We executed a number of noteworthy transactions in 2012, reflecting the breadth and diversity of our Investment Banking franchise:

– **Debt capital markets**: We arranged key financings for a diverse set of clients, including RedPrairie (privately held supply chain, workforce and all-channel commerce software provider), Rank Group (privately owned investment company), Fortescue Metal Group (world’s fourth largest iron ore producer based in Australia), Wideopenwest (privately owned cable, Internet and phone company) and Kinetic Concepts Inc. (global medical technology company).

– **Equity capital markets**: We executed a follow-on offering for Cobalt International Energy, Inc. (independent oil-focused exploration and production company), a rights issue and offering for UniCredit Group (European banking services organization), a rights offering for Fondiaria SAI (Italian financial services company focusing on insurance) and were an active bookrunner on the initial public offering (IPO) of The Carlyle Group (global alternative asset manager).

– **Mergers and acquisitions:** We advised on a number of key transactions throughout the year, including the WellPoint (managed healthcare company) acquisition of Amerigroup (manager of publicly funded health programs), the acquisition of Southern Union Company (US natural gas company) by Energy Transfer Equity (US diversified energy operator), the sale of Synthes (global manufacturer of orthopedic devices) to Johnson & Johnson (leading manufacturer of health care products), the sale of Goodrich (global supplier of systems and services to aerospace and defense industries) to United Technologies Corporation (provider of high-technology products to aerospace and defense industries), the sale of Amylin (biopharmaceutical company) to Bristol-Myers Squibb (global biopharmaceutical company), the sale of Inhibitex (biopharmaceutical company) to Bristol-Myers Squibb and the first step in a multi-stage plan for Alibaba Group (privately-owned Internet business in China) under which Alibaba’s major shareholder Yahoo! will exit its investment.

Market share momentum

– We have advanced to become the second-largest prime broker worldwide, as reported in the 2012 global survey of prime brokerage assets conducted by *Hedge Fund Intelligence*.

– We were recognized for our leading equities program trading and electronic trading capabilities by US and European institutions in recent surveys conducted by *Greenwich Associates*.

– In the 2012 fixed income trading survey for North America by *Greenwich Associates*, we increased our overall rank to top five in 2012 from number seven in 2011, increased or maintained market share in a majority of key businesses and significantly improved our market share in investment grade credit trading.

– We advanced to number four globally and increased our market share to 14.4% in global completed M&As for 2012, compared to 13.8% market share in 2011, according to *Dealogic*. We also finished 2012 at number one in US IPOs according to *Dealogic.*

– We maintained our share of wallet according to *Dealogic* in Asia Pacific (excluding Japan) at first place in 2012 with a 7.4% market share. In the Americas, we maintained our number five ranking and increased our share of wallet to 6.4% in 2012 from 5.9% in 2011, according to *Dealogic*.

Products and services

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

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

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

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

Fixed income
– Rates: Global rates products is a global market maker in cash and derivatives markets and a primary dealer in multiple jurisdictions including the US, Europe and Japan. This business covers a full spectrum of government bonds, interest rate swaps and options, as well as providing liability and liquidity management solutions.

– Foreign exchange: Foreign exchange provides market making in products such as spot and options for currencies in developed markets. The foreign exchange product suite also includes proprietary market leading technology to provide clients with electronic trading solutions.

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

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

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

– Commodities: Commodities trades oil, gas and other energy products as well as base, precious and minor metals. The Commodities product suite also includes benchmark indices developed by Credit Suisse Commodities.

Equity

– Cash equities provides a comprehensive suite of offerings as described below:

– Equity sales uses research, offerings and other products and services to meet the needs of clients including mutual funds, investment advisors, banks, pension funds, hedge funds, insurance companies and other global financial institutions.

– Sales trading links sales and position trading teams. Sales traders are responsible for managing the order flow between our client and the marketplace and provide clients with research, trading ideas and capital commitments and identify trends in the marketplace in order to obtain the best and most effective execution.

– Trading executes client and proprietary orders and makes markets in listed and >>>over-the-counter (OTC) cash securities, exchange-traded funds and programs, providing liquidity to the market through both capital commitments and risk management.

– >>>Advanced execution services (AES®) is a sophisticated suite of algorithmic trading strategies, tools and analytics operated by Credit Suisse to facilitate global equity trading. By employing algorithms to execute client orders and limit volatility, AES® helps institutions and hedge funds reduce market impact. AES® is a recognized leader in its field and provides access to exchanges in more than 35 countries worldwide via more than 45 leading trading platforms.

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

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

– Prime services: Prime services provides a wide range of services to hedge funds and institutional clients, including prime brokerage, start-up services, capital introductions, securities clearing, hedge fund administration, synthetics and innovative financing solutions.

Arbitrage trading
Our arbitrage trading business focuses on liquidity-providing strategies in the major global equity and fixed income markets.

Other
Other products and activities include lending, certain real estate investments and the distressed asset portfolios. Lending includes senior bank debt in the form of syndicated loans and commitments to extend credit to investment grade and non-investment grade borrowers.

Research and HOLT
Credit Suisse's equity and fixed income businesses are supported by the research and HOLT functions.

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

HOLT offers one of the fastest and most advanced corporate performance, valuation and strategic analysis frameworks, tracking more than 20,000 companies in over 60 countries.

Organizational and regional structure

Organizational structure

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

– The Chief Financial Officer (CFO) area covers many diverse functions, including Corporate Development, Information Technology, Corporate Real Estate & Services, Efficiency Management, Financial Accounting, Group Insurance, Group Finance, Investor Relations, New Business, Global Operations, Product Control, Tax and Treasury.

– The General Counsel area provides legal and compliance support to help protect the reputation of Credit Suisse. It does so by giving legal and regulatory advice and providing employees with the tools and expertise to comply with applicable internal policies and external laws, rules and regulations.

– The Chief Risk Officer (CRO) area comprises strategic risk management, credit risk management, risk analytics and reporting, and operational risk oversight activities, which cooperate closely to maintain a strict risk control environment and to help ensure that our risk capital is deployed wisely.

– The Talent, Branding and Communications area comprises human resources, corporate communications, corporate branding and advertising. Human Resources strives to attract, retain and develop staff, while also creating a stimulating working environment for all employees. Corporate Communications provides support in media relations, crisis management, executive and employee communications, branding and corporate sponsorship.

Other functions providing corporate services include One Bank Collaboration and Public Policy. One Bank Collaboration facilitates cross-divisional collaboration initiatives throughout the Group and measures and controls collaboration revenues. Public Policy promotes and protects the interests of Credit Suisse and its reputation.

The Chief Executive Officers (CEOs) of the divisions and regions report directly to the Group CEO, and, together with the CFO, CRO, General Counsel and Chief Talent, Branding and Communications Officer, they formed the Executive Board of Credit Suisse in 2012.

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

Market regions

Switzerland

Switzerland, our home market, represents a broad business portfolio. We employ 19,400 people in Switzerland. The Private Banking & Wealth Management division comprises our Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. In Wealth Management Clients, we offer our clients a distinct value proposition combining a global reach with a structured advisory process and access to a broad range of sophisticated products and services tailored to different client groups, from private clients to >>>UHNWI. In Corporate & Institutional Clients, we provide premium advice and solutions within a broad range of banking services, including lending, cash and liquidity management, trade finance, corporate finance, foreign exchange, investment solutions, ship and aviation finance, global custody and asset and liability management. Clients include SME, global corporations and commodity traders, banks and Swiss pension funds. Our Asset Management business has a market-leading position in the Swiss traditional business, and also offers a broad range of alternative investment products and multi-asset class solutions. The Investment Banking division offers a full range of financial services to its Swiss client base, holding market-leading positions in the Swiss debt and capital markets as well as in mergers and acquisition advisory.

EMEA

We are active in 30 countries across the EMEA region with 9,300 employees working in 75 offices. Our regional headquarters is in the UK, but we have an onshore presence in every major EMEA country. The EMEA region encompasses both developed markets, such as France, Germany, Italy, Spain and the UK, and emerging markets, including Russia, Poland, Turkey and the Middle East. We implemented our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. Both divisions are strongly represented in the EMEA region, with the Investment Banking division providing a full spectrum of financial advisory services with strong market shares across many key products and markets.

Americas

We have operations in the US, Canada, the Caribbean and Latin America with 11,300 employees working in 42 cities spanning 14 countries. In the US, our emphasis is on our core client-focused and >>>flow-based businesses in Investment Banking, and on building on the market share gains we have achieved in a capital-efficient manner. In Private Banking & Wealth Management, we see considerable potential to leverage our cross-divisional capabilities, as we further develop our onshore wealth management platform in the US, Brazil and Mexico. In Latin America, particularly in our key markets of Brazil and Mexico, we continue to focus on providing clients with a full range of cross-divisional services.

Asia Pacific

Credit Suisse is present in 12 Asia Pacific markets with 7,400 employees, giving it one of the broadest footprints among international banks in the region. We have invested substantially in our presence in key major markets, including Australia, China, Hong Kong, Korea, Japan and India, broadened the scope of our offerings in countries where we have built a competitive advantage and continued to grow selected emerging markets franchises. Private Banking & Wealth Management has its principal centers in Singapore and Hong Kong, leveraging our Investment Banking activities to deliver integrated solutions and quality investment performance to clients.

Regulation and supervision

Overview

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

Central banks and other bank regulators, financial services agencies, securities agencies and exchanges and self-regulatory organizations are among the regulatory authorities that oversee our businesses. There is coordination among our primary regulators in Switzerland, the US and the UK.

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

In response to the challenging market conditions beginning in 2007, regulators, including our primary regulators, have focused on reforming the regulatory framework for financial services firms. Some of the more significant recently proposed and enacted regulations, together with the principal regulatory structures that apply to our operations, are discussed below.

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

Recent regulatory developments and proposals

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

Basel framework

In an effort to strengthen the resilience of the banking sector, in December 2010, the >>>BCBS issued the >>>Basel III framework, with higher minimum capital requirements and conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The new capital standards and capital buffers will require banks to hold more capital, mainly in the form of common equity. The new capital standards will be phased in from January 1, 2013 through year-end 2018 for those countries that have adopted Basel III. Prior to its issuance, the proposed BCBS framework was endorsed by the >>>Group of Twenty Finance Ministers and Central Bank Governors (G-20) in November 2010. Each G-20 nation is expected to implement the rules, though any G-20 nation may vary how it implements the framework.

In December 2010, the BCBS issued the Basel III international framework for liquidity risk measurement, standards and monitoring. The Basel III framework includes a >>>liquidity coverage ratio (LCR) and a >>>net stable funding ratio (NSFR). The BCBS has stated that it will continue to review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

The LCR, which will be phased in beginning January 1, 2015 through January 1, 2019, following an observation period which began in 2011, addresses liquidity risk over a 30-day period. The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet short-term liquidity needs under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high-quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows is subject to an initial minimum requirement of 60%, which will increase by 10% for four years, reaching 100% by January 1, 2019. In January 2013, in addition to introducing this phase-in period, the BCBS expanded certain categories of assets eligible as high quality liquid assets and adjusted the assumptions regarding cash outflows to better reflect actual reactions to stress.

