CREDIT SUISSE AG
Form 20-F
March 23, 2012

As filed with the Securities and Exchange Commission on March 23, 2012

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, 2011.

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
Date of event requiring this shell company report
For the transition period from to .

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)

Title of each class of securities of Credit Suisse Group AG	Name of each exchange on which registered
American Depositary Shares each representing one Share	New York Stock Exchange
Shares par value CHF 0.04*	New York Stock Exchange*
Title of each class of securities of 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
Buffered Accelerated Return Equity Securities (BARES) due November 6, 2012 Linked to the Performance of the CS/RT Emerging Infrastructure Index Powered by HOLT	NYSE Amex
Accelerated Return Equity Securities (ARES) due November 6, 2012 Linked to the Performance of the CS/RT Emerging Infrastructure Index Powered by HOLT	NYSE Amex
ELEMENTS due April 10, 2023 Linked to the Credit Suisse Global Warming Index, Exchange Series	NYSE Arca
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
Exchange Traded Notes due February 19, 2020 Linked to the Credit Suisse Long/Short Liquid Index (Net)	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 2x Long Palladium ETN Llinked to the S&P GSCI® Palladium 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 2x Inverse Palladium ETN Linked to the S&P GSCI® Palladium 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 2x Long Copper ETN Linked to the S&P GSCI® Copper 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
VelocitySharesTM 2x Inverse Copper ETN Linked to the S&P GSCI® Copper Index ER due February 9, 2032	NYSE Arca

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, 2011: 1,220,322,988 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 the Registrants are large accelerated filers, accelerated filers, or non-accelerated filers. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filers Accelerated filers Non-accelerated filers

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

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

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

Item 17 Item 18

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

Yes No

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

Definitions
Sources
Cautionary statement regarding forward-looking information
Part I
Item 1. Identity of directors, senior management and advisers.
Item 2. Offer statistics and expected timetable.
Item 3. Key information.
Item 4. Information on the company.
Item 4A. Unresolved staff comments.
Item 5. Operating and financial review and prospects.
Item 6. Directors, senior management and employees.
Item 7. Major shareholders and related party transactions.
Item 8. Financial information.
Item 9. The offer and listing.
Item 10. Additional information.
Item 11. Quantitative and qualitative disclosures about market risk.
Item 12. Description of securities other than equity securities.
Part II
Item 13. Defaults, dividend arrearages and delinquencies.
Item 14. Material modifications to the rights of security holders and use of proceeds.
Item 15. Controls and procedures.
Item 16A. Audit committee financial expert.

Item 16B. Code of ethics.
Item 16C. Principal accountant fees and services.
Item 16D. Exemptions from the listing standards for audit committee.
Item 16E. Purchases of equity securities by the issuer and affiliated purchasers.
Item 16F. Change in registrants' certifying accountant.
Item 16G. Corporate governance.
Part III
Item 17. Financial statements.
Item 18. Financial statements.
Item 19. Exhibits.
SIGNATURES
Annual Report 2011
Message from the Chairman and the Chief Executive Officer
Information on the company
An integrated global bank
Strategy
Our businesses
Organizational and regional structure
Regulation and supervision
Operating and financial review
Operating environment
Credit Suisse
Core Results
Key performance indicators
Private Banking
Wealth Management Clients
Corporate & Institutional Clients
Investment Banking
Asset Management
Corporate Center
Results overview
Assets under management
Critical accounting estimates
Treasury, Risk, Balance sheet and Off-balance sheet
Treasury management
Risk management
Balance sheet, off-balance sheet and other contractual obligations
Corporate Governance and Compensation
Corporate Governance
Compensation
Consolidated financial statements – Credit Suisse Group
Report of the Independent Registered Public Accounting Firm
Consolidated financial statements
Notes to the consolidated financial statements
1 Summary of significant accounting policies
2 Recently issued accounting standards
3 Business developments
4 Discontinued operations
5 Segment information
6 Net interest income
7 Commissions and fees

8 Trading revenues
9 Other revenues
10 Provision for credit losses
11 Compensation and benefits
12 General and administrative expenses
13 Earnings per share
14 Securities borrowed, lent and subject to repurchase agreements
15 Trading assets and liabilities
16 Investment securities
17 Other investments
18 Loans, allowance for loan losses and credit quality
19 Premises and equipment
20 Goodwill and other intangible assets
21 Life settlement contracts
22 Other assets and other liabilities
23 Deposits
24 Long-term debt
25 Accumulated other comprehensive income
26 Tax
27 Employee deferred compensation
28 Related parties
29 Pension and other post-retirement benefits
30 Derivatives and hedging activities
31 Guarantees and commitments
32 Transfers of financial assets and variable interest entities
33 Financial instruments
34 Assets pledged or assigned
35 Capital adequacy
36 Assets under management
37 Litigation
38 Significant subsidiaries and equity method investments
39 Subsidiary guarantee information
40 Credit Suisse Group parent company
41 Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)
42 Risk assessment
Controls and procedures
Report of the Independent Registered Public Accounting Firm to the General Meeting of
Parent company financial statements – Credit Suisse Group
Report of the Statutory Auditor on the Financial Statements to the General Meeting of
Parent company financial statements
Notes to the financial statements
1 Accounting principles
2 Contingent liabilities
3 Compensation to members of the Executive Board and the Board of Directors
4 Principal participations
5 Own shares held by the company and by group companies
6 Significant shareholders
7 Share capital, conditional and authorized capital of Credit Suisse Group
8 Risk assessment
Proposed appropriation of retained earnings and capital distribution

Confirmation to the Board of Directors relating to the Conditional Increase of Share Capital of
Consolidated financial statements – Credit Suisse (Bank)
Report of the Independent Registered Public Accounting Firm
Consolidated financial statements
Notes to the consolidated financial statements
1 Summary of significant accounting policies
2 Recently issued accounting standards
3 Business developments
4 Discontinued operations
5 Segment information
6 Net interest income
7 Commissions and fees
8 Trading revenues
9 Other revenues
10 Provision for credit losses
11 Compensation and benefits
12 General and administrative expenses
13 Securities borrowed, lent and subject to repurchase agreements
14 Trading assets and liabilities
15 Investment securities
16 Other investments
17 Loans, allowance for loan losses and credit quality
18 Premises and equipment
19 Goodwill and other intangible assets
20 Life settlement contracts
21 Other assets and other liabilities
22 Deposits
23 Long-term debt
24 Accumulated other comprehensive income
25 Tax
26 Employee deferred compensation
27 Related parties
28 Pension and other post-retirement benefits
29 Derivatives and hedging activities
30 Guarantees and commitments
31 Transfers of financial assets and variable interest entities
32 Financial instruments
33 Assets pledged or assigned
34 Capital adequacy
35 Litigation
36 Significant subsidiaries and equity method investments
37 Significant valuation and income recognition differences between US GAAP and Swiss GAAP bank law (true and fair view)
38 Risk assessment
Controls and procedures
Report of the Independent Registered Public Accounting Firm to the General Meeting of
Parent company financial statements – Credit Suisse (Bank)
Report of the Statutory Auditor on the Financial Statements to the General Meeting of
Financial review
Parent company financial statements
Notes to the financial statements

1 Description of business activities
2 Accounting and valuation policies
3 Additional information on the parent company statements of income
4 Pledged assets and assets under reservation of ownership
5 Other assets and other liabilities
6 Securities borrowing and securities lending, repurchase and reverse repurchase agreements
7 Balance sheet items that include issued structured products at fair value
8 Liabilities due to own pension plans
9 Valuation adjustments and provisions
10 Composition of share and participation capital and authorized capital
11 Major shareholders and groups of shareholders
12 Shareholder's equity
13 Amounts receivable from and payable to affiliated companies and loans to members of the Bank parent company's governing bodies
14 Significant transactions with related parties
15 Fire insurance value of tangible fixed assets
16 Liabilities for future payments in connection with operating leases
17 Fiduciary transactions
18 Number of employees
19 Foreign currency translation rates
20 Outsourcing of services
21 Risk assessment
Proposed appropriation of retained earnings
Additional information
Statistical information
Other information
Selected five-year information
Risk factors
List of abbreviations
Glossary
Investor information
Financial calendar and contacts

Definitions

For the purposes of this Form 20-F and the attached Annual Report 2011, 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 2011.

Sources

Throughout this Form 20-F and the attached Annual Report 2011, 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 2011.

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 2011. In addition, please see IX – Additional information – Other information – Foreign currency translation rates on page 511 of the attached Annual Report 2011.

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 Appendix – Risk factors on pages A-4 to A-11 of the attached Annual Report 2011.

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 – An integrated global bank on pages 8 to 9, and IV – Corporate Governance and Compensation – Corporate Governance – Overview – Company on pages 141 to 142 of the attached Annual Report 2011. In addition, for Credit Suisse, please see Note 3 – Business developments in V – Consolidated financial statements – Credit Suisse Group on page 232 of the attached Annual Report 2011 and, for the Bank, please see Note 3 – Business developments in VII – Consolidated financial statements – Credit Suisse (Bank) on page 390 of the attached Annual Report 2011.

B – Business overview.

For Credit Suisse and the Bank, please see I – Information on the company on pages 8 to 36 of the attached Annual Report 2011. In addition, for Credit Suisse, please see Note 5 – Segment information in V – Consolidated financial statements – Credit Suisse Group on pages 234 to 236 of the attached Annual Report 2011 and, for the Bank, please see Note 5 – Segment information in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 391 to 392 of the attached Annual Report 2011.

C – Organizational structure.

For Credit Suisse and the Bank, please see I – Information on the company – Organizational and regional structure on pages 25 to 26 and II – Operating and financial review – Credit Suisse – Differences between Group and Bank on page 43 of the attached Annual Report 2011. 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 341 to 343 of the attached Annual Report 2011 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 462 to 464 of the attached Annual Report 2011.