The NSFR, which is expected to be introduced on January 1, 2018 following an observation period which began in 2012, establishes criteria for a minimum amount of stable funding based on the liquidity of a bank's assets and activities over a one-year horizon. The NSFR is a complementary measure to the LCR and is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The NSFR is defined as the ratio of available stable funding over the amount of required stable funding and should always be at least 100%.

Under Basel III, the minimum common equity tier 1 (CET1) ratio will increase from 2% to 4.5% and will be phased in from January 1, 2013 through January 1, 2015. This CET1 ratio will have certain regulatory deductions and other adjustments to common equity that will be phased in from January 1, 2014 through January 1, 2018, including deduction of deferred tax assets for tax-loss carry-forwards, goodwill and intangibles and investments in banking and finance entities. In addition, increases in the tier 1 capital ratio from 4% to 6% will be phased in from January 1, 2013 through January 1, 2015.

Basel III also introduces an additional 2.5% CET1 requirement, known as a capital conservation buffer, to absorb losses in periods of financial and economic stress. Banks that do not maintain this buffer will be limited in their ability to pay dividends or make discretionary bonus payments or other earnings distributions. The capital conservation buffer will be phased in from January 1, 2016 through year-end 2018.

Basel III further provides for a countercyclical buffer that could require banks to hold up to an additional 2.5% of common equity or other capital that would be available to fully absorb losses. This requirement is expected to be imposed by national regulators where credit growth is deemed to be excessive and leading to the build-up of system-wide risk. This countercyclical buffer will be phased in from January 1, 2016 through year-end 2018.

Most capital instruments that do not meet the strict criteria for inclusion in the Basel III CET1 will be excluded beginning January 1, 2013. Capital instruments that would no longer qualify as tier 1 or tier 2 capital will be phased out over a 10-year period beginning January 1, 2013. In addition, instruments with an incentive to redeem prior to their stated maturity, if any, will be phased out at their effective maturity date, generally the date of the first step-up coupon.

The Basel III leverage ratio requirement introduces a non-risk based ratio that is calibrated to supplement the Basel III risk-based capital requirements and constrain the build-up of leverage in the banking sector. Broadly, the leverage ratio is defined as the relative amount of tier 1 capital to non-risk weighted assets and certain off-balance sheet exposures. The BCBS is testing a minimum leverage ratio of 3% during the period from January 1, 2013 to January 1, 2017.

In January 2011, the BCBS issued requirements to ensure that all classes of capital instruments fully absorb losses at the point of non-viability before taxpayers are exposed to loss. In order for a financial instrument issued by a bank to be included in additional tier 1 or tier 2 capital, it must meet the specified minimum requirements.

In November 2011, the BCBS issued final rules for global systemically important banks (G-SIBs) on loss absorbency requirements, which are in addition to Basel III requirements, reflecting the greater risk G-SIBs pose to the financial system. The additional requirements, to be phased in from January 1, 2016 through year-end 2018, are to be met with CET1 requirements ranging from 1% to 2.5%, depending on a bank's systemic importance, with an additional possible surcharge of 1% as a disincentive to a bank becoming even more systemically important. The Financial Stability Board has identified us as a G-SIB.

In February 2013, the BCBS and the International Organization of Securities Commissions (IOSCO) proposed global standards on margin requirements for non-centrally cleared derivatives. Under the proposal, margin requirements would be significantly higher than current market practice and could increase in times of market stress. The proposal would also cause market participants to be exposed to the risk of loss of larger amounts of posted collateral in the event a counterparty defaults. The proposal's margin requirements would be phased in beginning January 1, 2015. Larger market participants would be required to comply with the requirements before smaller participants.

Switzerland

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

The legislation on capital requirements builds on Basel III, but in respect of systemically relevant banks goes beyond its minimum standards, including requiring that we have common equity of at least 10% of >>>RWA and contingent capital or other qualifying capital of up to 9% of RWA by January 1, 2019.

This new capital regime imposes on us three components of capital: (i) a basic capital requirement in common equity of 4.5% of RWA, (ii) a capital buffer equal to 8.5% of RWA, which would consist of at least 5.5% in the form of common equity and up to 3% in the form of contingent capital, including contingent convertible bonds, with a high trigger, and (iii) a progressive capital component of up to (and initially calibrated at) 6% of RWA, which may consist entirely of contingent capital with a lower trigger. The progressive capital component will increase or decrease based on our market share in

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Switzerland and the size of our leverage exposures (which include balance sheet and off-balance sheet exposures). Furthermore, the >>>Swiss Financial Market Supervisory Authority (FINMA) can grant capital rebates, if the overall resolvability of the bank is improved. Based on these parameters, FINMA will determine the progressive capital component requirements on an annual basis. A high trigger means the bonds are required to provide loss absorption through conversion into common equity or be written off in the event the CET1 ratio falls below 7%, and a low trigger means the bonds are required to convert into common equity or be written off in the event the CET1 ratio falls below 5%. These contingent capital instruments must comply with the Basel III minimum requirements for tier 2 capital (subordination, point-of-non-viability loss absorption and minimum tenor).

Also under the "Too Big to Fail" legislation, Swiss systemically relevant banks are required to provide a Recovery and Resolution Plan (RRP) to FINMA for approval, and must update the report at least annually. The "recovery" part of the RRP must outline recovery options available to a bank in various severe stress events, including those caused by idiosyncratic, systemic, capital or liquidity stress scenarios. The recovery plan's purpose is to prepare for the survival of the bank in such stress scenarios. As part of the plan, a governance framework must be defined with clear escalation and decision points and may be based on existing capital and liquidity plans. The "resolution" part of the RRP is prepared by FINMA and describes how the bank can be unwound in an orderly fashion while ensuring the continuation of systemically relevant functions in Switzerland (including payment services and access to savings deposits) in the event of the bank's impending insolvency.

In June 2012, the Swiss Federal Council adopted implementing ordinances under the "Too Big to Fail" legislation. Effective upon adoption, the ordinances imposed a supplemental countercyclical buffer of up to 2.5% of RWA that can be activated during periods of excess credit growth and subsequently deactivated by the Federal Council upon request of the SNB after consultation with FINMA. Also effective upon adoption were increased lending standards for new residential mortgages. The remaining June ordinance requirements became effective January 1, 2013, with some being phased in through the end of 2018.

In September 2012, the Swiss Parliament approved the portions of the ordinances specific to systemically relevant banks, including requirements regarding capital, leverage, large exposure and RRPs. These requirements became effective January 1, 2013.

Under these ordinances, we must comply with an additional leverage ratio, applicable to Swiss systemically relevant banks. This leverage ratio has to be at least 24% of the percentage points of each of the minimum, buffer and progressive capital requirements. Since the ratio is defined by reference to capital requirements subject to transitional arrangements, the new leverage ratio will be phased in from 2013 to 2018. The ratio is calculated as Swiss Core Capital plus high and low-trigger contingent capital divided by total exposure. Total exposure consists of balance sheet assets plus exposure add-ons including cash collateral netting reversals and off-balance sheet derivative exposures, guarantees and commitments.

In November 2012, the Swiss Federal Council adopted the liquidity ordinance (Liquidity Ordinance) that implements Basel III liquidity requirements into Swiss law. The Liquidity Ordinance requires appropriate management and monitoring of liquidity risks. In particular, banks must carry out stress tests and prepare an emergency concept for liquidity shortages. The requirements apply to all banks, but are tiered according to the type, complexity and degree of risk of a bank's activities. The Liquidity Ordinance entered into force on January 1, 2013. It contains supplementary requirements for systemically relevant banks, including us, which are generally consistent with our existing June 2010 agreement with FINMA on the holding of liquidity. The supplementary requirements for systemically relevant banks are expected to be approved by the Federal Parliament during 2013. It is expected that the Liquidity Ordinance will be amended in 2014 to include final Basel III LCR rules and any related FINMA-specific requirements.

On February 13, 2013, the Swiss Federal Council decided to activate the countercyclical capital buffer based on the request of the SNB. This activation of the countercyclical buffer will require banks to hold additional capital in the amount of 1% of their RWA pertaining to mortgage loans that finance residential property in Switzerland beginning September 30, 2013.

Credit Suisse believes that it can meet the new requirements within the prescribed time frames by building capital through earnings, issuing contingent capital or other qualifying instruments and by managing its RWA and balance sheet exposures.

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

In October 2012, FINMA published a new Banking Insolvency Ordinance–FINMA (Banking Insolvency Ordinance) that entered into force on November 1, 2012. The ordinance governs bankruptcy and resolution procedures of Swiss banks and is based on the previously amended Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended (Bank Law), to streamline the procedure for restructuring troubled banks and provide FINMA with significantly increased resolution authority. Instead of prescribing a particular resolution concept, the ordinance provides for various resolution tools from which FINMA may choose in any given case. Under the ordinance, FINMA may open resolution procedures, and if it decides to do so shall appoint a resolution authority (unless it assumes this role itself), and is required to approve a resolution plan for troubled banks. FINMA has discretion to take decisive action in the resolution of a bank, including by taking out existing shareholders, forcing a debt-to-equity swap, reducing a bank's credit claims, and staying or terminating finance contracts. The ordinance, however, requires that FINMA first cancel all equity capital and that all contingent convertible bonds (such as our Buffer Capital Notes) be converted into equity prior to ordering a debt-to-equity conversion or debt reduction. Taking any such measures with respect to debt instruments must be prioritized first to subordinated claims not qualifying as regulatory capital, then to other claims that are not excluded from conversion, and lastly to customer deposits in excess of privileged amounts.

On October 30, 2012, the Swiss Federal Supreme Court issued a decision in a case brought by a client of another bank seeking reimbursement of commissions paid to the client's bank by providers of investment products. The court ruled that such payments ("retrocessions") received in the context of a discretionary asset management mandate from issuers of investment products are owed to the client (including payments from intra-group companies) unless a client waiver is in place. FINMA subsequently issued a notice requiring all banks to inform potentially affected clients. We continue to evaluate the impact, if any, of this decision on our business.

On January 1, 2013, the bilateral tax agreements between Switzerland and each of the UK and Austria entered into force, allowing for the regularization of assets in Switzerland of UK and Austrian residents. Past assets are to be regularized through an anonymous one-off payment deducted by paying agents in Switzerland or by a bank client's voluntary disclosure to Austrian or British authorities, as applicable. Austrian and UK clients have two options to regularize their future investment income and capital gains: they can instruct the Swiss bank to either deduct a withholding tax from relevant income and gains (which will grant client anonymity) or report such income and gains to their home authorities. In December 2012, the bilateral tax agreement between Switzerland and Germany was rejected by the German government.

On December 19, 2012, the Swiss Federal Council adopted an overview of its financial market policy. The policy's stated aims include combating financial crime by implementing the revised Financial Action Task Force recommendations and ensuring the competitiveness of Switzerland as a financial center. The Federal Council also reiterated its support for entering into withholding tax agreements, administrative and mutual assistance in line with international standards, and additional due diligence requirements for financial intermediaries as effective means to prevent tax abuses.