D – Property, plant and equipment.

For Credit Suisse and the Bank, please see IX – Additional information – Other information – Property and equipment on page 510 of the attached Annual Report 2011.

Information Required by Industry Guide 3.

For Credit Suisse and the Bank, please see IX – Additional information – Statistical information – Group on pages 486 to 504 of the attached Annual Report 2011. 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 130 to 131 and – Provision for credit losses on page 130 of the attached Annual Report 2011.

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 38 to 88 of the attached Annual Report 2011. In addition, for both Credit Suisse and the Bank, please see I – Information on the company – Regulation and supervision on pages 27 to 36 of the attached Annual Report 2011 and III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Foreign exchange exposure and interest rate management on page 109.

B – Liquidity and capital resources.

For Credit Suisse and the Bank, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management on pages 90 to 109 of the attached Annual Report 2011. In addition, for Credit Suisse, please see Note 24 – Long-term debt in V – Consolidated financial statements – Credit Suisse Group on pages 257 to 258 and Note 35 – Capital adequacy in V – Consolidated financial statements – Credit Suisse Group on page 331 of the attached Annual Report 2011 and, for the Bank, please see Note 23 – Long-term debt in VII – Consolidated financial statements – Credit Suisse (Bank) on page 410 and Note 34 – Capital adequacy in VII – Consolidated financial statements – Credit Suisse (Bank) on page 461 of the attached Annual Report 2011.

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 business on pages 13 to 24 of the attached Annual Report 2011.

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 135 to 138 of the attached Annual Report 2011. 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 285 to 310 of the attached Annual Report 2011 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 431 to 447 of the attached Annual Report 2011.

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 138 of the attached Annual Report 2011.

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 147 to 169 of the attached Annual Report 2011.

B – Compensation.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 173 to 208 of the attached Annual Report 2011. In addition, for Credit Suisse, please see Note 11 – Compensation and benefits in V – Consolidated financial statements – Credit Suisse Group on page 238, Note 27 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 265 to 272 and Note 29 – Pension and other post-retirement benefits in V – Consolidated financial statements – Credit Suisse Group on pages 274 to 285, 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 363 to 372 of the attached Annual Report 2011 and, for the Bank, please see Note 11 – Compensation and benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on page 395, Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 417 to 420 and Note 28 – Pension and other post-retirement benefits in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 423 to 431 of the attached Annual Report 2011.

C – Board practices.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance on pages 140 to 172 of the attached Annual Report 2011.

D – Employees.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Employees on page 142. In addition, for both Credit Suisse and the Bank, please see II – Operating and financial review – Results overview on pages 78 to 79 of the attached Annual Report 2011.

E – Share ownership.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Compensation on pages 173 to 208 of the attached Annual Report 2011. In addition, for Credit Suisse, please see Note 27 – Employee deferred compensation in V – Consolidated financial statements – Credit Suisse Group on pages 265 to 272, 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 363 to 372 of the attached Annual Report 2011. For the Bank, please see Note 26 – Employee deferred compensation in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 417 to 420 of the attached Annual Report 2011.

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 143 to 146 of the attached Annual Report 2011. In addition, for Credit Suisse, please see Note 3 – Business developments in V – Consolidated financial statements – Credit Suisse Group on page 232, 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 372 of the attached Annual Report 2011. 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 173 to 208 of the attached Annual Report 2011. In addition, for Credit Suisse, please see Note 28 – Related parties in V – Consolidated financial statements – Credit Suisse Group on pages 273 to 274 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 371 to 372 of the attached Annual Report 2011 and, for the Bank, please see Note 27 – Related parties in VII – Consolidated financial statements – Credit Suisse (Bank) on pages 421 to 422 of the attached Annual Report 2011.

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 333 to 340 of the attached Annual Report 2011. 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 462 of the attached Annual Report 2011.

For a description of Credit Suisse's policy on dividend distributions, please see III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Dividends and dividend policy on pages 108 to 109 of the attached Annual Report 2011.

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 pages 509 to 510 of the attached Annual Report 2011. 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 140 to 162 and – Additional information – Changes of control and defense measures on page 170 and – Liquidation on page 172 of the attached Annual Report 2011. In addition, for Credit Suisse, please see IX – Additional information – Other information – Exchange controls and – American Depositary Shares on page 506 of the attached Annual Report 2011. 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 506 of the attached Annual Report 2011.

E – Taxation.

For Credit Suisse, please see IX – Additional information – Other information – Taxation on pages 506 to 509 of the attached Annual Report 2011. 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 periodic reports and other information with the SEC. You may read and copy any document that Credit Suisse or the Bank files with the SEC on the SEC's website, www.sec.gov, or at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 (in the US) or at +1 202 942 8088 (outside the US) for further information on the operation of its public reference room. You may also inspect Credit Suisse's and the Bank's SEC reports and other information at the New York Stock Exchange, 11 Wall Street, New York, NY 10005.

The information Credit Suisse or the Bank files with the SEC may also be found on the Credit Suisse website at www.credit-suisse.com. In addition, our website also contains corporate governance policies and other documents of Credit Suisse and the Bank. 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 357 to 375 of the attached Annual Report 2011 and incorporated by reference herein. The Bank's parent company financial statements, together with the notes thereto, are set forth on pages 467 to 483 of the attached Annual Report 2011 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 110 to 134 of the attached Annual Report 2011.

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 pages 171 to 172 of the attached Annual Report 2011. 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 355 to 356 of the attached Annual Report 2011. 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 465 to 466 of the attached Annual Report 2011.

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 151 to 152 of the attached Annual Report 2011.

Item 16B. Code of ethics.

For Credit Suisse and the Bank, please see IV – Corporate Governance and Compensation – Corporate Governance – Overview – Corporate governance framework on pages 140 to 141 of the attached Annual Report 2011.

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 170 to 171 of the attached Annual Report 2011.

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 – Treasury management – Share repurchases on page 108 of the attached Annual Report 2011. 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 page 140 of the attached Annual Report 2011. Shares of the Bank are not listed.

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 209 to 356 of the attached Annual Report 2011 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 377 to 466 of the attached Annual Report 2011 and incorporated by reference herein.

Item 19. Exhibits.

1.1 Articles of association (Statuten) of Credit Suisse Group AG as of February 8, 2012.

1.2 Articles of association (Statuten) of Credit Suisse AG as of May 2, 2011

1.3 Organizational Guidelines and Regulations of Credit Suisse Group AG and Credit Suisse AG as of December 8, 2010 (incorporated by reference to Exhibit 1.3 of Credit Suisse Group AG's and Credit Suisse AG's annual report on Form 20-F for the year ended December 31, 2010 (File No. 1-15244) filed on March 25, 2011).

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 511 of the attached Annual Report 2011 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 342 to 344, 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 466 to 468 in the attached Annual Report 2011 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 23, 2012

/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 23, 2012

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

Annual Report 2011

Annual Report

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

Cover: Members of the Swiss Regulatory Liquidity team, Chief Financial Officer Division in Zurich, Switzerland. Back cover: City view, Zurich, Switzerland.

Company Profile

For insights about the work of each of the Group's divisions, including Shared Services, and its regions, refer to the Company Profile. For the first time, this is also available as an iPad version, which includes additional photo and video material beyond what appears in the print version. A summary of the Group's financial performance during the year, the Business Review, is also included in the publication.

Corporate Responsibility Report and Chronicle

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, available for the first time as an iPad version. 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. **www.credit-suisse.com/chronicle**

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.

Financial highlights

			in / end of	% change	
	2011	2010	2009	11 / 10	10 / 09
Net income (CHF million)					
Net income attributable to shareholders	1,953	5,098	6,724	(62)	(24)
of which from continuing operations	1,953	5,117	6,555	(62)	(22)
Earnings per share (CHF)					
Basic earnings per share	1.37	3.91	5.28	(65)	(26)
Diluted earnings per share	1.36	3.89	5.14	(65)	(24)
Return on equity (%)					
Return on equity attributable to shareholders	6.0	14.4	18.3	–	–
Core Results (CHF million) [1]					
Net revenues	25,429	30,625	33,617	(17)	(9)
Provision for credit losses	187	(79)	506	–	–
Total operating expenses	22,493	23,904	24,528	(6)	(3)
Income from continuing operations before taxes	2,749	6,800	8,583	(60)	(21)
Core Results statement of operations metrics (%) [1]					
Cost/income ratio	88.5	78.1	73.0	–	–
Pre-tax income margin	10.8	22.2	25.5	–	–
Effective tax rate	24.4	22.8	21.4	–	–
Net income margin [2]	7.7	16.6	20.0	–	–
Assets under management and net new assets (CHF billion)					
Assets under management from continuing operations	1,229.5	1,253.0	1,229.0	(1.9)	2.0
Net new assets	40.9	69.0	44.2	(40.7)	56.1
Balance sheet statistics (CHF million)					
Total assets	1,049,165	1,032,005	1,031,427	2	0
Net loans	233,413	218,842	237,180	7	(8)
Total shareholders' equity	33,674	33,282	37,517	1	(11)
Tangible shareholders' equity [3]	24,795	24,385	27,922	2	(13)
Book value per share outstanding (CHF)					
Total book value per share	27.59	28.35	32.09	(3)	(12)
Shares outstanding (million)					
Common shares issued	1,224.3	1,186.1	1,185.4	3	0
Treasury shares	(4.0)	(12.2)	(16.2)	(67)	(25)

Shares outstanding	1,220.3	1,173.9	1,169.2	4	0
Market capitalization					
Market capitalization (CHF million)	27,021	44,683	60,691	(40)	(26)
Market capitalization (USD million)	28,747	47,933	58,273	(40)	(18)
BIS statistics (Basel II.5) [4]					
Risk-weighted assets (CHF million)	241,753	247,702	–	(2)	–
Tier 1 ratio (%)	15.2	14.2	–	–	–
Core tier 1 ratio (%)	10.7	9.7	–	–	–
Dividend per share (CHF)					
Dividend per share	0.75[5]	1.30[6]	2.00	–	–
Number of employees (full-time equivalents)					
Number of employees	49,700	50,100	47,600	(1)	5

1 Refer to "Credit Suisse reporting structure" and "Core Results" in II – Operating and financial review for further information on Core Results. 2 Based on amounts attributable to shareholders. 3 Tangible shareholders' equity, a non-GAAP financial measure, is calculated by deducting goodwill and other intangible assets from total shareholders' equity. 4 Under Basel II.5 since December 31, 2011. Previously reported under Basel II. Refer to "Treasury 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 27, 2012, to be paid out of reserves from capital contributions. 6 Paid out of reserves from capital contributions.