In its December 19, 2012 financial market policy overview, the Swiss Federal Council reiterated the importance of passing further financial market legislation deemed equivalent to certain EU regulations in order to facilitate access of Swiss financial services providers to the EU market. The Federal Council referenced the regulation on >>>OTC Derivatives, Central Counterparties and Trade Repositories (also known as the European Market Infrastructure Regulation, or EMIR), which in March 2013 began to be phased in. Related Swiss draft legislation is expected by the second quarter of 2013. The Federal Council also referenced the proposed revisions to the existing EU Markets in Financial Instruments Directive (MiFID I) relating to increased investor protection. The proposals consist of a revised directive (MiFID II) and a new related regulation (MiFIR). If adopted as proposed by the European Commission, the MiFID II/MiFIR regime for granting access to EU markets for financial services providers based in third countries would require that Switzerland pass equivalent legislation and that Swiss financial services providers establish an EU branch. However, the impact of MiFID II/MiFIR even on "equivalent" third country financial services providers can only be assessed once MiFID II/MiFIR are finalized.

On February 1, 2013, the Swiss Tax Administrative Assistance Act entered into force. The Act governs administrative assistance in double taxation and other international agreements that Switzerland has entered into which provide for the exchange of information relating to tax matters consistent with Article 26 of the OECD Model Tax Convention. Under the new law, administrative assistance is no longer prohibited for group requests based on a behavioral pattern. However, so-called “fishing expeditions” are expressly prohibited. This new standard is generally applicable for periods beginning February 1, 2013.

On March 3, 2013, Swiss citizens approved the so-called “Minder Initiative” intended to strengthen shareholder rights. The initiative requires legislation be passed to impose board and executive compensation related requirements on Swiss public companies, including requiring a binding (rather than advisory) shareholder vote on total board and total executive management compensation and prohibiting severance payments, salary prepayments and payments related to the acquisition or disposal of companies. The initiative also provides that the board members, the board chairperson and the compensation committee members be directly elected by shareholders annually. Further, the initiative calls for criminal sanctions in case of noncompliance. The Federal Council will have one year to issue a transitional ordinance which will be applicable until the Swiss Parliament passes the new law. Timing for the final implementation of the initiative is currently undetermined.

US

In July 2010, the US enacted the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Although the Dodd-Frank Act provides a broad framework for regulatory changes, implementation will require further detailed rulemaking over several years by different regulators, including the US Department of the Treasury (US Treasury), the US Federal Reserve (Fed), the US Securities and Exchange Commission (SEC), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Commodity Futures Trading Commission (CFTC) and the newly created Financial Stability Oversight Council (FSOC). Implementation of the Dodd-Frank Act and related final regulations could result in additional costs or limit or restrict the way we conduct our business, although uncertainty remains about many of the details, impact and timing of these reforms. These and other current reform proposals could potentially have a material effect on our businesses.

The Dodd-Frank Act will limit the ability of banking entities to sponsor or invest in certain private equity or hedge funds or to engage in certain types of proprietary trading in the US (the so-called "Volcker Rule"). In October 2011 and January 2012, US regulators issued proposed regulations to implement the Volcker Rule. The statutory provisions of the Volcker Rule became effective on July 21, 2012, and financial institutions subject to the Volcker Rule have two years from that date (with possible extensions) to bring their activities and investments into compliance. US regulators have not yet finalized implementing regulations for the Volcker Rule, and we do not know what changes to the proposed regulations they will make in the final rule. We have assessed how the proposed regulations would affect our businesses and have been developing and starting to implement plans to bring affected businesses into compliance with the regulations if issued as proposed. When the final regulations are issued, we will reevaluate the impact of the regulations on our businesses and will adjust our plans for compliance with the regulations to the extent required.

The Dodd-Frank Act also provides regulators with tools to impose greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk. In December 2012, the Fed proposed a rule under the Dodd-Frank Act that would create a new framework for regulation of the US operations of foreign banking organizations. The proposal would require Credit Suisse to create a single US intermediate holding company (IHC) to hold all of its US subsidiaries; this would not apply to Credit Suisse AG's New York branch (New York Branch). The IHC would be subject to local risk-based capital and leverage requirements. In addition, both the IHC itself and the combined US operations of Credit Suisse (including the IHC and the New York Branch) would be subjected to other new prudential requirements, including with respect to liquidity risk management, separate liquidity buffers for each of the IHC and the New York Branch, limits on credit exposures to any single counterparty, stress testing, and other prudential standards. The combined US operations of Credit Suisse would also become subject to an early remediation regime which could be triggered by capital, leverage, stress tests, liquidity, risk management and market indicators. Under the proposal, the framework's prudential requirements and early remediation requirements would become effective on July 1, 2015. The Dodd-Frank Act furthermore creates an extensive framework for the regulation of OTC derivatives and requires broader regulation of hedge funds and private equity funds, as well as credit agencies.

The Dodd-Frank Act also establishes an "Orderly Liquidation Authority", a new regime for the orderly liquidation of systemically significant non-bank financial companies. To finance a resolution under this new regime, the FDIC may borrow funds from the US Treasury, which must be repaid from the proceeds of the resolution. If such proceeds are insufficient to repay the US Treasury in full, the FDIC is required to assess other large financial institutions, including those that have USD 50 billion or more in total consolidated assets, in an amount sufficient to repay all of the funds borrowed from the US Treasury in connection with the liquidation under the Orderly Liquidation Authority. In addition, the Fed and the FDIC approved final rules to implement the resolution plan requirement in the Dodd-Frank Act, which requires bank holding companies with total consolidated assets of USD 50 billion or more and certain designated non-bank financial firms to submit annually to the Fed and the FDIC resolution plans describing the strategy for rapid and orderly resolution under the US Bankruptcy Code or other applicable insolvency regimes, though such plans may not rely on the Orderly Liquidation Authority. Our initial resolution plan was submitted on July 1, 2012 and our first annual update will be due on July 1, 2013.

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

The Dodd-Frank Act also grants the SEC discretionary rule-making authority to impose a new fiduciary standard on brokers, dealers and investment advisers and expands the extraterritorial jurisdiction of US courts over actions brought by the SEC or the US with respect to violations of the antifraud provisions in the Securities Act of 1933, Securities Exchange Act of 1934 and Investment Advisers Act of 1940.

In December 2011, the CFTC finalized rules under the Dodd-Frank Act requiring regulatory and public reporting for a wide range of OTC derivatives. In addition, during 2012 the CFTC finalized many of the rules under the Dodd-Frank Act relating to the regulation of swap dealers and major swap participants. Among other things, these rules require swap dealers and major swap participants to register with and be subject to internal and external business conduct regulation by the CFTC. The rules include both entity-level requirements that apply on a firm-wide basis, which include risk management, swap data repository and large trader reporting and capital requirements, and transaction-level requirements, which cover matters such as mandatory clearing of specified interest rate swaps and credit default swaps, swap processing, margin requirements, documentation, portfolio reconciliation and compression, real-time public reporting, daily trading records and external business conduct standards, and apply on a transaction-by-transaction basis.

On December 31, 2012, Credit Suisse International, the entity through which we conduct a majority of our swap trading business, registered with the CFTC as a swap dealer and became subject to these new rules. As a non-US swap dealer, Credit Suisse International is exempt on an interim basis from certain of these requirements pursuant to an exemptive order issued by the CFTC on December 21, 2012. In addition, the application of these rules to Credit Suisse International is subject to several industry-wide, temporary CFTC no-action letters intended to enable the industry to work through practical or technical challenges and interpretive uncertainties and develop the infrastructure necessary for compliance. If this relief expires prior to the development of that infrastructure by Credit Suisse International, this could cause significant disruptions in the entity’s ability to trade OTC derivatives with US persons. Credit Suisse International also expects to apply to the CFTC for substituted compliance, which would allow Credit Suisse International to be deemed in compliance with certain CFTC rules through compliance with comparable European regulations. However, as the CFTC has not yet provided final guidance on how it will assess comparability and because not all of the comparable European regulations have been finalized, it is not yet clear which of these CFTC rules, if any, would ultimately apply to Credit Suisse International. If substituted compliance is not permitted or is finalized in a manner less favorable than expected or the exemptive order expires without being renewed, Credit Suisse International could be subject to duplicative or conflicting requirements across multiple jurisdictions, which could cause significant disruptions, and cause it to incur additional costs and administrative burdens, in our OTC derivatives business.

While Credit Suisse currently does not intend to register any of its affiliates with the CFTC as a major swap participant, Credit Suisse has established a program for monitoring swap exposures to US persons for purposes of maintaining such exposures below the swap exposure threshold for major swap participant registration.

In addition, we expect the SEC to finalize its rules implementing the derivatives provisions of the Dodd-Frank Act during 2013. While the SEC’s proposals have largely paralleled many of the CFTC’s rules, significant differences between the final CFTC and SEC rules could materially increase the compliance costs associated with, and hinder the efficiency of, our equity and credit derivatives businesses with US persons. Significant differences between the SEC rules regarding capital, margin and segregation requirements for OTC derivatives and related CFTC rules could also have similar effects. In relation to these SEC and CFTC rules, we are in the process of developing and implementing the extensive technological, operational and compliance infrastructure that will be necessary for compliance with the rules.

The Foreign Account Tax Compliance Act (FATCA) became law in the US on March 18, 2010. The legislation requires Foreign Financial Institutions (FFIs) (such as Credit Suisse) to enter into an FFI agreement and agree to identify and provide the US Internal Revenue Service (IRS) with information on accounts held by US persons and certain US-owned foreign entities, or otherwise face 30% withholding tax on withholdable payments. In addition, FFIs that have entered into an FFI agreement will be required to withhold on such payments made to FFIs that have not entered into an FFI agreement, account holders who fail to provide sufficient information to classify an account as a US or non-US account, and US account holders who do not agree to the FFI reporting their account to the IRS. In 2012, the US Treasury expressed the intent to enter into intergovernmental agreements to implement the reporting and withholding tax provisions of FATCA. Following the issuance of the final US regulations in January 2013, Switzerland and the US signed such an agreement in February 2013 which will enable FFIs in Switzerland to comply with FATCA while remaining in compliance with Swiss law. Under the agreement, US authorities may ask Swiss authorities for administrative assistance in connection with group

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requests where consent to provide information regarding potential US accounts is not provided to the FFI. In order for the terms of the agreement to apply to FFIs in Switzerland before FATCA enters into force on January 1, 2014, the agreement must be approved and ratified by the Swiss Parliament by such date. Complying with the required identification, withholding and reporting obligations requires significant investment in an FFI's compliance and reporting framework. We are continuing to follow developments regarding FATCA closely and are coordinating with all relevant authorities.

EU

The EU, the UK and other national European jurisdictions have also proposed and enacted a wide range of prudential, securities and governance regulations to address systemic risk and to further regulate financial institutions, products and markets. These proposals are at various stages of the EU pre-legislative, legislative and rule making processes, and their final form and cumulative impact remain uncertain. The final regulations could result in additional costs, limit or restrict the ways we conduct our businesses, and may potentially have a material effect on our businesses. We are assessing how the proposals would affect our various businesses and have been developing and are implementing plans to bring affected businesses into compliance with the regulations.

In October 2011, the European Commission issued legislative proposals for a new regulation on insider dealing and market manipulation (market abuse) and for a directive on criminal sanctions for insider dealing and market manipulation to update, strengthen and extend the scope of the existing market abuse framework. These proposals are expected to come into effect in late 2014 at the earliest.

In October 2011, the European Commission published its proposed revisions to the existing Markets in Financial Instruments Directive (known as MiFID I), consisting of the revised directive MiFID II and a new related regulation, MiFIR. The proposed revisions are to further strengthen the EU regulatory framework for the provision of investment services and trading in financial instruments. A number of substantial reforms are proposed on transaction reporting, market structure, securities trading and conduct of business rules, including new regulatory equivalence requirements for third country firms (such as Credit Suisse) in order for those firms to provide certain investment services in the EU. The MiFID II/MiFIR proposals are expected to be finalized and agreed by EU legislators by the third quarter of 2013 and to enter into effect in late 2014 at the earliest.

In March 2012, a regulation that bans uncovered sovereign >>>CDS and restricts short selling of stocks and government bonds (known as the Short Selling Regulation) was adopted by the EU. The regulation came into force on November 1, 2012.

In June 2012, the European Commission published a legislative proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (known as the Bank Recovery and Resolution Directive). The framework will give national regulators wide-ranging powers to intervene where an entity is likely to fail in order to avoid adverse effects on wider financial stability. The directive also proposes to give regulators certain bank resolution powers, including the authority to sell the business, to transfer assets to a bridge institution, to transfer other assets to an asset management vehicle, and debt write-down (bail-in) solutions. Covered entities will also be required to have recovery plans approved by national regulators. Recovery plans will set out actions to be taken to return their financial condition to normal following a significant deterioration. In addition, national resolution authorities will be established and will prepare resolution plans proposing the manner in which an institution will be resolved in an orderly manner, were it to fail.

In the UK, the Financial Services Authority (FSA) is obliged to draw up rules on recovery and resolution plans under the Financial Services Act 2010. The rules are expected to incorporate the EU recovery and resolution proposals mentioned above. Covered entities will be required to have recovery plans similar to those proposed by the European Commission. In addition, they will be required to submit certain organizational data in order to allow the FSA and the Bank of England to draw up resolution plans. The FSA is expected to publish final rules in the near future. In 2012, Credit Suisse provided relevant information to UK regulatory authorities based on existing guidance.

In August 2012, EMIR entered into force. The regulation requires that certain standardized OTC derivatives contracts be centrally cleared and, where OTC transactions are not subject to central clearing, specified techniques are employed to monitor, measure and mitigate the operational and counterparty risks presented by those transactions. Further, market participants will be required to report any European derivative contract to a central trade repository. The phase-in of the EMIR requirements began in March 2013.

In September 2012, the European Commission published a proposal for a regulation that would empower the European Central Bank (ECB) as a single supervisor for banks in the 17 eurozone countries, a communication explaining its plans to create a European banking union, and a proposal for a regulation that would define the role of the European Banking Authority under the new supervisory arrangements. The Single Supervisory Mechanism designating the ECB as the lead prudential supervisor for certain eurozone banking groups was agreed to by EU finance ministers in December 2012. The ECB is expected to assume its prudential supervisory duties during 2014.

In the UK, the Independent Commission on Banking (ICB) published a final report setting out certain recommendations designed to improve stability and competition in UK banking. Aspects of the proposals may also apply to UK banks which are subsidiaries of a non-UK bank group. The ICB recommendations include the enhancement of loss absorbing capacity of bank capital, the creation of a "retail ring fence" that would separate the taking of deposits from, and the provision of overdrafts to, individuals and small and medium-sized enterprises from a broad range of investment and other banking activities. The government introduced a banking reform bill to enact certain of the reforms proposed by the ICB report in the 2012-2013 parliamentary session, setting out details of how the ICB reforms will be implemented. The reforms are expected to be implemented in stages, with full implementation by 2019.

As a proposed EU-wide financial transaction tax was unsuccessful, a group of eleven EU member states (FTT-11) are expected to adopt such a tax applicable only for those countries under the EU enhanced cooperation procedure. If approved in the form released on February 14, 2013, the tax would apply to a wide range of financial transactions, including minimum rates of 0.01% for derivative products and 0.1% for other financial instruments. The tax would apply to transactions where either party is resident in one of the eleven participating countries or where a financial instrument is issued in one of those countries. To become effective, the proposed FTT-11 directive will require unanimous agreement of the 11 participating member states. The tax could come into effect as early as January 1, 2014. Where a participating member state already has a financial transaction tax in place, such as France and Italy, the FTT-11 tax would be expected to replace those existing national financial transaction tax regimes.

The Alternative Investment Fund Managers Directive (AIFMD) will enter into effect on July 22, 2013. AIFMD establishes a comprehensive regulatory and supervisory framework for alternative investment fund managers (AIFMs) operating in the EU. The directive increases transparency for investors and regulators and allows AIFMs to market funds to professional investors throughout the EU with the introduction of the "EU passport". Available from July 2013 to EU AIFMs and EU Alternative Investment Funds (AIFs), the EU passport is expected to be extended in 2015 to non-EU AIFMs and non-EU AIFs, which in the meantime will continue to access the EU market via the existing private placement regimes of the individual member states. AIFMD will also impose a new, strict depositary regime affecting how prime brokers may provide custody services to fund managers.

Regulatory framework

Switzerland

Although Credit Suisse Group is not a bank according to the Bank Law, and its Implementing Ordinance of May 17, 1972, as amended (Implementing Ordinance), the Group is required, pursuant to the provisions on consolidated supervision of financial groups and conglomerates of the Bank Law, to comply with certain requirements for banks, including with respect to capital adequacy, solvency and risk concentration on a consolidated basis and reporting obligations. Our banks in Switzerland are regulated by FINMA on a legal entity basis and, if applicable, on a consolidated basis.

Our banks in Switzerland operate under banking licenses granted by FINMA pursuant to the Bank Law and the Implementing Ordinance. In addition, certain of these banks hold securities dealer licenses granted by FINMA pursuant to the Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA).

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

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

Under the Bank Law, a bank must maintain an adequate ratio between its capital resources and its total risk-weighted assets. This requirement applies to the Group on a consolidated basis. For purposes of complying with Swiss capital requirements, bank regulatory capital is divided into tier 1 and tier 2 capital.

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

The Group became subject to international capital adequacy standards known as >>>Basel II on January 1, 2008, subject to certain additional requirements for large banks under the then existing Capital Adequacy Ordinance and as set forth by FINMA. In November 2008, we agreed to a decree issued by FINMA requiring that we comply with new capital adequacy ratios, in lieu of those certain additional requirements under the Capital Adequacy Ordinance, and leverage capital requirements by 2013. The capital adequacy target is a range between 50% and 100% above the Pillar I requirements under Basel II. In addition, the decree includes leverage limits that require us to maintain by 2013 a minimum leverage ratio of tier 1 capital to total adjusted average assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank on an unconsolidated basis by 2013. Total assets are adjusted for purposes of calculating the leverage ratio, and adjustments relate to assets from Swiss lending activities and assets excluded in determining regulatory core capital. These requirements were intended to be counter-cyclical, with the expected capital adequacy target level 100% above the Pillar I requirements, and a leverage ratio above the minimum 3% or 4%, during good times. We will remain subject to these various requirements up until higher requirements under the "Too Big to Fail" legislation are phased in. The requirements under "Too Big to Fail" are being phased in beginning January 1, 2013.

Banks are required to maintain a specified liquidity standard pursuant to the new Liquidity Ordinance. These rules continue to be based on the liquidity principles earlier agreed with FINMA and require that the we have adequate holdings of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time. The crisis scenario assumptions include global market dislocation, large on and off-balance sheet outflows, no access to unsecured wholesale funding markets, a significant withdrawal of deposits, varying access to secured market funding and the impacts from fears of insolvency. The principles aim to ensure we can meet our financial obligations in an extreme scenario for a minimum of 30 days. The principles take into consideration quantitative and qualitative factors and require us to address the possibility of emergency funding costs as we manage our capital and business and call for additional reporting to FINMA. The principles are expected to be modified in the future to reflect the final >>>Basel III liquidity requirements and specific FINMA requirements.

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

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

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

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

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

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

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

US

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

Effective October 3, 2011, the New York State Banking Department and the New York State Insurance Department were abolished and the authority of both former agencies was transferred to a new Department of Financial Services, whose head is the Superintendent of Financial Services (Superintendent). The New York Branch is licensed by the Superintendent, examined by the New York State Department of Financial Services, and subject to laws and regulations applicable to a foreign bank operating a New York branch. Under the New York Banking Law, the New York Branch must maintain eligible assets with banks in the state of New York. The amount of eligible assets required, which is expressed as a percentage of third-party liabilities, would increase if the New York Branch is no longer designated well rated by the Superintendent.

The New York Banking Law authorizes the Superintendent to seize our New York Branch and all of our business and property in New York State (which includes property of the New York Branch, wherever it may be located, and all of our property situated in New York State) under circumstances generally including violations of law, unsafe or unsound practices or insolvency. In liquidating or dealing with the New York Branch's business after taking possession, the Superintendent would only accept for payment the claims of depositors and other creditors (unaffiliated with us) that arose out of transactions with the New York Branch. After the claims of those creditors were paid out of the business and property of the Bank in New York, the Superintendent would turn over the remaining assets, if any, to us or our liquidator or receiver. Under New York Banking Law, the New York Branch is generally subject to single borrower lending limits expressed as a percentage of the worldwide capital of the Bank.

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

US federal banking laws provide that a state-licensed branch (such as the New York Branch) or agency of a foreign bank may not, as a general matter, engage as principal in any type of activity that is not permissible for a federally licensed branch or agency of a foreign bank unless the Fed has determined that such activity is consistent with sound banking practice. US federal banking laws also subject a state branch or agency to single borrower lending limits based on the capital of the entire foreign bank. Under the Dodd-Frank Act, lending limits will take into account credit exposure arising from derivative transactions, securities borrowing and lending transactions and >>>repurchase and >>>reverse repurchase agreements with counterparties. The OCC published an interim final lending limit rule implementing the Dodd-Frank Act changes in June 2012. Under the interim rule, banks have until July 1, 2013 to comply with the changes directed by the Dodd-Frank Act, unless the compliance date is extended. In addition, regulations which the FSOC and the Fed may adopt could affect the nature of the activities which the Bank (including the New York Branch) may conduct, and may impose restrictions and limitations on the conduct of such activities.

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

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

Credit Suisse Group and the Bank became financial holding companies for purposes of US federal banking law in 2000 and, as a result, may engage in a broad range of non-banking activities in the US, including insurance, securities, private equity and other financial activities, in each case subject to regulatory requirements and limitations. Credit Suisse Group is still required to obtain the prior approval of the Fed (and potentially other US banking regulators) before acquiring, directly or indirectly, the ownership or control of more than 5% of any class of voting shares of (or otherwise controlling) any

US bank, bank holding company or many other US depositary institutions and their holding companies, and as a result of the Dodd-Frank Act, before making certain acquisitions involving large non-bank companies. The New York Branch is also restricted from engaging in certain tying arrangements involving products and services, and in certain transactions with certain of its affiliates. If Credit Suisse Group or the Bank ceases to be well-capitalized or well-managed under applicable Fed rules, or otherwise fails to meet any of the requirements for financial holding company status, it may be required to discontinue certain financial activities or terminate its New York Branch. Credit Suisse Group's ability to undertake acquisitions permitted by financial holding companies could also be adversely affected.