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

2011 was another challenging year for the world economy, job growth and the markets. The financial services industry faced not only these issues, but also a set of challenges that were industry specific: the evolving regulatory environment which affected every aspect of our business, the industry-wide steady beat of litigation and regulatory enforcement issues following the market disruption of 2008, the lack of trust by the general public and the continuing controversy over compensation practices. For our clients, shareholders, employees and the general public, it has been very difficult to interpret the impact of these challenges on our business and the industry.

What we achieved - summary

Against this backdrop, we achieved a solid result for the year, reporting net income attributable to shareholders of CHF 2.0 billion, and underlying* net income of CHF 2.4 billion. We produced a return on equity of 6.0% and an underlying* return on equity of 7.3%. We generated strong net new assets of over CHF 41 billion. The Board of Directors will propose a distribution of CHF 0.75 per share for the financial year 2011, which shareholders can elect to receive either in the form of Credit Suisse Group shares or as a cash payment. Perhaps as important, we believe that in 2011 we have taken significant actions which will enable Credit Suisse to excel and thrive in the new environment, allowing us to offer the best service to our clients, attractive returns to our shareholders and provide a great place to work for our employees.

Our aspirations

As managers of a large global financial institution, we are confronted by the consequences of a fast changing industry, which is under close public scrutiny by all of our stakeholders on a daily basis. In this challenging environment, the employees of Credit Suisse come to work every day doing our best to find the optimal way forward for our firm:

– one that allows us to provide the very best value-added service to our clients to ensure they can meet their very important financial goals;

– one that allows us to maximize the long-term value of our equity for our shareholders, among them many of our employees;

– one that makes Credit Suisse a company of which its employees are proud; and

– one that is responsible to society and makes Credit Suisse a contributing member of the communities where it operates.

And while every decision that we make and every action that we take do not end up perfectly accomplishing these goals, we can assure you that this is our aspiration. We believe we can make a meaningful difference for our clients, our shareholders, our employees and for the communities in which we operate. We want nothing more than to continue to build on the confidence and pride that our stakeholders have in Credit Suisse.

Achieving this aspiration has been very demanding over the past five years. We think we have done many things right during this challenging period, but certainly not everything. We believe the only way to continue to improve our

performance is to evaluate the decisions we have made and draw the necessary lessons. This is another aspect of what we believe is critical for a strong, high performing and responsible firm. We have been greatly aided in the pursuit of our goals by having formed a clear vision early in this five year period, and we have maintained that vision over the entire period.

The events of the financial crisis in 2008 (and many events subsequent to that) demonstrated that the financial system needed to be changed. Reforms needed to be put in place to ensure that such a destabilizing event could not happen again. These changes would include requiring more capital, more stable funding, changes to business models and would require exiting certain businesses we were in. We felt from the outset that these changes were inevitable and would be far reaching, and markets and the opportunities for our business would be more volatile and variable than in the past. Our clients would change their behavior and require different qualities and services from their financial institutions. Companies would have to ensure their businesses would at all times be fully compliant with all the rules and regulations in all countries where they operate globally.

We felt that while these changes represented a challenge – they were necessary – and embracing them represents a real opportunity for Credit Suisse. We have natural advantages in our business portfolio, and if we can move quickly and execute well, we will be able to emerge from this dynamic period stronger than when we went in.

What we have done

Acting consistently on our aspirations over the past years, we took resolute and decisive action with regard to our business.

We have worked towards and maintained one of the highest total capital ratios in the industry at over 20%, demonstrate one of the most secure profiles with a net stable funding ratio of 98% and have an extremely strong asset quality on our balance sheet including, for example, minimal exposure to peripheral EU sovereigns. All of this has been recognized by the rating agencies, who assign us among the highest credit ratings of all global banks.

We have reoriented our business dramatically, focusing on our client businesses and exiting proprietary trading, long-dated derivatives and businesses which under Basel III have a high capital usage. We have worked hard across all of our businesses to foster compliance with the laws of all the countries where we do business. We are also pursuing a cross-border private banking business focused on tax-compliant money. We have worked hard to take a conservative approach to our businesses, reducing market risk, credit risk and operational risk. In addition, we have reduced reputational risk that comes with engaging in certain businesses which, while permitted, are not accepted by our stakeholders.

We have engaged constructively with our regulators around the world and work with them to find the right solutions. We have been among the earliest sponsors of ideas like contingent convertible capital and bail-in capital, and in fact have led the way by structuring three highly successful Buffer Capital Note transactions. We feel this is a much better way to achieve real improvements in the regulatory environment, while ensuring that our business model can continue to serve our clients and provide returns to capital providers. The approach is in stark contrast to many in the industry who believe the best approach is to resist the necessary change.

Against the confusing backdrop of conditions that we listed in the beginning of this letter, it is not always easy to see the benefit of acknowledging that our industry needs to change and acting and shaping the industry when others are reluctant to do so. There is of course discussion, debate and doubt. In most cases, we have taken steps ahead of the rest of the industry; however, we strongly believe these changes will come, and banks will have to materially change their business models to accommodate them. Given our portfolio of businesses in Private Banking, Investment Banking and Asset Management combined with our global presence and a very strong Swiss home market, we are convinced that Credit Suisse will benefit from taking these steps ahead of the competition. While this approach is not

without risk, we believe it best positions us to provide consistent service to our clients, attractive returns to our shareholders over time and the best environment for our employees.

The year 2011

2011 was a clear example of all these principles at work. Conditions were challenging, particularly with the issues surrounding the disruption of the eurozone dominating the markets for much of the year. Our business, with its significant footprint in Europe, was clearly affected. Furthermore, the actions we took to accelerate our transition to a business model which will thrive in the new environment were a drag on our results, particularly in the second half of the year.

Throughout 2011, Credit Suisse's strong capital base and liquidity position proved particularly important. In the second half of the year, our financial strength enabled us to take decisive measures and rapidly evolve our integrated business model and organization to meet the challenges of the changing environment.

The various efficiency-related actions we announced include a 7% headcount reduction. This has been a difficult decision that affects all levels of the company, and we are committed to implementing this process in the most fair and responsible way possible.

Overall, the measures we took to swiftly adapt our business model had a negative pre-tax impact of approximately CHF 1.8 billion on our results in 2011. However, we are convinced that these measures will create stable and high-quality earnings, benefiting our shareholders, clients and other stakeholders in the long term.

Private Banking

In Private Banking, we saw continued low levels of client activity and a low interest rate environment that put our gross margins under increased pressure in 2011. Despite adverse operating conditions, Private Banking generated strong net new assets of CHF 44.5 billion in 2011, with significant contributions from emerging markets, the ultra-high-net-worth individual client segment and the Corporate & Institutional Clients business in Switzerland. Private Banking reported income before taxes of CHF 2,348 million and net revenues of CHF 10,877 million for 2011. While our underlying business remains strong, the adverse impact of the strong Swiss franc on income before taxes and net revenues was CHF 550 million and CHF 844 million, respectively. Our Wealth Management Clients business reported income before taxes of CHF 1,468 million and net revenues of CHF 9,030 million for 2011. Corporate & Institutional Clients produced income before taxes of CHF 880 million and net revenues of CHF 1,847 million.

In response to the challenging market conditions and the ongoing regulatory developments, we launched a series of measures as part of the overall evolution of our business model in the second half of 2011. The measures aim at optimizing our Private Banking business portfolio and improve its profitability. With this initiative, we are targeting incremental pre-tax income of CHF 800 million in Private Banking by 2014. We will continue to invest in faster growing and large markets, while at the same time enhancing the productivity and efficiency of our onshore activities. In view of our integrated business model, the ultra-high-net-worth individual client segment continues to be a key growth opportunity for Credit Suisse, and we therefore strengthened our advisory team in this area in the course of 2011. We believe that the steps we are taking in Private Banking put us in a strong prospective position in a rapidly changing environment.

As reported previously, the US investigations of Swiss banks' legacy cross-border businesses remain ongoing. Credit Suisse continues to cooperate with the authorities in the US and Switzerland to resolve these investigations consistent with our legal obligations. As to the ongoing governmental discussions, we are strongly supportive of the efforts of

the US and Switzerland to reach a resolution acceptable for both countries.

Investment Banking

In Investment Banking, we reported income before taxes of CHF 79 million and net revenues of CHF 11,496 million for 2011. While this result was disappointing, it reflects both the challenging market conditions throughout the year and the impact of the steps we have taken in Investment Banking to evolve our business model.

In mid-2011, we initiated an aggressive plan to reduce risk-weighted assets and accelerated its implementation in the fourth quarter. We expect to reach our year-end 2012 Basel III risk-weighted assets reduction target of CHF 80 billion nine months early, by the end of the first quarter 2012. In addition, we are exiting businesses that will no longer deliver attractive returns or earn the cost of capital under the new regulatory framework. At the same time, we are investing and growing in businesses where we have competitive advantages and synergies with Private Banking and Asset Management.

We believe that this will enable us to run a business that generates solid returns under the Basel III framework, where capital assessed against Investment Banking businesses will have a dramatic effect. With the early steps we have taken, we can avoid the rush to liquidate assets. Instead, we believe that we can consistently serve our clients and provide capital where appropriate.

Asset Management

In Asset Management, we reported income before taxes of CHF 553 million and net revenues of CHF 2,146 million for 2011. Our continued focus on growth in fee-based revenues and on investing in multi-asset class solutions, alternative investments and our Swiss business is proving successful. In 2011, we made solid progress with increased fee-based revenues and a reduction in operating costs, leading to a 10% increase in pre-tax income compared to 2010.

Strengthening the financial system

Governments and regulators around the world have been very focused on building a safer and sounder financial system. Credit Suisse has been constructively engaged in supporting to achieve this aspiration. The debate on capital levels and forms of capital, liabilities and liquidity levels, additional taxes which impact the industry (liability taxes and transaction taxes), and various other structural changes to the financial system, for instance, the Dodd-Frank legislation in the US, have been very intense. Switzerland's regulators moved first in requiring more capital and new forms of capital as well as liquidity to ensure that the system was safer and sounder. Credit Suisse participated in the Expert Commission in Switzerland, which made recommendations to the government, and have supported the changes put in place by the government. We have pioneered the structuring of Buffer Capital Notes, now having put in place close to CHF 8.4 billion of high trigger notes, proving the concept has strong appeal to investors. We have always believed that a level playing field would emerge globally among countries. In fact, that is what we have been seeing with the UK recommending capital requirements much like Switzerland, and with the Bank for International Settlement requiring all large banks globally to hold common equity tier 1 levels of 8.0% to 9.5%, which is not much different from the 10% required in Switzerland. We have been one of the leading proponents of contingent convertible capital and bail-in structures, and we will continue to work as a constructive industry force in establishing the kind of conditions and regulatory requirements necessary to ensure that we have a safer and sounder financial system and achieve a global level playing field.

Going forward

We aspire to be an institution that does a great job for our clients, provides superior returns to our shareholders, is a great place to work for our employees and is a responsible member of society. We will continue to work hard every day to achieve that aspiration.

We believe our vision of the direction of the markets and of our industry is correct. We are convinced that proactively evolving our business model is not only the right thing to do, but is the best way to accomplish our aspiration. The actions we have taken will put us in a very strong position to thrive in the new environment as it develops. We see this as an inherent part of our responsibility as a company and as a reliable partner to our clients, shareholders and employees.

We would like to thank our shareholders and clients for the trust they have placed in Credit Suisse and our employees worldwide for their commitment and their contribution to the success of our business.

Yours sincerely

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

March 2012

* Underlying results are non-GAAP financial measures. Underlying return on equity and underlying net income for 2011 exclude fair value gains on own debt and stand-alone derivatives of CHF 919 million (CHF 616 million after tax), litigation provisions of CHF 478 million for the US and the German tax matters (CHF 428 million after tax) and expenses in connection with cost-efficiency initiatives of CHF 847 million (CHF 641 million after tax).

Information on the company

An integrated global bank

Strategy

Our businesses

Organizational and regional structure

Regulation and supervision

An integrated global bank

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 three global divisions, Private Banking, Investment Banking and Asset Management, to offer our clients advisory services and customized products. 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.

Divisions

Private Banking

In Private Banking, we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. Private Banking comprises the Wealth Management Clients and Corporate & Institutional Clients businesses. In Wealth Management Clients, we serve more than two million clients, including ultra-high-net-worth and high-net-worth individuals around the globe and private clients in Switzerland, making us one of the largest global players. Our network comprises 360 office locations in 46 countries. Our Corporate & Institutional Clients business serves the needs of over 100,000 corporations and institutions, mainly in Switzerland, and is an important provider of financial products and services.

Investment Banking

Investment Banking provides a broad range of financial products and services, with a focus on businesses that are client-driven, flow-based and capital-efficient. Our products and services include global securities sales, trading and execution, prime brokerage, 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 all 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.

Asset Management

Asset Management offers products across a wide range of asset classes, including alternative investments such as hedge funds, private equity, real estate and credit, and multi-asset class solutions, which includes equities and fixed income products. The division manages portfolios, mutual funds and other investment vehicles for governments, institutions, corporations and private clients worldwide. With offices in 19 countries, we collaborate with clients to develop and deliver innovative investment products and solutions to meet their specific needs. Asset Management operates as a global integrated network in close collaboration with Private Banking and Investment Banking.

Shared Services

Shared Services provides centralized corporate services and business support for Private Banking, Investment Banking and Asset Management, with services in the following areas: finance, legal and compliance, risk management, information technology, talent, corporate communications, corporate branding, corporate development and public policy. Shared Services acts as an independent control function and provides services and support from a handful of regional hubs.

Regions

Switzerland

In our home market, we are a leading bank for private, corporate and institutional clients. Around 2,000 relationship managers at more than 200 branches offer clients a full range of private banking services. Investment Banking provides a broad range of financial services to its Swiss client base, while Asset Management offers traditional and alternative investment products and multi-asset class solutions.

Europe, Middle East and Africa

Credit Suisse is active in 31 countries across the EMEA region with offices in 74 cities. Our regional headquarters are in the UK, but we have an onshore presence in every major country in EMEA. The region encompasses both developed markets such as France, Germany, Italy, Spain and the UK, as well as fast growing markets including Russia, Poland, Turkey, South Africa and the Middle East.

Americas

The Americas region comprises our operations in the US, Canada, the Caribbean and Latin America. With offices in 46 cities spanning 14 countries, we offer clients local market expertise and access to our full range of global resources

across our three core businesses and as an integrated bank. In 2011 we continued to build our investment banking platform in Canada, maintained or improved market share in most major product areas in the US, and expanded our private banking and asset management capabilities across the region.

Asia Pacific

The Asia Pacific region comprises 18 offices in 12 markets. Our integrated banking platform has a strong presence in the region's largest markets, such as Australia, China, Hong Kong, Korea and Japan, complemented by long-standing leadership in Southeast Asia and a rapidly growing franchise in India. In these markets we are committed to building one of the leading client franchises in the industry by delivering the integrated bank to corporate, institutional and high-net-worth clients.

Strategy

Industry trends and competition

In 2011, the financial services industry experienced a volatile market environment and continued uncertainties regarding regulatory developments and proposals, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk.

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

We hope that these regulatory changes will be implemented by national regulators in a way that contributes to a more level playing field and a stronger and more sustainable global banking system over time.

As many financial institutions weathered the turbulence of the financial crisis and returned to growth, 2011 was also characterized by increased competitive pressure. With established markets in the US and Europe affected by ongoing sovereign debt concerns and a slow economic recovery, we expect economies in Asia and Latin America to be important growth drivers for the banking industry in the near term. In response to regulatory trends, banks are expected to shift away from proprietary trading towards client-facing business models which will increase competition in client flows. We believe, however, that strongly capitalized banks with a clear and demonstrated client focus will have a competitive advantage.

Group priorities

We are confident that our strong capital position and our ability to provide clients globally with best-in-class integrated banking services provide a strong value proposition for our clients and shareholders.

Evolution of our strategy

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, we announced in November 2011 that we are adapting our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure in order to deliver attractive returns for our shareholders.

In Private Banking, we remain committed to a long-term international growth strategy, focusing on onshore, faster growing and large markets and the >>>ultra-high-net-worth individual client segment as key growth areas and continuing to build on our strong position in the Swiss market while enhancing our efficiency. We are rationalizing our operating model for Western European markets and will serve smaller markets opportunistically. With these combined measures, we are targeting incremental pre-tax income of CHF 800 million by 2014, based on the assumption of unchanged market conditions. In November 2011, we began the full integration of Clariden Leu into the Group, a process which we expect to complete by the end of 2012.

In Investment Banking, we are redeploying capital in order to invest and grow businesses and significantly reduce >>>risk-weighted assets and our cost base. We are investing and growing in businesses where we have competitive advantages and synergies with Private Banking and Asset Management, including foreign exchange, electronic trading, emerging markets, prime services and equity capital markets. At the time, we announced a 50% reduction in >>>Basel III risk-weighted assets in our fixed income business from 55% of Group risk-weighted assets to 39% by the end of 2014.

As the Basel Committee on Banking Supervision (BCBS) Basel III framework (Basel III) will not be implemented before January 1, 2013, we have calculated our Basel III risk-weighted assets for purposes of this report in accordance with the currently proposed requirements and our current interpretation of such requirements, including relevant assumptions. Changes in the actual implementation of Basel III would result in different numbers from those shown in this report.

Since November 2011, we have accelerated our risk-weighted assets reduction plan in Investment Banking and expect to exceed our previously announced year-end 2012 Basel III risk-weighted assets target of USD 229 billion by the end of the first quarter of 2012. In addition, we have revised our Basel III risk-weighted assets target to USD 190 billion for both year-end 2012 and 2014 from USD 229 billion for year-end 2012 and USD 201 billion for year-end 2014. We are significantly reducing our cost base, including through improved client coverage efficiency and reduced country, industry and product coverage overlaps.

In Asset Management, we are expanding the range of alternative products in collaboration with Private Banking and Investment Banking, growing our fee-based revenues and driving further cost reductions through platform optimization and outsourcing.

The Group is allocating additional resources across our businesses to fast growing markets, especially Brazil, Southeast Asia, Greater China and Russia, to increase the revenue contribution from 15% of revenues in 2010 to 25% by 2014.