Our US-based broker-dealers are subject to extensive regulation by US regulatory authorities. The SEC is the federal agency primarily responsible for the regulation of broker-dealers, investment advisers and investment companies, while the CFTC is the federal agency primarily responsible for the regulation of futures commission merchants, commodity pool operators and commodity trading advisors. With the effectiveness of the Dodd-Frank Act, these CFTC registration categories have been expanded to include persons engaging in a relevant activity with respect to swaps. In addition, the US Treasury has the authority to promulgate rules relating to US Treasury and government agency securities, the Municipal Securities 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 Regulation Authority (FINRA), and by state securities authorities. For futures and swap activities, broker-dealers are subject to futures industry self-regulatory organizations such as the National Futures Association (NFA).

Our US broker-dealers are registered with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the US Virgin Islands, and our US futures commission merchants, commodity pool operators and commodity trading advisors are registered with the CFTC. Our US registered entities are subject to extensive regulatory requirements that apply to all aspects of their securities and futures activities, including: capital requirements; the use and safekeeping of customer funds and securities; the suitability of customer investments; record-keeping and reporting requirements; employee-related matters; limitations on extensions of credit in securities transactions; prevention and detection of money laundering and terrorist financing; procedures relating to research analyst independence; procedures for the clearance and settlement of trades; and communications with the public.

Our US broker-dealers are also subject to the SEC's net capital rule, which requires broker-dealers to maintain a specified level of minimum net capital in relatively liquid form. Compliance with the net capital rule could limit operations that require intensive use of capital, such as underwriting and trading activities and the financing of customer account balances and also could restrict our ability to withdraw capital from our broker-dealers. Our US broker-dealers are also subject to the net capital requirements of FINRA and, in some cases, other self-regulatory organizations.

Certain of our US broker-dealers are also registered as futures commission merchants and subject to the capital and other requirements of the CFTC and the NFA.

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

Credit Suisse International is registered with the CFTC as a swap dealer as a result of its swap activities with US persons and is therefore subject to reporting, record-keeping, swap confirmation, swap portfolio compression, clearing and certain business conduct requirements under the Dodd-Frank Act, and will become subject to electronic trading, additional business conduct, swap trading relationship documentation, portfolio reconciliation and margin requirements under the Dodd-Frank Act when they go into effect later in 2013.

EU

Since it was announced in 1999, the EU's Financial Services Action Plan has given rise to numerous measures (both directives and regulations) aimed at increasing integration and harmonization in the European market for financial services. While regulations have immediate and direct effect in member states, directives must be implemented through national legislation. As a result, the terms of implementation of directives are not always consistent from country to country. In response to the financial crisis and in order to strengthen European supervisory arrangements, the EU established the European Systemic Risk Board, which has macro-prudential oversight of the financial system. The EU has also established three supervisory authorities responsible for promoting greater harmonization and consistent application of EU legislation by national regulators: the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority.

The Capital Requirements Directive (CRD), implemented in various EU countries including the UK, applies the >>>Basel II capital framework for banking groups operating in the EU. The CRD has been amended by CRD II, which governs own funds, large exposures, supervisory arrangements, qualitative standards for liquidity risk management and securitization, and which came into force on December 31, 2010, and by CRD III, which governs both the disclosure and content of remuneration policies, effective January 1, 2011, and capital requirements for trading books and re-securitizations and disclosure of securitization exposures, effective December 31, 2011. Further reforms are proposed by CRD IV which, once enacted, will replace the current CRD directive with new measures implementing the Basel III requirements, as well as creating a single harmonized prudential rule book for banks, introducing new corporate governance and a limited number of additional remuneration requirements, including an expected cap on variable remuneration, and enhancing the powers of regulators. CRD IV is expected to come into force some time in 2014.

The existing Markets in Financial Instruments Directive (MiFID I) establishes high-level organizational and business conduct standards that apply to all investment firms. These include standards for managing conflicts of interest, best execution, enhanced investor protection, including client classification, and the requirement to assess suitability and appropriateness in providing investment services to clients. MiFID I sets standards for regulated markets (i.e. exchanges) and multilateral trading facilities, and sets out pre-trade and post-trade price transparency requirements for equity trading. MiFID I also sets standards for the disclosure of fees and other payments received from or paid to third parties in relation to investment advice and services and regulates investment services relating to commodity derivatives. In relation to these and other EU-based investment services and activities, MiFID I introduced a “passport” for investment firms, enabling them to conduct cross-border activities and establish branches throughout the EU on the basis of authorization from their home state regulator.

UK

The UK FSA is the principal statutory regulator of financial services activity in the UK, deriving its powers from the Financial Services and Markets Act 2000 (FSMA). The FSA regulates banking, insurance, investment business and the activities of mortgage intermediaries. The FSA generally adopts a risk-based approach, supervising all aspects of a firm’s business, including capital resources, systems and controls and management structures, the conduct of its business, anti-money laundering and staff training. The FSA has wide investigatory and enforcement powers, including the power to require information and documents from financial services businesses, appoint investigators, apply to the court for injunctions or restitution orders, prosecute criminal offenses, impose financial penalties, issue public statements or censures and vary, cancel or withdraw authorizations it has granted. In June 2010, the UK government announced that the FSA will be replaced by three new agencies: the Prudential Regulation Authority, a subsidiary of the Bank of England, which will be responsible for the micro-prudential regulation of banks and larger investment firms; the Financial Conduct Authority, which will regulate markets, the conduct of business of all financial firms, and the prudential regulation of firms not regulated by the Prudential Regulation Authority; and the Financial Policy Committee of the Bank of England, which will be responsible for macro-prudential regulation. The FSA will officially transition fully to these successor supervisory entities in April 2013.

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

The London branch of Credit Suisse AG (London Branch), Credit Suisse International and Credit Suisse (UK) Limited are authorized to take deposits. We also have a number of entities authorized to conduct investment business and asset management activities. In deciding whether to grant authorization, the FSA must first determine whether a firm satisfies the threshold conditions for authorization, which includes suitability and the requirement for the firm to be fit and proper. In addition to regulation by the FSA, certain wholesale money markets activities are subject to the Non-Investment Products Code, a voluntary code of conduct published by the Bank of England which FSA-regulated firms are expected to follow when conducting wholesale money market business.

The London Branch will be required to continue to comply principally with Swiss home country regulation. However, as a response to the global financial crisis, the FSA made changes to its prudential supervision rules in its Handbook of Rules and Guidance, applying a principle of “self-sufficiency”, such that Credit Suisse International, Credit Suisse Securities (Europe) Limited and Credit Suisse (UK) Limited are required to maintain adequate liquidity resources, under the day-to-day supervision of the entity’s senior management, held in a custodian account in the name of the entity, unencumbered and attributed to the entity balance sheet. In addition, the FSA requires Credit Suisse International, Credit Suisse Securities (Europe)

Limited and Credit Suisse (UK) Limited to maintain a minimum capital ratio and to monitor and report large exposures in accordance with the rules implementing the CRD.

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

On January 1, 2011, the FSA implemented the requirements of CRD III, including requiring certain investment firms not headquartered in the European Economic Area, in respect of their UK operations, to have remuneration policies, procedures and practices that are consistent with and promote sound and effective risk management. CRD IV proposes further changes to banks' remuneration policies, and is expected to be passed into law some time in 2014.

On January 1, 2011, a levy attributable to the UK operations of large banks on certain funding came into effect. During 2012, the levy was 8.8 basis points for short-term liabilities and 4.4 basis points for long-term equity and liabilities. The levy increased on January 1, 2013 to 13 basis points and 6.5 basis points, respectively.

Risk factors

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

Liquidity risk

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

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

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

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

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

Our businesses rely significantly on our deposit base for funding

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

Changes in our ratings may adversely affect our business

Ratings are assigned by rating agencies. They may lower, indicate their intention to lower or withdraw their ratings at any time. The major rating agencies remain focused on the financial services industry, particularly on uncertainties as to whether firms that pose systemic risk would receive government or central bank support in a financial or credit crisis, and on such firms' potential vulnerability to market sentiment and confidence, particularly during periods of severe economic stress. For example, in June 2012, following a review of seventeen of the world's largest banks, Moody's Investor Services lowered its ratings of fifteen of those banks, including lowering Credit Suisse's credit rating by three notches. Further downgrades in our assigned ratings, including in particular our credit ratings, could increase our borrowing costs, limit our access to capital markets, increase our cost of capital and adversely affect the ability of our businesses to sell or market their products, engage in business transactions – particularly longer-term and derivatives transactions – and retain our clients.

Market risk

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

Although we continued to reduce our balance sheet and accelerated the implementation of our client-focused, capital-efficient strategy in 2012, we continue to maintain large trading and investment positions and hedges in the debt, currency and equity markets, and in private equity, hedge funds, real estate and other assets. These positions could be adversely affected by volatility in financial and other markets, that is, the degree to which prices fluctuate over a particular period in a particular market, regardless of market levels. To the extent that we own assets, or have net long positions, in any of those markets, a downturn in those markets could result in losses from a decline in the value of our net long positions. Conversely, to the extent that we have sold assets that we do not own or have net short positions in any of those markets, an upturn in those markets could expose us to potentially significant losses as we attempt to cover our net short positions by acquiring assets in a rising market. Market fluctuations, downturns and volatility can adversely affect the >>>fair value of our positions and our results of operations. Adverse market or economic conditions or trends have caused, and in the future may cause, a significant decline in our net revenues and profitability.

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

As a global financial services company, our businesses are materially affected by conditions in the financial markets and economic conditions generally in Europe, the US and elsewhere around the world. The recovery from the economic crisis of 2008 and 2009 continues to be sluggish in several key developed markets. Additionally, the European sovereign debt crisis, as well as concerns over US debt levels and the federal budget process that led to the first downgrade of US sovereign debt in the modern era, have not been permanently resolved. Our financial condition and results of operations could be materially adversely affected if these conditions do not improve, or if they stagnate or worsen. Further, various countries in which we operate or invest have experienced severe economic disruptions particular to that country or region, including extreme currency fluctuations, high inflation, or low or negative growth, among other negative conditions. In 2012, concerns about weaknesses in the economic and fiscal condition of certain European countries, including Greece, Ireland, Italy, Portugal and Spain, continued, especially with regard to how such weaknesses might affect other economies as well as financial institutions (including Credit Suisse) which lent funds to or did business with or in those countries. Continued concern about the European sovereign debt crisis could cause disruptions in market conditions in Europe and around the world. There is always the chance that economic disruption in other countries, even in countries in which we do not currently conduct business or have operations, will adversely affect our businesses and results.

Adverse market and economic conditions continue to create a challenging operating environment for financial services companies. In particular, the impact of interest and foreign currency exchange rates, the risk of geopolitical events, fluctuations in commodity prices, the European sovereign debt crisis and the US federal debt crisis have affected financial markets and the economy. In recent years, movements in interest rates have affected our net interest income and the value of our trading and non-trading fixed income portfolios. In addition, movements in equity markets, together with lower industry-wide capital issuance levels, have affected the value of our trading and non-trading equity portfolios, while the strength of the Swiss franc has adversely affected our revenues and net income.