In the second quarter 2011, we began implementing a number of cost-efficiency initiatives, which we expect to achieve CHF 1.2 billion in cost savings and resulting reductions in the annualized first half 2011 expense run rate during 2012 (excluding the impact from the expense in the first quarter 2012 for the 2011 Partner Asset Facility). We subsequently began implementing additional cost-efficiency measures to target an additional CHF 0.8 billion of cost savings by the end of 2013. We expect these total cost savings of CHF 2.0 billion to involve headcount reductions of approximately 7% across the Group, maximizing deployment opportunities by rationalizing our existing business footprint, more fully integrating our operating model and continuing to centralize our infrastructure and streamlining

of operational and support functions (including a new European business operating model and additional European and Swiss platform efficiencies). We also announced the integration of our Private Banking and Investment Banking operations into a single function within Shared Services. We have accelerated the implementation of these cost-efficiency measures and recognized costs of CHF 847 million in 2011 in the Corporate Center, mostly severance and other compensation expense. Given these implementation costs, we expect to realize the benefits of these cost-efficiency initiatives during 2012. We estimate further implementation costs in 2012 of approximately CHF 350 – 400 million.

> Refer to “Our businesses” for further information on the refinement of our strategy.
> Refer to “Capital management” in III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management for further information on the reduction of risk-weighted assets.

Our client-focused and capital-efficient integrated business model with its balanced portfolio of businesses has proven resilient and we have continued to gain market share across our businesses. 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 believe that our strategy is consistent with both emerging client needs and regulatory trends. 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 greater than 15% over the next three to five years. Building on the momentum we have established, we aim to further grow our client business with gains in market share and a strengthened geographic footprint. To achieve our goals, we are focused 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 >>>ultra-high-net-worth individuals, large and mid-sized companies, entrepreneurs, institutional clients and hedge funds. By listening attentively to their needs and offering them superior solutions, we empower them to make better financial decisions. Against the backdrop of significant changes within our industry, we strive to ensure that we consistently help our clients 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 Wealth Management House” and, for the fifth time in a row, “Best Bank in Switzerland” in *Euromoney’s* Awards for Excellence in 2011. We were also named “Bank of the Year” in Switzerland by *The Banker*. In addition, we advanced to the top five globally and increased our market share in global equity capital markets for 2011 according to *Dealogic.*

Employees

We continue to undertake 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 and intellectual proficiency, but for people who can thrive in and contribute to our culture. Credit Suisse is above the external benchmark for employee engagement in the financial services industry. We review our talent and identify the right developmental opportunities based on individual and organizational needs. We increasingly promote cross-divisional and cross-regional development, as well as lateral recruiting and mobility. Valuing different perspectives, creating an inclusive environment and showing cross-cultural sensitivity are key to Credit Suisse’s workplace culture. We have expanded our organizational understanding beyond traditional diversity and inclusion to leverage our differences to fully engage the workforce. Through our business school, we train our leaders, specialists and client advisors in a wide range of subjects to ensure that the knowledge and competence of our employees supports the needs of our clients and our strategy. 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 of our products and services across our organization and divisions. We have established a dedicated governance structure in order to drive, measure and manage collaboration between our divisions. We are targeting collaboration revenues of 18% to 20% of net revenues, and in 2011 we recorded collaboration revenues of CHF 4.3 billion, representing 16.8% 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 wealthy private clients by Investment Banking and managed investment products developed by Asset Management for Private Banking. Benefitting from our programs for cross-divisional management development and lateral recruiting, we believe collaboration revenues, including cross-selling and client referrals, to be a resilient source of both revenues and assets.

Capital and risk management

While the prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank, we maintain a conservative framework to manage liquidity and capital. As of the end of 2011, our tier 1 ratio under >>>Basel II.5 stood at 15.2%, up from 14.2% the year before. Our tier 1 ratio under >>>Basel II stood at 18.1%, up from 17.2% the year before. Consistent with the Swiss Expert Commission's recommendations on >>>"Too Big to Fail" issues, we took action to raise tier 1 and tier 2 contingent buffer capital in February 2011. We have revised our liquidity risk management, which is in line with the BCBS Basel III liquidity framework and the liquidity principles of the Swiss Financial Market Supervisory Authority (FINMA). 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.

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

Efficiency

We continue to strive for top-quartile efficiency levels, while being careful not to compromise on growth or reputation. We target a pre-tax income margin above 28%. In line with the announced evolution of our strategy, efficiency measures implemented with strong involvement of senior management are generating cost savings while helping to build an efficiency culture. We have five Centers of Excellence (CoE) in Pune (India), Raleigh Durham (US), Singapore, Wroclaw (Poland) and Mumbai (India), in which we have deployed more than 12,000 roles, improving productivity. We continue to focus on our Operational Excellence program, which has strengthened our culture of continuous improvement and client focus.

To track our progress and benchmark our performance, we have defined a set of key performance indicators for growth, efficiency and performance, and capital to be achieved across market cycles.

> Refer to "Key performance indicators" in II – Operating and financial review for a more detailed description of our businesses and our performance in 2011 against the defined targets.

Corporate responsibility and Code of Conduct

At Credit Suisse, we firmly believe that corporate responsibility plays a crucial role in our long-term success as a business. We therefore strive to incorporate our approach to corporate responsibility into every aspect of our work. This approach is founded on a broad understanding of our commitments in banking, society and the environment, our role as an employer and our dialogue with our stakeholders.

Our Code of Conduct defines the ethical values and professional standards that the Board of Directors and all employees are required to follow, including an emphasis on adhering to all relevant laws, regulations and policies in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking. Our Code of Conduct is available on our website at *www.credit-suisse.com/code* in nine languages.

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 businesses

Private Banking

Business profile

In Private Banking we offer comprehensive advice and a broad range of financial solutions to private, corporate and institutional clients. Private Banking comprises the Wealth Management Clients and Corporate & Institutional Clients businesses, and had total assets under management of CHF 927.9 billion as of the end of 2011. In Wealth Management Clients, we serve more than two million clients, including ultra-high-net-worth and <u>>>></u>high-net-worth individual clients around the globe and private clients in Switzerland. Our Corporate & Institutional Clients business is an important provider of financial products and services, serving the needs of over 100,000 corporations and institutions, mainly in Switzerland.

Our Wealth Management Clients business is one of the largest in the wealth management industry globally. 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. We deliver innovative and integrated solutions in close collaboration with Investment Banking and Asset Management. As of the end of 2011, our Wealth Management Clients business had CHF 791.5 billion of assets under management. Our global network comprises 46 countries with 360 offices, more than 120 outside Switzerland. Wealth Management Clients has 4,040 relationship managers and 22 <u>>>></u>booking centers, reflecting our multi-shore strategy.

Our Corporate & Institutional Clients business provides premium advice and solutions across a broad range of banking services, including lending, cash and liquidity management, trade finance, ship and aviation finance, corporate finance, investment solutions, global custody and asset and liability management. Clients include small and medium-sized enterprises, global corporations and commodity traders, banks, insurance companies and Swiss pension funds. As of the end of 2011, the business volume of our Corporate & Institutional Clients business was CHF 250.6 billion, with CHF 194.1 billion of client assets and CHF 56.5 billion of net loans. In Switzerland, we cover large corporations out of four locations and we serve small and medium-sized enterprises through relationship managers based in 36 branches.

Key data - Private Banking

			in / end of
	2011	2010	2009
Key data			
Net revenues (CHF million)	10,877	11,631	11,662
Income before taxes (CHF million)	2,348	3,426	3,651
Assets under management (CHF billion)	927.9	932.9	914.9
Number of employees	25,200	25,600	24,300

Strategy

Industry trends and competition

We believe the wealth management industry continues to have good long-term growth prospects. Assets of high-net-worth individuals globally are projected to grow approximately 8% per annum over the next five years.

Structurally the industry is experiencing significant changes. From a regional perspective, wealth creation continues to shift towards emerging markets, with higher growth rates fueled by entrepreneurial activity and relatively strong economic development. Mature markets, with around two thirds of the world's wealth located in the US, Japan and Western Europe, are expected to see continued but relatively lower growth, driven by further wealth accumulation and a generational transfer of wealth. New and evolving international treaties and regulation will lead to increased regulation of cross-border banking for clients domiciled in selected countries. Switzerland – which combines political and economic stability with a heritage in wealth management – is well positioned as a financial center to continue to succeed in this evolving environment.

At the same time, the strong Swiss franc weighs on the profitability of the export-oriented Swiss economy, including wealth managers. For our Private Banking business, the adverse foreign exchange impact on net revenues and income before taxes in 2011 amounted to CHF 844 million and CHF 550 million, respectively. Currently gross margins are under pressure due to continued low interest rates and cautious investor behavior resulting from the sovereign debt crisis and economic uncertainty, and we expect this environment to last for some time. Finally, regulatory requirements for investment advisory services are increasing, including in the areas of suitability and appropriateness of advice, client information and documentation. Competition in the industry remains intense, in particular as many competitors strive to counter profitability pressure by increasing scale. Attracting and retaining the best talent continues to be a key factor to success. As a result of the structural industry trends, we expect industry consolidation to continue.

The Swiss market for Corporate & Institutional Clients continues to offer long-term growth prospects. Swiss corporations performed relatively well over recent years due to solid business models and conservative financing, but are facing new challenges with respect to the strengthening Swiss franc. A growing number of Swiss companies have to address succession planning, a trend which increasingly creates business opportunities in this market, particularly for banks that can offer a tailored combination of private and investment banking services. Furthermore, in light of volatile exchange rates and commodity prices, we expect ongoing demand for hedging solutions.

Evolution of our strategy

Our aspiration is to become the most admired bank for Wealth Management Clients globally and for Corporate & Institutional Clients in Switzerland. We want to be an industry leader in terms of client satisfaction, employee engagement, profitability and growth. In light of the challenging environment we reviewed and reconfirmed our

long-term strategy and in November 2011 announced a refocusing of key elements of the strategy. We remain committed to a long-term international growth strategy, focusing on faster growing and large markets, further development of our onshore booking centers and the >>>ultra-high-net-worth individual client segment as key growth areas. We continue to build on our strength as an integrated bank, in particular in the ultra-high-net-worth individual client segment, and our strong position in the Swiss market while enhancing our efficiency through strict cost management. We are rationalizing our operating model for Western European markets, focusing our cross-border business in markets with sound economics and sufficient scale and are implementing a focused service model and offering for the >>>affluent client segment. In November 2011, we began the full integration of Clariden Leu into the Group to further increase the profitability and efficiency of our business, a process which we expect to complete by the end of 2012.

With these combined measures, we are targeting incremental pre-tax income of CHF 800 million by 2014, based on the assumption of unchanged market conditions.

With these adaptations we continue to pursue our long-term strategy combining:

– International growth

– Market share gains in Switzerland

– Client centricity

– Integrating the banking business

– Best people

– Productivity and financial performance

International growth: We will continue to hire and develop experienced relationship managers, expand our solutions offerings on international platforms and further build and optimize our domestic presence in select markets, thus accelerating profitability and capturing growth. As part of this focus we recently signed an agreement to acquire HSBC's private banking business in Japan. We offer both onshore and offshore services in compliance with local laws, rules and regulations, with investments focused on regions with faster growth and the ultra-high-net-worth segment. In our cross-border business we expect an increased focus on markets with a minimum scale and a cost-effective offering for affluent clients that will allow us to realize efficiencies.

Market share gains in Switzerland: In our home market, we aim to grow by gaining market share. In the private client segment, we expect to accomplish this by increasing our interactions with clients and improving our advisory quality. In the wealth management business, we provide superior needs-oriented services to ultra-high-net-worth and high-net-worth individual clients by leveraging our competence in advice, in-depth investment expertise and our capabilities as an integrated bank. The targeted growth segments in the Swiss corporate and institutional business include large corporations, institutional investors, financial institutions and small and medium-sized enterprises with an international focus. Regular client surveys confirm a high degree of client satisfaction, which we believe is reflected in significant net new asset inflows in Switzerland.

Client centricity: We offer a unique value proposition combining a wealth management heritage spanning over 150 years, comprehensive advice based on a structured advisory process, focused coverage of heterogeneous client segments, a global reach via 22 booking centers and 360 offices and integrated bank capabilities providing access to a broad range of services and needs-based solutions. We continue to develop our range of solutions based on client needs and in-depth monitoring of investment opportunities by our skilled research and investment professionals. The selection of either internal or third-party solutions is based on comprehensive due diligence with regards to

appropriateness to the client or client group and applicable rules and regulations.

Integrating the banking business: Close collaboration with Investment Banking and Asset Management enables us to offer customized and innovative solutions to our clients, especially to ultra-high-net-worth individual clients, our fastest growing and most profitable segment. Through a dedicated coverage and close collaboration across the integrated bank and a comprehensive solution offering and networking platform, we plan to increase pre-tax income by 50% in the ultra-high-net-worth individual client segment by 2014. In cooperation with Asset Management, we offer a range of client-focused discretionary mandates and access to hedge funds and private equity solutions.

Best people: As people are the most critical factor for success in delivering our value proposition, we systematically develop our employees, with a special focus on our client-facing staff, through training and certification programs. We strive to be an employer of choice, and as part of our growth strategy, we continue to invest in our relationship managers as a driver of net new assets.

Productivity and financial performance: We are driving efficiency and productivity, building on our programs for efficiency management and our CoE, and through the current integration of Clariden Leu.

Achievements

Key achievements and measures of our progress in 2011 include:

– **International growth**: In 2011, we generated CHF 31.7 billion of net new assets in our international businesses, representing 84% of total Wealth Management Clients net new assets, comprising CHF 13.7 billion from EMEA, CHF 7.6 billion from the Americas and CHF 10.4 billion from Asia Pacific. As part of our international growth strategy, we are reviewing and selectively adapting our global network of onshore booking centers.

– **Market share gains in Switzerland**: With CHF 12.8 billion of net new assets, we continued to grow our Swiss business across most client segments through focused growth measures in 2011. In addition, we generated significant internal referral volumes within Private Banking and between divisions through our integrated bank model. With CHF 880 million of pre-tax income, Corporate & Institutional Clients continued its strong contribution to the Private Banking pre-tax income.

– **Client centricity**: We have continued to implement our ultra-high-net-worth individual clients strategy, generating CHF 23 billion of net new assets from ultra-high-net-worth individual clients across all regions, representing a 61% share of total net new assets in Wealth Management Clients. This client segment contributed 36% of total assets under management in Wealth Management Clients at the end of 2011. We have expanded our coverage of ultra-high-net-worth individual clients across regions, serving them in close collaboration with Investment Banking and Asset Management, and further developed our service offering in the areas of prime services, lending facilities and private label funds supported by dedicated specialists. In addition, we further enhanced our advisory approach, including the rollout of a global Investment Suitability Framework in Switzerland. Client satisfaction remained high globally.

– **Integrating the banking businesses**: In 2011, we increased the number of integrated solutions transactions by 30%, and respective revenues by 15%, primarily in cooperation with Investment Banking, especially in the ultra-high-net-worth client segment, and expanded our collaboration with Asset Management as we expanded our range of products. Overall, Private Banking was involved in more than 90% of the Group's total collaboration revenues of CHF 4.3 billion.

– **Best people**: International hiring reflected our continued investment in international growth. In 2011, we continued to hire relationship managers, 59% of which were senior hires, representing an upgrade in talent even while at the same time our overall headcount decreased slightly in connection with our efficiency initiatives. Additionally, we continued to roll out an enhanced and recognized global training and certification program for all client-facing staff.

– **Productivity and financial performance**: We achieved a gross margin of 114 basis points in Wealth Management Clients in a market environment characterized by declining margins. We had a resilient Private Banking pre-tax income margin of 25.5% excluding litigation provisions of CHF 478 million in connection with German and US tax matters and a gain from the sale of real estate of CHF 72 million, with results significantly impacted by the appreciation of the Swiss franc against major currencies. Responding to the profitability pressure, we are implementing efficiency initiatives aligned with the announced Group-wide efforts to reduce our cost base. We now have more than 2,180 roles located in our CoE.

Awards
We received numerous industry awards in 2011, including:

– “Best Private Bank Globally” for the third consecutive year in *Euromoney*’s *Private Banking Survey 2012*;

– “Best Private Bank in Western Europe”, “Best Private Bank in Central and Eastern Europe” as well as “Best Private Bank” in Australia, the Bahamas, Guernsey, Italy, Russia, Singapore, Switzerland, the United Arab Emirates and the United Kingdom by *Euromoney’s Private Banking Survey 2012;*

– “Best Wealth Management House” and, for the fifth time in a row, “Best Bank in Switzerland” in *Euromoney*’s Awards for Excellence Survey;

– “Best Private Banking Service in the Middle East” by *Banker Middle East* magazine;

– “Best Private Bank” in Southeast Asia, Singapore and Indonesia for the second time by *The Asset* in its Triple A Investment Awards;

– “Best Swiss Global Custodian 2011” by R&M Surveys; and

– “Outstanding Private Bank” by *Private Banker International* for the second consecutive year.

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 and a comprehensive analysis of their financial situation to assess client product knowledge and experience and 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 range of wealth management solutions tailored to specific client segments. The global market segments we serve are ultra-high-net-worth and high-net-worth clients, and, in Switzerland, private clients. Ultra-high-net-worth and high-net-worth individual clients contributed 36% and 48% of assets under management in Wealth Management Clients at the end of 2011, 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 preparation and coordination of financial transactions. A specialized team, Solutions Partners, offers holistic and tailor-made business and private financial solutions to our ultra-high-net-worth individual 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, the guidelines of the Credit Suisse Investment Committee and 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 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 provide 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. In close collaboration with Investment Banking and Asset Management, we also provide innovative alternative investments with limited correlation to equities and bonds, such as hedge funds, private equity, commodities and real estate.

– **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. Of the CHF 37.8 billion in Wealth Management Clients net new assets recorded in 2011, 70% were booked outside Switzerland. We expect international clients will continue to drive our growth in assets under management.

We also offer a broad range of financing products, such as construction loans, fixed and variable rate mortgages, consumer and car loans, different types of leasing arrangements and various credit cards provided by Swisscard, a joint venture between Credit Suisse and American Express. Additionally, we provide flexible financial solutions for every stage of a private client's life, including private accounts, payment transactions, foreign exchange services, pension products and life insurance. The range of savings products available to private clients includes savings accounts, savings plan funds and insurance solutions. Our core banking product, Bonviva, combines accounts, payment services and credit cards, simplifying day-to-day banking with a fixed package price.

Corporate & Institutional Clients
In Corporate & Institutional Clients, we supply a comprehensive range of financial solutions including cash management and payment transactions, all forms of traditional and structured lending, capital goods and real estate leasing, investment solutions and specialized services such as corporate finance, trade finance, ship and aviation financing, global custody and asset and liability management. Furthermore, clients can benefit from tailor-made financial solutions and advice. In addition, we offer specialized products and services, such as multi-currency foreign exchange trading and various straight-through-processing solutions, such as brokerage and execution services.