Such adverse market or economic conditions may reduce the number and size of investment banking transactions in which we provide underwriting, mergers and acquisitions advice or other services and, therefore, may adversely affect our financial advisory and underwriting fees. Such conditions may adversely affect the types and volumes of securities trades that we execute for customers and may adversely affect the net revenues we receive from commissions and spreads. In addition, several of our businesses engage in transactions with, or trade in obligations of, governmental entities, including super-national, national, state, provincial, municipal and local authorities. These activities can expose us to enhanced sovereign, credit-related, operational and reputational risks, including the risks that a governmental entity may default on or restructure its obligations or may claim that actions taken by government officials were beyond the legal authority of those officials, which could adversely affect our financial condition and results of operations.

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

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

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

We may incur significant losses in the real estate sector

We finance and acquire principal positions in a number of real estate and real estate-related products, primarily for clients, and originate loans secured by commercial and residential properties. As of December 31, 2012, our real estate loans (as reported to the SNB) totaled approximately CHF 133 billion. We also securitize and trade in commercial and residential real estate and real estate-related whole loans, mortgages, and other real estate and commercial assets and products, including >>>commercial and >>>residential mortgage-backed securities. Our real estate-related businesses and risk exposures could continue to be adversely affected by the downturn in real estate markets, other sectors and the economy as a whole. In particular, the risk of potential price corrections in the real estate market in certain areas of Switzerland could have a material adverse effect on our real estate-related businesses.

Holding large and concentrated positions may expose us to large losses

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

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

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

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

Our hedging strategies may not prevent losses

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

Market risk may increase the other risks that we face

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

Credit risk

We may suffer significant losses from our credit exposures

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

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

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

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

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

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

Defaults by a large financial institution could adversely affect financial markets generally and us specifically

Concerns or even rumors about or a default by one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as systemic risk. Concerns about defaults by and failures of many financial institutions, particularly those with significant exposure to the eurozone, continued in 2012 and could continue to lead to losses or defaults by financial institutions and financial intermediaries with which we interact on a daily basis, such as clearing agencies, clearing houses, banks, securities firms and exchanges. Our credit risk exposure will also increase if the collateral we hold cannot be realized upon or can only be liquidated at prices insufficient to cover the full amount of exposure.

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

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

Risks from estimates and valuations

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

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

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

Risks relating to off-balance sheet entities

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

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

Cross-border and foreign exchange risk

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

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

We may face significant losses in emerging markets

As a global financial services company doing business in emerging markets, we are exposed to economic instability in emerging market countries. We monitor these risks, seek diversity in the sectors in which we invest and emphasize client-driven business. Our efforts at limiting emerging market risk, however, may not always succeed.

Currency fluctuations may adversely affect our results of operations

We are exposed to risk from fluctuations in exchange rates for currencies, particularly the US dollar. In particular, a substantial portion of our assets and liabilities are denominated in currencies other than the Swiss franc, which is the primary currency of our financial reporting. Our capital is also stated in Swiss francs and we do not fully hedge our capital position against changes in currency exchange rates. Despite the actions of the SNB to maintain a floor for the CHF-EUR exchange rate, the Swiss franc remained strong against the US dollar and euro in 2012. The appreciation of the Swiss franc in particular and exchange rate volatility in general have had an adverse impact on our results of operations and capital position in recent years and may have such an effect in the future.

Operational risk

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

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

Information security, data confidentiality and integrity are of critical importance to our businesses. Despite our wide array of security measures to protect the confidentiality, integrity and availability of our systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to our systems and information. We could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

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

We may suffer losses due to employee misconduct

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

Risk management

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

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

Legal and regulatory risks

Our exposure to legal liability is significant

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

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

> Refer to “Note 37 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for information relating to these and other legal and regulatory proceedings involving our Investment Banking and other businesses.

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

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

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

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

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

For example, the additional requirements related to minimum regulatory capital, leverage ratios and liquidity measures imposed by >>>Basel III, together with more stringent requirements imposed by the Swiss >>>“Too Big To Fail” legislation and its implementing ordinances, have contributed to our decision to reduce risk weighted assets and the size of our balance sheet, and could potentially impact our access to capital markets and increase our funding costs. In addition, the ongoing implementation in the US of the provisions of the Dodd-Frank Act, including the “Volcker Rule”, derivatives regulation, and other regulatory developments described in “Regulation and supervision”, have imposed, and will continue to impose, new regulatory burdens on certain of our operations. These requirements have contributed to our decision to exit certain businesses (including a number of our private equity businesses) and may lead us to exit other businesses. Because the scope of the Volcker Rule remains subject to final rule making and its impact on our market-making and >>>risk mitigation activities is unclear, it is still uncertain whether we may be required to curtail or discontinue some of these activities or if our operations may otherwise be adversely affected. Under the Dodd-Frank Act, we also expect to become subject to new CFTC and SEC rules that could materially increase the operating costs, including compliance, information technology and related costs, associated with our derivatives businesses with US persons. Further, in December 2012, the Fed proposed a rule under the Dodd-Frank Act that would create a new framework for regulation of the US operations of foreign banking organizations such as ours. Although the final content and impact of the proposal cannot be predicted at this time, if implemented as proposed, this rule may result in our incurring additional costs and limit or restrict the way we conduct our business in the US.

Similarly, recently enacted and possible future cross-border tax regulation with extraterritorial effect, such as the US Foreign Account Tax Compliance Act, and bilateral tax treaties, such as Switzerland’s treaties with the UK and Austria, impose detailed reporting obligations and increased compliance and systems-related costs on our businesses. Finally, implementation of EMIR and the proposed revisions to MiFID II may negatively affect our business activities. If Switzerland does not pass legislation that is deemed equivalent to these EU regulations in a timely manner, Swiss banks, including us, may be limited from participating in businesses regulated by such laws.

Additionally, pursuant to an amendment of the Bank Law in 2012 and the new Banking Insolvency Ordinance that came into effect in late 2012, FINMA has significantly increased authority in case of resolution proceedings involving banks in Switzerland. This resolution authority includes, among other things, the power to cancel outstanding equity, to convert debt instruments and other liabilities of a bank into equity and to cancel such liabilities fully or partially.

We expect the financial services industry, including Credit Suisse, to continue to be affected by the significant uncertainty over the scope and content of regulatory reform in 2013 and beyond. Changes in laws, rules or regulations, or in their interpretation or enforcement, or the implementation of new laws, rules or regulations, may adversely affect our results of operations.

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

> Refer to “Regulation and supervision” for a description of our regulatory regime and capital requirements and a summary of some of the significant regulatory and government reform proposals affecting the financial services industry.

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

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

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

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

Any conversion of our convertible capital instruments will dilute the ownership interests of existing shareholders

Under Swiss regulatory capital rules, we are now required to issue a significant amount of contingent capital instruments which will convert into common equity upon the occurrence of specified triggering events, including our CET1 capital ratio falling below prescribed thresholds, or a determination by FINMA that conversion is necessary, or that we require public sector capital support, to prevent us from becoming insolvent. We have already issued or agreed to issue an aggregate of CHF 8.4 billion in principal amount of such contingent capital, and we expect to issue more such contingent capital in the future. We have also issued a significant volume of the mandatory and contingent convertible securities (MACCS), totaling an aggregate of CHF 3.8 billion, which convert into 233.5 million shares on March 29, 2013 (subject to acceleration in certain circumstances), with settlement and delivery of shares in early April 2013. The conversion of some or all of our contingent capital due to the occurrence of a triggering event will result in the dilution of the ownership interests of our then existing shareholders, which dilution could be substantial. Similarly, the conversion of the MACCS will result in substantial dilution of the ownership interests of existing shareholders who do not hold an equivalent amount of MACCS. Additionally, any conversion, or the anticipation of the possibility of a conversion, could depress the market price of our ordinary shares.

> Refer to “Banking relationships with members of the Board and Executive Board and related party transactions” in IV – Corporate Governance and Compensation – Corporate Governance for more information on the triggering events related to our contingent capital instruments.

Competition

We face intense competition

We face intense competition in all financial services markets and for the products and services we offer. Consolidation through mergers, acquisitions, alliances and cooperation, including as a result of financial distress, has increased competitive pressures. Competition is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Consolidation has created a number of firms that, like us, have the ability to offer a wide range of products, from loans and deposit-taking to brokerage, investment banking and asset management services. Some of these firms may be able to offer a broader range of products than we do, or offer such products at more competitive prices. Current market conditions have resulted in significant changes in the competitive landscape in our industry as many institutions have merged, altered the scope of their business, declared bankruptcy, received government assistance or changed their regulatory status, which will affect how they conduct their business. In addition, current market conditions have had a fundamental impact on client demand for products and services. Although we expect the increasing consolidation and changes in our industry to offer opportunities, we can give no assurance that our results of operations will not be adversely affected.

Our competitive position could be harmed if our reputation is damaged

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

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

We must recruit and retain highly skilled employees

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees is intense. We have devoted considerable resources to recruiting, training and compensating employees. Our continued ability to compete effectively in our businesses depends on our ability to attract new employees and to retain and motivate our existing employees. The continued public focus on compensation practices in the financial services industry, and related regulatory changes, may have an adverse impact on our ability to attract and retain highly skilled employees.

We face competition from new trading technologies

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

Risks relating to our strategy

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

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, to optimize our use of capital and improve our cost structure we have continued to adapt our client-focused, capital-efficient strategy and have implemented new efficiency measures. Actions taken to adapt our strategy, some of which are ongoing, include strengthening our capital position, reducing our cost base, decreasing the size of our balance sheet, reducing our risk-weighted assets, focusing on chosen businesses and markets in Investment Banking, and integrating our Private Banking and Asset Management divisions into a new, single division. Factors beyond our control, including but not limited to the market and economic conditions and other challenges discussed in this report, could limit our ability to achieve some or all of the expected benefits of these initiatives.

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

In recent years, we have also undertaken a number of new joint ventures and strategic alliances. Although we endeavor to identify appropriate partners, our joint venture efforts may prove unsuccessful or may not justify our investment and other commitments.

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Operating environment

The global economy faced significant challenges in 2012, and concerns regarding eurozone sovereign debt significantly impacted markets. With major central banks maintaining low interest rates and increased risk appetite in the second half of the year, equity markets ended the year higher. The US dollar weakened against most currencies except the Japanese yen. The Swiss National Bank continued to defend the previously announced floor of CHF 1.20 per euro.

Economic environment

Global gross domestic product growth reported in 2012 remained relatively weak, reflecting low consumer confidence and weak business sentiment, continued high unemployment rates and uncertainty related to the eurozone sovereign debt crisis. Towards the end of the year, leading indicators, including the global manufacturing purchasing managers index, rose modestly. While US and Chinese growth was relatively robust in the second half of 2012, economic activity in the eurozone continued to shrink. In Switzerland, economic growth was comparatively strong, and unemployment was low. Inflation remained subdued in most developed countries, but was higher in emerging markets.