Investment Banking

Business profile

Investment Banking provides a broad range of financial products and services, with a focus 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
	2011	2010	2009
Key data			
Net revenues (CHF million)	11,496	16,214	20,537
Income/(loss) before taxes (CHF million)	79	3,531	6,845
Number of employees	20,900	20,700	19,400

Strategy

Industry trends and competition

2011 was a challenging year marked by market turmoil amid concerns from the European sovereign debt crisis and global economic slowdown. Investment Banking, in particular, was negatively 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, a sharp decline in client activity levels across businesses and high market volatility during the year. In addition to macroeconomic challenges, financial institutions across the globe were under significant pressure to adapt their business models as legislative and regulatory measures governing the industry became increasingly stringent. The continuous evolution of the regulatory framework and the significant regulatory developments in 2010 and 2011 have fundamentally changed the business and competitive landscape of the industry. One example of significant change affecting the industry is the gradual phasing-in of higher minimum capital requirements under >>>Basel III scheduled to begin in 2013. 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. While many of these regulatory measures require further detailed rule-making and will be implemented over several years, we expect increased capital requirements and regulation of >>>derivatives to result in reduced risk taking and increased transparency in the industry.

Evolution of Investment Banking strategy to adapt to industry challenges and environment

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 unprecedented market volatility and industry change. In light of the persistent headwinds that the industry has been facing, we announced a refinement to our strategy in November 2011 that aims to further adapt our businesses to the new market and regulatory environment. Our evolved strategy includes plans to significantly reduce Basel III >>>risk-weighted assets (RWA) in fixed income, achieve greater financial flexibility by reducing our cost base, and optimize our portfolio towards synergies with Private Banking and Asset Management and where we have competitive advantages to deliver sustainable, attractive returns.

Without proactive measures, the onset of regulatory changes arising from Basel III would result in a substantial increase in RWA for Investment Banking, with the vast majority impacting the fixed income business. Our plan to

reduce RWA will be accomplished by our accelerated exit from low-rated assets in securitized products and long-dated unsecured counterparty trades in global rates, and the continuation of our wind-down program. We believe the adjustments to the portfolio will allow us to generate attractive returns under Basel III and support the overall Group ROE target of 15% or greater. We believe we will benefit from an early mover advantage by adapting to the changes ahead of our peers. At the time, we announced a 50% reduction in RWA in our fixed income business from 55% of Group RWA to 39% by the end of 2014.

> Refer to "Regulatory capital developments and proposals" in III – Treasury, Risk, Balance Sheet and Off-balance sheet – Treasury management – Capital management for further information.

Another component of our evolved strategy is our focus on cost initiatives, which have been ongoing since the second quarter. The Group announced a total of CHF 1.2 billion of targeted cost savings from our first half 2011 expense run-rate to be achieved from January 2012, primarily in Investment Banking. In November, the Group also announced further targeted cost efficiencies of CHF 800 million to be achieved by the end of 2013, with half of these additional targeted cost efficiencies in Investment Banking. Through these initiatives, we are creating significant flexibility in our Investment Banking cost structure to adapt to the challenging market environment but also allowing us to take advantage of favorable market opportunities as they arise.

We believe our refined strategy will deliver a focused, return-driven Investment Banking model evolved for the new Basel III environment. Our focus will be on key client franchises where we have competitive advantages and synergies with Private Banking and Asset Management, including foreign exchange, electronic trading, emerging markets, prime services and equity capital markets. We will have a narrowed client base and evolved client interface to help us deliver best-in-class services. The strong and resilient platform with significantly improved cost flexibility will help us maintain the strong momentum of our client franchise and achieve best-in-class returns.

Our business portfolio will evolve as shown in the chart entitled, "Refinement of the Investment Banking strategy" as we redeploy capital and resources in line with our strategy.

Progress to date on strategy implementation

To date, we have made significant progress in executing our refined strategy announced in November 2011:

– We completed the exit of >>>commercial mortgage-backed securities (CMBS) origination and are reducing long-dated trades in global rates. In addition, we made significant progress in winding down the credit correlation book and hard currency trading business in emerging markets.

– We accelerated our RWA reduction plan and expect to exceed our previously announced year-end 2012 Basel III RWA target of USD 229 billion by end of the first quarter 2012. In addition, we have revised our Basel III RWA target to USD 190 billion for both year-end 2012 and 2014 from USD 229 billion for year-end 2012 and USD 201 billion for year-end 2014.

– We implemented significant cost saving initiatives to achieve our targeted goals. The cost reductions and the increased compensation cost flexibility, with substantially lower costs from deferred compensation to be expensed in 2012 and beyond, are expected to improve both the financial performance and operating efficiency of Investment Banking.

Ongoing business initiatives

In addition to the refined strategy, we outlined in November 2011, we executed several key initiatives in 2011 to further our client-focused, capital-efficient strategy, and we continue to have a significant opportunity to extend market share gains across our businesses as we build our distribution platform and enhance our electronic capabilities for clients. Key initiatives in 2011 included:

– Accelerated our client-focused, capital-efficient strategy by aligning resources to our leading fixed income franchises, such as high yield credit, securitized products and key onshore emerging markets, including Brazil and Korea, and continued growth into areas with diversification benefits in global rates, foreign exchange, commodities, and onshore emerging markets in Russia, India, China and Mexico.

– Built on a strong record of innovation by delivering new electronic platforms and functionality in fixed income and increased our portfolio and liquidity on those platforms in response to client demands that included the addition of Canadian futures, extension of Onyx to European trading hours, and enablement of >>>credit default swaps (CDS) pricing and execution on MarketAxess and TradeWeb with enhanced straight-through processing (STP) capabilities. The continued, concentrated effort on eCommerce within our fixed income franchise further strengthened our market footprint, with electronic volume in fixed income growing 40% during the year.

– Continued momentum in prime services through our market-leading platform and diversified client and product mix, maintained leading market position in cash equities through technology and product innovation, and continued measured investment in equity derivatives.

– Reoriented our regional strategy to reflect existing and future market opportunities while continuing to strengthen our underwriting and advisory franchises by making key strategic hires and shifting focus to a more large cap-oriented strategy in developed markets.

Significant transactions and achievements

We expanded our ability to serve certain geographic and product markets.

– We commenced securities brokerage operations in the Philippines following the acquisition of a securities broker-dealer license from the Philippines Stock Exchange, strengthening our equities business and complementing our leading financial advisory franchise in the Philippines.

– On April 30, 2011, Credit Suisse completed the acquisition of ABN AMRO Bank's (formerly Fortis Bank Nederland) hedge fund administration business, a global leader in hedge fund administration services.

We executed a number of noteworthy transactions in 2011, reflecting the breadth and diversity of our investment banking franchise:

– **Debt capital markets**: We arranged key financings for a diverse set of clients, including Kabel BW (German cable operator), Reynolds Group (global packaging company), Wells Fargo (US-based global diversified financial services company), PPL (US electricity and natural gas supplier) and the split-off and debt exchange of Cargill Incorporated's (multinational corporation) stake in The Mosaic Company (global phosphate and potash producer). We also executed two contingent capital transactions for Credit Suisse: a forward private placement of tier 1 buffer capital notes (BCNs) in an exchange for existing Credit Suisse hybrid tier 1 capital notes issued by the Bank in 2008 and an issuance of tier 2 BCNs.

– **Equity capital markets**: We executed initial public offerings (IPOs) for Vallares (acquisition company within the oil and gas sector), Glencore International (international producer and marketer of commodities), Tudou (Chinese online video platform), Groupon (eCommerce operator) and a follow-on offering and block trade for Annaly Capital Management (largest publicly-traded mortgage Real Estate Investment Trust).

– **Mergers and acquisitions**: We advised on a number of key transactions throughout the year, including the sale of Deutsche Telekom's (European telecommunications company) US subsidiary, T-Mobile USA, to AT&T (US telecommunications company), the acquisition of Graham Packaging Company (global packaging manufacturer) by Reynolds Group (global packaging manufacturer and supplier), the sale of Synthes (global manufacturer of orthopedic

devices) to Johnson & Johnson (leading manufacturer of health care products), the acquisition of Medco Health Solutions (US pharmacy benefit manager) by Express Scripts (leading pharmacy benefit manager in the US), the acquisition of Southern Union Company (US natural gas company) by Energy Transfer Equity, L.P. (US diversified energy operator) and the sale of John Wood's (diversified manufacturing company) well-support assets to General Electric (global infrastructure, finance and media company).

Market share momentum:
– 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 2011 fixed income trading survey for North America by *Greenwich Associates*, we increased or maintained market share in all key businesses, and significantly improved our market share in investment grade cash trading.

– We were ranked fourth by *Dealogic* in global announced mergers & acquisitions (M&A) market share for 2011, in line with 2010.

– We advanced to the top five globally and increased our market share to 7.1% in global equity capital markets for 2011, compared to sixth with 5.7% market share in 2010, according to *Dealogic*.

– We improved our share of wallet according to *Dealogic* in Asia Pacific (ex-Japan) to first in 2011 with 8.5% market share, up from second in 2010 with 7.2% market share. In EMEA, we maintained our #4 ranking and increased our share of wallet to 6.3% in 2011 from 5.7% in 2010.

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 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 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

– 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.

– 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 trading involves both secondary trading and market making and the trading of credit default and asset swaps and distributing market information and research.

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

– >>>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.

Arbitrage trading
Our arbitrage trading business focuses on quantitative and liquid trading strategies in the major global equity and fixed income markets.

Other
Other products and activities include lending, private equity investments that are not managed by Asset Management, 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 64 countries.

Asset Management

Business profile

Asset Management 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 strong investment performance that can be accessed through best-in-class products and holistic client solutions. We had CHF 408.0 billion of assets under management as of the end of 2011.