Central banks across the globe remained concerned about the growth outlook, and generally further eased monetary policy in 2012. The US Federal Reserve (Fed) reacted to the slow improvement in the US labor market by extending its pledge to keep short-term interest rates unchanged, noting that monetary policy would remain highly accommodative even after the recovery strengthens. The Fed also continued to shift its short-term US Treasury holdings towards longer-term securities and announced it would purchase significant amounts of mortgage-backed securities until there is substantial labor market improvement. The European Central Bank (ECB) announced that it would stand ready, under certain conditions, to buy unlimited amounts of short-dated eurozone sovereign bonds in order to lower governments' borrowing costs. This announcement resulted in a marked drop in the bond yields of troubled eurozone sovereigns. The Bank of Japan (BoJ) announced an official inflation target and expanded its asset purchase program further.

The eurozone sovereign debt crisis was a key theme, especially in the first half of the year. Eurozone member states increased the combined lending power of the European Financial Stability Facility and the European Stability Mechanism (ESM). European leaders agreed on a single banking supervisory mechanism to be run by the ECB and authorized the ESM to inject funds into banks directly once the supervisory mechanism is operative. Increased liquidity caused a sharp fall in short-term interest rates, with three-month >>>London interbank offered rate (LIBOR) dropping below the ECB's target rate.

After a good start at the beginning of the year, eurozone sovereign debt issues weighed on equity markets until May. The measures announced by the ECB supported stock markets mid-year, with equity markets posting strong gains following US elections in early November. With increased risk appetite and low bond yields at the end of the year, global equity prices finished the year higher. Equity market volatility, as indicated by the Chicago Board Options Exchange Market Volatility Index (VIX), increased temporarily in the first half of the year when the eurozone debt crisis was in focus, and again at the end of the year relating to the US "fiscal cliff" debate (refer to the charts "Equity markets"). The Dow Jones Credit Suisse Hedge Fund Index gained 8% in 2012. According to Hedge Fund Research, steady inflows combined with performance-based gains pushed total industry assets to a record high of USD 2.25 trillion.

Increased monetary stimulus from major central banks and reduced political uncertainties in the second half of the year led to a significant compression of credit spreads. Both corporate high yield and emerging markets bonds delivered total returns in the high teens in 2012. European sovereign debt concerns dominated market action beginning in 2Q12, sending Spanish yields to record highs and Italian credit spreads above 5% in the 10-year segment. However, expectations of increased ECB and US Fed stimulus and further ECB announcements sparked credit spread tightening which lasted through the year-end (refer to the charts "Credit spreads").

Tension in the eurozone sovereign debt market was a key foreign exchange market driver in 2012. Major currencies, including the euro, weakened against the US dollar in the first half of the year. However, ECB and Fed measures caused the

US dollar to weaken against the euro in the second half of the year as eurozone sovereign debt concerns eased and the Fed announced a further round of Treasury securities purchases. The Japanese yen declined against the US dollar and most other major currencies as BoJ monetary policies became further expansionary. The Swiss franc remained slightly above the minimum exchange rate of CHF 1.20 per euro previously declared by the Swiss National Bank, which intervened in currency markets in 2012 to defend the floor. Emerging market currencies generally benefitted from stable global growth prospects and capital inflows.

Commodity markets ended 2012 largely unchanged from 2011 levels, though experienced significant price volatility during the year. Commodity prices reached a peak towards the end of 1Q12 but adjusted significantly downward when global economic growth slowed. Prices increased during 3Q12 and 4Q12 amid signs of growth and growing confidence that the eurozone sovereign debt crisis was increasingly contained. Oil prices saw divergent developments, with US benchmark oil West Texas Intermediate ending the year slightly lower, affected by increased shale oil production in the US, and European Brent ending the year 4% higher due to restricted global production. Gold prices were higher, partly reflecting low real interest rates, ending the year above USD 1,650.

Market volumes (growth in % year on year)

2012	Global	Europe
Equity trading volume [1]	(22)	(21)
Announced mergers and acquisitions [2]	(1)	(5)
Completed mergers and acquisitions [2]	(15)	(32)
Equity underwriting [2]	(15)	(22)
Debt underwriting [2]	33	13
Syndicated lending - investment-grade [2]	(28)	–

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

Sector environment

The banking sector benefitted from central bank measures while the sector continued to transition to new regulatory requirements. Global banks took significant steps to restructure businesses and decrease costs while also taking measures to increase capital and liquidity ratios. European and North American bank stocks outperformed global equity indices. After European bank stocks declined 10% in the first half of 2012, they finished the year 23% higher. North American bank stocks ended the year with a positive return of 16% (refer to the charts “Equity markets”).

Private banking clients remained cautious. Due to prevailing market uncertainty, clients’ cash deposits remained high despite record low interest rates. Strong inflows in bond and money market funds continued towards the end of the year, and exchange-traded funds (ETFs) posted net inflows. In Switzerland, concerns about the real estate market overheating in certain areas remained pronounced. The wealth management sector continued to adapt to further industry-specific regulatory changes.

In investment banking, equity trading volume decreased significantly compared to 2011. Activity from mergers and acquisitions (M&As) also decreased, most markedly in Europe. However, global debt underwriting improved by 33% compared to the previous year. In the second half of the year, hedge funds were able to capitalize on improved liquidity conditions, relatively increased risk appetite and generally favorable volatility.

Credit Suisse

In 2012, we recorded net income attributable to shareholders of CHF 1,349 million. Diluted earnings per share were CHF 0.81. Return on equity attributable to shareholders was 3.9%.

Results

			in / end of	% change	
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net interest income	7,150	6,433	6,541	11	(2)
Commissions and fees	13,073	12,952	14,078	1	(8)
Trading revenues	1,195	5,020	9,338	(76)	(46)
Other revenues	2,548	1,820	1,429	40	27
Net revenues	**23,966**	**26,225**	**31,386**	(9)	(16)
Provision for credit losses	**170**	**187**	**(79)**	(9)	–
Compensation and benefits	12,530	13,213	14,599	(5)	(9)
General and administrative expenses	7,310	7,372	7,231	(1)	2
Commission expenses	1,775	1,992	2,148	(11)	(7)
Total other operating expenses	9,085	9,364	9,379	(3)	0
Total operating expenses	**21,615**	**22,577**	**23,978**	(4)	(6)
Income from continuing operations before taxes	**2,181**	**3,461**	**7,487**	(37)	(54)
Income tax expense	496	671	1,548	(26)	(57)
Income from continuing operations	**1,685**	**2,790**	**5,939**	(40)	(53)
Income/(loss) from discontinued operations	0	0	(19)	–	100
Net income	**1,685**	**2,790**	**5,920**	(40)	(53)
Less net income attributable to noncontrolling interests	336	837	822	(60)	2
Net income/(loss) attributable to shareholders	**1,349**	**1,953**	**5,098**	(31)	(62)
of which from continuing operations	1,349	1,953	5,117	(31)	(62)
	0	0	(19)	–	100

of which from discontinued operations					
Earnings per share (CHF)					
Basic earnings per share from continuing operations	0.82	1.37	3.93	(40)	(65)
Basic earnings per share	0.82	1.37	3.91	(40)	(65)
Diluted earnings per share from continuing operations	0.81	1.36	3.91	(40)	(65)
Diluted earnings per share	0.81	1.36	3.89	(40)	(65)
Return on equity (%)					
Return on equity attributable to shareholders	3.9	6.0	14.4	–	–
Return on tangible equity attributable to shareholders [1]	5.2	8.1	19.8	–	–
Number of employees (full-time equivalents)					
Number of employees	47,400	49,700	50,100	(5)	(1)

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

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Credit Suisse and Core Results

	Core Results			Noncontrolling interests without SEI			Credit Suisse		
in	2012	2011	2010	2012	2011	2010	2012	2011	2010
Statements of operations (CHF million)									
Net revenues	**23,606**	**25,429**	**30,625**	**360**	**796**	**761**	**23,966**	**26,225**	**31,386**
Provision for credit losses	**170**	**187**	**(79)**	**0**	**0**	**0**	**170**	**187**	**(79)**
Compensation and benefits	12,494	13,151	14,562	36	62	37	12,530	13,213	14,599
General and administrative expenses	7,288	7,350	7,194	22	22	37	7,310	7,372	7,231
Commission expenses	1,775	1,992	2,148	0	0	0	1,775	1,992	2,148
Total other operating expenses	9,063	9,342	9,342	22	22	37	9,085	9,364	9,379
Total operating expenses	**21,557**	**22,493**	**23,904**	**58**	**84**	**74**	**21,615**	**22,577**	**23,978**
Income from continuing operations before taxes	**1,879**	**2,749**	**6,800**	**302**	**712**	**687**	**2,181**	**3,461**	**7,487**
Income tax expense	496	671	1,548	0	0	0	496	671	1,548
Income from continuing operations	**1,383**	**2,078**	**5,252**	**302**	**712**	**687**	**1,685**	**2,790**	**5,939**
Income/(loss) from discontinued operations	0	0	(19)	0	0	0	0	0	(19)
Net income	**1,383**	**2,078**	**5,233**	**302**	**712**	**687**	**1,685**	**2,790**	**5,920**
Less net income attributable to noncontrolling interests	34	125	135	302	712	687	336	837	822
Net income attributable to shareholders	**1,349**	**1,953**	**5,098**	**0**	**0**	**0**	**1,349**	**1,953**	**5,098**

Statement of operations metrics (%)									
Cost/income ratio	91.3	88.5	78.1	–	–	–	90.2	86.1	76.4
Pre-tax income margin	8.0	10.8	22.2	–	–	–	9.1	13.2	23.9
Effective tax rate	26.4	24.4	22.8	–	–	–	22.7	19.4	20.7
Net income margin [1]	5.7	7.7	16.6	–	–	–	5.6	7.4	16.2

1 Based on amounts attributable to shareholders.

Credit Suisse reporting structure and Core Results

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

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Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking & Wealth Management and Investment Banking segments. These segment results are included in Core Results. Certain other assets, liabilities and results of operations are managed as part of the activities of the two segments. However, since they are legally owned by the Group, they are not included in the Bank's financial statements. These related principally to the activities of Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking & Wealth Management, and hedging activities relating to share-based compensation awards. Core Results also includes certain Corporate Center activities of the Group that are not applicable to the Bank.

These operations and activities vary from period to period and give rise to differences between the Bank's assets, liabilities, revenues and expenses, including pensions and taxes, and those of the Group.

> Refer to "Note 39 – Subsidiary guarantee information" in V – Consolidated financial statements – Credit Suisse Group for further information on the Bank.

Differences between Group and Bank businesses

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

Credit Suisse AG merged with Clariden Leu on April 2, 2012, assuming all of its rights and obligations.

Comparison of consolidated statements of operations

			Group			Bank
in	2012	2011	2010	2012	2011	2010
Statements of operations (CHF million)						
Net revenues	**23,966**	**26,225**	**31,386**	**23,533**	**25,187**	**30,533**
Total operating expenses	**21,615**	**22,577**	**23,978**	**21,472**	**22,563**	**24,118**
Income from continuing operations before taxes	**2,181**	**3,461**	**7,487**	**1,973**	**2,501**	**6,536**
Income tax expense	496	671	1,548	478	459	1,307
Income from continuing operations	**1,685**	**2,790**	**5,939**	**1,495**	**2,042**	**5,229**
Income/(loss) from discontinued operations	0	0	(19)	0	0	(19)
Net income	**1,685**	**2,790**	**5,920**	**1,495**	**2,042**	**5,210**

Less net income/(loss) attributable to noncontrolling interests	336	837	822	(600)	901	802
Net income attributable to shareholders	**1,349**	**1,953**	**5,098**	**2,095**	**1,141**	**4,408**

Comparison of consolidated balance sheets

	Group		Bank	
end of	2012	2011	2012	2011
Balance sheet statistics (CHF million)				
Total assets	924,280	1,049,165	908,160	1,034,787
Total liabilities	881,996	1,008,080	865,999	996,436

Capitalization and indebtedness

	Group		Bank	
end of	2012	2011	2012	2011
Capitalization and indebtedness (CHF million)				
Due to banks	31,014	40,147	30,574	40,077
Customer deposits	308,312	313,401	297,690	304,130
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	132,721	176,559	132,721	176,559
Long-term debt	148,134	162,655	146,997	161,353
Other liabilities	261,815	315,318	258,017	314,317
Total liabilities	**881,996**	**1,008,080**	**865,999**	**996,436**
Total equity	**42,284**	**41,085**	**42,161**	**38,351**
Total capitalization and indebtedness	**924,280**	**1,049,165**	**908,160**	**1,034,787**

Capital adequacy – Basel II.5

	Group		Bank	
end of	2012	2011	2012	2011
Capital (CHF million)				
Tier 1 capital	43,547	36,844	39,660	35,098
of which hybrid instruments	8,781	10,888	8,781	10,888
Total eligible capital	49,936	48,654	47,752	48,390
Capital ratios (%)				
Tier 1 ratio	19.4	15.2	18.4	15.1
Total capital ratio	22.3	20.1	22.2	20.8

Dividends of the Bank to the Group

end of	2012	2011
Per share issued (CHF)		
Dividend [1, 2]	0.23[3]	0.23

Registered shares of CHF 100.00 nominal value each. As of December 31, 2012 and 2011, total share capital consisted of 43,996,652 registered shares.

1 Dividends are determined in accordance with Swiss law and the Bank's articles of incorporation. 2 In 2010, 2009 and 2008, dividends per share issued were CHF 0.23, CHF 68.19 and CHF 0.23, respectively. 3 Proposal of the Board of Directors to the annual general meeting of the Bank.

Core Results

For 2012, net income attributable to shareholders was CHF 1,349 million. Net revenues were CHF 23,606 million and total operating expenses were CHF 21,557 million. Results included fair value losses before tax from movements in own credit spreads of CHF 2,939 million, compared to fair value gains of CHF 1,616 million in 2011. Our results also reflected realignment costs of CHF 680 million, gains of CHF 533 million before tax from the sale of real estate and gains of CHF 384 million before tax from the sale of our remaining ownership interest in Aberdeen Asset Management. Our Basel II.5 tier 1 ratio was 19.4% and we made substantial progress in reducing Basel III risk-weighted assets in Investment Banking and for the Group. We attracted CHF 10.8 billion of net new assets.

Results

			in / end of		% change
	2012	2011	2010	12 / 11	11 / 10
Statements of operations (CHF million)					
Net interest income	7,133	6,405	6,474	11	(1)
Commissions and fees	13,100	12,984	14,131	1	(8)
Trading revenues	1,161	4,921	9,328	(76)	(47)
Other revenues	2,212	1,119	692	98	62
Net revenues	**23,606**	**25,429**	**30,625**	(7)	(17)
Provision for credit losses	**170**	**187**	**(79)**	(9)	–
Compensation and benefits	12,494	13,151	14,562	(5)	(10)
General and administrative expenses	7,288	7,350	7,194	(1)	2
Commission expenses	1,775	1,992	2,148	(11)	(7)
Total other operating expenses	9,063	9,342	9,342	(3)	–
Total operating expenses	**21,557**	**22,493**	**23,904**	(4)	(6)
Income from continuing operations before taxes	**1,879**	**2,749**	**6,800**	(32)	(60)
Income tax expense	496	671	1,548	(26)	(57)
Income from continuing operations	**1,383**	**2,078**	**5,252**	(33)	(60)
Income/(loss) from discontinued operations	0	0	(19)	–	100
Net income	**1,383**	**2,078**	**5,233**	(33)	(60)
Less net income attributable to noncontrolling interests	34	125	135	(73)	(7)

Net income/(loss) attributable to shareholders	**1,349**	**1,953**	**5,098**	(31)	(62)
of which from continuing operations	1,349	1,953	5,117	(31)	(62)
of which from discontinued operations	0	0	(19)	–	100
Statement of operations metrics (%)					
Cost/income ratio	91.3	88.5	78.1	–	–
Pre-tax income margin	8.0	10.8	22.2	–	–
Effective tax rate	26.4	24.4	22.8	–	–
Net income margin [1]	5.7	7.7	16.6	–	–
Number of employees (full-time equivalents)					
Number of employees	47,400	49,700	50,100	(5)	(1)

1 Based on amounts attributable to shareholders.

Core Results reporting by division

			in	% change	
	2012	2011	2010	12 / 11	11 / 10
Net revenues (CHF million)					
Wealth Management Clients	8,952	9,085	10,039	(1)	(10)
Corporate & Institutional Clients	2,126	2,065	2,032	3	2
Asset Management	2,463	2,297	2,509	7	(8)
Private Banking & Wealth Management	13,541	13,447	14,580	1	(8)
Investment Banking	12,558	10,460	15,873	20	(34)
Corporate Center	(2,493)	1,522	172	–	–
Net revenues	**23,606**	**25,429**	**30,625**	(7)	(17)
Provision for credit losses (CHF million)					
Wealth Management Clients	110	78	69	41	13
Corporate & Institutional Clients	72	33	(52)	118	–
Private Banking & Wealth Management	182	111	17	64	–
Investment Banking	(12)	76	(96)	–	–
Provision for credit losses	**170**	**187**	**(79)**	(9)	–
Total operating expenses (CHF million)					
Wealth Management Clients	6,821	7,561	7,365	(10)	3
Corporate & Institutional Clients	1,110	1,111	1,113	0	0
Asset Management	1,653	1,703	1,943	(3)	(12)
Private Banking & Wealth Management	9,584	10,375	10,421	(8)	0
Investment Banking	10,568	10,977	12,375	(4)	(11)
Corporate Center	1,405	1,141	1,108	23	3
Total operating expenses	**21,557**	**22,493**	**23,904**	(4)	(6)
Income/(loss) from continuing operations before taxes (CHF million)					
Wealth Management Clients	2,021	1,446	2,605	40	(44)
Corporate & Institutional Clients	944	921	971	2	(5)
Asset Management	810	594	566	36	5
Private Banking & Wealth Management	3,775	2,961	4,142	27	(29)

Investment Banking	2,002	(593)	3,594	–	–
Corporate Center	(3,898)	381	(936)	–	–
Income from continuing operations before taxes	**1,879**	**2,749**	**6,800**	(32)	(60)

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

As of November 30, 2012 we integrated our former Private Banking and Asset Management divisions into a single, new Private Banking & Wealth Management division. In addition, the majority of our securities trading and sales business in Switzerland was transferred from the Investment Banking division into the Private Banking & Wealth Management division.

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

> Refer to “Format of presentation and changes in reporting” in Information and developments for further information.

Core Results reporting by region

			in	% change	
	2012	2011	2010	12 / 11	11 / 10
Net revenues (CHF million)					
Switzerland	7,455	7,590	7,934	(2)	(4)
EMEA	6,749	6,520	7,718	4	(16)
Americas	9,507	7,272	11,726	31	(38)
Asia Pacific	2,388	2,525	3,075	(5)	(18)
Corporate Center	(2,493)	1,522	172	–	–
Net revenues	**23,606**	**25,429**	**30,625**	(7)	(17)
Income/(loss) from continuing operations before taxes (CHF million)					
Switzerland	2,536	2,407	2,775	5	(13)
EMEA	882	44	757	–	(94)
Americas	2,510	6	3,873	–	(100)
Asia Pacific	(151)	(89)	331	70	–
Corporate Center	(3,898)	381	(936)	–	–
Income from continuing operations before taxes	**1,879**	**2,749**	**6,800**	(32)	(60)

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

Results overview

2012 versus 2011

In 2012, we recorded net income attributable to shareholders of CHF 1,349 million, down 31% compared to 2011. Net revenues were CHF 23,606 million, down 7%, and total operating expenses were CHF 21,557 million, down 4%, compared to 2011, mainly due to lower compensation and benefits. Our 2012 results included negative impacts of CHF 3.8 billion consisting of fair value losses before tax from movements in own credit spreads of CHF 2.9 billion, realignment costs of CHF 680 million from cost efficiency measures and additional litigation provisions of CHF 227 million before tax from the settlement of National Century Financial Enterprises, Inc. (NCFE)-related litigation. Also included were gains of CHF 533 million before tax from the sale of real estate and gains of CHF 384 million before tax from the sale of our remaining ownership interest in Aberdeen Asset Management (Aberdeen).

In **Private Banking & Wealth Management**, net revenues of CHF 13,541 million were stable compared to 2011, with lower recurring commissions and fees offset by higher other revenues. Transaction- and performance-based revenues and net interest income were stable. Lower recurring commissions and fees mainly reflected lower investment product management fees and lower discretionary mandate management fees. Other revenues of CHF 448 million were higher compared to 2011, mainly reflecting a gain of CHF 384 million on the sale of our remaining ownership interest in Aberdeen in 2012, partially offset by lower investment-related gains and impairments related to Asset Management Finance LLC (AMF).

In **Investment Banking**, net revenues were CHF 12,558 million, compared to net revenues of CHF 10,460 million in 2011. We delivered strong results in 2012 despite challenging market conditions and subdued levels of client activity in many of our businesses. Relative to 2011, our net revenues increased 20% on materially lower >>>Basel III risk-weighted assets. In addition, we made substantial progress in reducing our cost base during the year. Our results demonstrated our strong franchise momentum and successful execution of our refined strategy to increase operating and capital efficiency. Fixed income sales and trading revenues were substantially higher compared to a weak 2011, reflecting significantly higher revenues from securitized products and global credit products in 2012, due to improved market conditions. Substantial inventory reductions in these businesses also resulted in lower revenue volatility in 2012. Revenues from emerging markets, corporate lending and foreign exchange were also higher. We incurred losses of CHF 589 million from businesses we are exiting in 2012 compared to losses of CHF 387 million in 2011.

Overview of results

	Private Banking & Wealth Management			Investment Banking			Corporate Center			Core Results[1]			N int
in / end of	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012
Statements of operations (CHF million)													
Net revenues	**13,541**	**13,447**	**14,580**	**12,558**	**10,460**	**15,873**	**(2,493)**	**1,522**	**172**	**23,606**	**25,429**	**30,625**	**360**
Provision for credit losses	**182**	**111**	**17**	**(12)**	**76**	**(96)**	**0**	**0**	**0**	**170**	**187**	**(79)**	**0**
Compensation and benefits	5,561	5,729	6,041	6,070	6,471	7,811	863	951	710	12,494	13,151	14,562	36
General and administrative expenses	3,219												