We are an industry leader in alternative investment strategies, with CHF 190.9 billion of assets under management as of the end of 2011. Alternative investment strategies include hedge fund strategies, private equity, real estate & commodities, credit investments, exchange-traded funds (ETFs) and index strategies. Our alternative investments business also has a strong footprint in emerging markets, including Brazil and China.

Traditional investment strategies, with assets under management of CHF 216.2 billion as of year-end 2011, include multi-asset class solutions and other traditional investment strategies, primarily in Switzerland, where we are an

industry leader. In multi-asset class solutions, we provide tailored asset allocation products to clients around the world and have CHF 109.9 billion of assets under management. In other traditional investment strategies, with CHF 106.3 billion of assets under management, we invest in fixed income and equity markets and provide institutional pension advisory services.

We pursue partnerships with leading investment managers globally, our strategic alliances and joint ventures allow us to provide our clients with strong investment capabilities across a broad array of asset classes. As part of our client-focused integrated business model, we are increasingly coordinating and leveraging our activities with Private Banking and Investment Banking. Through collaboration with both internal and external partners, we aspire to deliver best-in-class solutions to our clients.

Our funds make direct investments as well as investments in partnerships that make private equity and other investments in various portfolio companies and funds.

Key data - Asset Management

			in / end of
	2011	2010	2009
Key data			
Net revenues (CHF million)	2,146	2,332	1,842
Income/(loss) before taxes (CHF million)	553	503	35
Assets under management (CHF billion)	408.0	425.8	416.0
Number of employees	2,700	2,900	3,100

Strategy

Industry trends and competition

The asset management industry demonstrated resilience and continued to recover from the global financial crisis in 2011, with assets under management rebounding to pre-crisis peaks. Nevertheless, investors remained cautious and hesitant to invest in riskier asset classes. In alternative investments, the hedge fund industry continued to see inflows, particularly in the first half of 2011, with top-performing, brand-name managers capturing the majority of asset inflows. Credit strategies continued to attract client inflows due to the relative value offered within the non-investment grade markets. Illiquid fundraising remained challenging, particularly in private equity and real estate. Within traditional asset classes, investors remained cautiously positioned given volatile markets and macroeconomic uncertainty. The demand for passive vehicles like ETFs and index products remained robust in 2011, while leading emerging markets debt and equity products continued their strong momentum.

The regulatory environment continued to evolve in 2011 and is expected to continue to do so. In October 2011, US regulators issued proposed regulations to implement the Volcker Rule under the Dodd-Frank Act, which will limit our ability to sponsor or invest in certain private equity or hedge funds. These changes, in addition to proposed changes in the alternative investments industry in Europe, continue to accelerate the trend towards simpler, more regulated fund structures, reinforced by investor appetite for better transparency and risk management. Many of these regulatory measures have a multi-year implementation period.

Asset managers across the industry continued to restructure their businesses to drive efficiencies and in certain cases, to meet new regulatory capital requirements. In parallel, leading asset managers continue to invest in new strategic

initiatives. Expanding emerging markets capabilities, particularly in alternative investments, was a key initiative for many of our competitors. Alternative investment managers sought to broaden their product offerings and continued expanding into the retail client segment through the launch of regulated products.

Evolution of our strategy

We continue to focus on alternative investment strategies, emerging markets, asset allocation and the traditional businesses in Switzerland. As part of the evolution of our strategy, within these businesses, we will expand the range of products we offer our clients in collaboration with Private Banking and Investment Banking, grow our fee-based revenues and drive further cost reductions through platform optimization and outsourcing. Key initiatives we will focus on going forward include:

– delivering consistently strong investment performance;

– expanding our range of alternative products by building our liquid alternatives product range in hedge funds and hedge fund of funds;

– targeting resources towards growth markets and establishing scalable emerging markets products;

– continuing to strengthen our relationship with Private Banking through further collaboration and the distribution of Asset Management products and services to Private Banking clients;

– continuing to implement our client coverage plan in alignment with our regional distribution model; and

– further streamlining and simplifying our middle and back office

Key achievements and examples of our progress in 2011 include:

– raising CHF 1.5 billion in our secondary private equity fund and over CHF 850 million in our green, international and global real estate funds;

– launching a new collateralized loan obligation fund with assets of over CHF 300 million;

– the expansion, in collaboration with Private Banking, of our range of ETFs to 58, listing two equity and two money market funds on the SIX Swiss Exchange;

– the strategic agreement with HDFC Asset Management Company Ltd (HDFC AMC), one of India's largest asset managers, through which Credit Suisse has become the exclusive distributor of HDFC AMC's investment products outside India;

– Asset Management Finance LLC acquiring a noncontrolling minority equity interest in Lucidus Capital Partners LLP, a fast growing long/short credit manager with offices in London and New York;

– obtaining a license to provide portfolio management services to our clients in Hong Kong, broadening our global multi-asset class solutions business; and

– receiving outstanding rankings in the 2011 Lipper Fund Awards for six Swiss and Luxembourg funds for delivering consistently strong risk-adjusted performance relative to peers.

Products and services

Asset Management offers institutional and individual clients a range of products, including alternative and traditional products. We reach our clients through our own distribution teams, the Private Banking and Investment Banking

divisions and through third-party distribution channels. We also offer investment strategies through key joint ventures with external managers across various regions and asset classes.

Alternative investment strategies
We are a market leader in alternative investments, with a range of products including private equity, real estate and liquid strategies, including single-manager hedge funds, multi-manager hedge funds, credit strategies, commodities, and ETF and index strategies. We also offer a range of strategies focused on emerging markets through a range of products including hedge funds, private equity, real assets, index strategies, fixed income and equity solutions.

We offer a broad array of private equity funds to meet client needs. We have the ability to tailor fund strategies to meet specific private equity needs of our clients through our customized fund investment group. Our mezzanine funds use subordinated debt along with equity to invest in private companies, while our secondary funds capitalize on preferences for early liquidity in existing private equity investments. We also provide investment vehicles in infrastructure, commodities and emerging markets.

Our real estate core business aims to provide investors with stable and attractive cash flows, applying active portfolio management to reduce volatility.

In liquid strategies, we offer access to a number of assets through both active and passive investment strategies. Among our active strategies, our single-manager hedge fund platform provides access to leading in-house hedge fund managers and through partnerships with best-in-class partners. We also provide actively managed hedge fund of funds across several strategies, including event-driven, emerging markets, convertible arbitrage, fixed income arbitrage, global macro, managed futures, volatility arbitrage and long/short investing.

In addition, we offer highly liquid, systematic market exposure to equity, fixed income, real estate, commodity, volatility and hedge fund markets through enhanced index or passive investment strategies. Our indexed solutions business and ETF franchise allow institutions and individual clients to access a wide variety of asset classes in a cost-effective manner. Liquid strategies also includes the Dow Jones Credit Suisse Hedge Fund Index, one of the world's leading hedge fund indices.

Our credit strategies business focuses on alpha generation within the non-investment grade credit markets, capitalizing on the relative value provided by various debt instruments and economic fluctuations that impact credit risk premiums. The business also specializes in the management of leveraged financial assets such as loans, high yield bonds and structured products.

In emerging markets we offer a range of Brazil-focused products through Credit Suisse Asset Management Brazil and Credit Suisse Hedging Griffo. Our Brazilian platform provides a range of institutional-quality products, including fixed income, equities and hedge fund solutions. Through our relationship with ICBC in China, we offer investment products to local clients through ICBC's strong distribution network. We have also entered into a partnership with the asset management division of HDFC AMC, a leading Indian asset manager, to provide our clients access to their investment products globally.

Traditional investment strategies
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. We develop and implement custom investment allocation strategies across asset classes for both private and institutional clients. These solutions can combine traditional investments, such as cash, bonds and equities, with alternative investments. Discretionary mandates are managed with an open architecture approach, allowing us to tap into the investment capabilities of the best asset managers globally.

Other traditional investment strategies include a suite of fixed income and equity funds that are managed primarily in Switzerland. These strategies provide our clients access to an array of global and regional investment strategies and sophisticated investment processes, efficiency, flexibility, liquidity and transparency.

Organizational and regional structure

Organizational structure

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

– The Chief Financial Officer (CFO) area comprises 16 functions, including Corporate Development, Corporate Real Estate & Services, Efficiency Management, Financial Accounting, Group Insurance, Group Financial Planning & Analysis, Investor Relations, New Business, 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 furnishing 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 Chief Information Officer (CIO) area partners with the business to leverage technology across the business to facilitate execution and product delivery, and designs innovative systems and platforms to meet the needs of our businesses and Shared Services. This area is organized in functional and regional departments.

– 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, CIO, CRO, General Counsel and Chief Talent, Branding and Communications Officer, they formed the Executive Board of Credit Suisse in 2011.

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 three 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 approximately 21,200 people in Switzerland. The Private Banking division comprises our Wealth Management Clients and Corporate & Institutional Clients 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 >>>ultra-high-net-worth individuals. 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, investment solutions, global custody and asset and liability management. Clients include small and medium-sized enterprises, global corporations and commodity traders, banks and Swiss pension funds. 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. The Asset Management division 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.

EMEA

We are active in 31 countries across the EMEA region with approximately 9,200 employees working in 74 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 Middle East. We implement our client-focused integrated strategy at the country level, serving corporate, government, institutional and private clients. All three 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. Private Banking continues to generate strong net new asset flows in the region and continues to further develop its ultra-high-net-worth offerings. The Asset Management division continues to focus on the distribution of a variety of investment products and the expansion of its ETF platform. To leverage our cross-divisional capabilities, we foster collaboration among employees across divisions to deliver innovative and tailored solutions to our clients.

Americas

Americas comprises our operations in the US, Canada, the Caribbean and Latin America with approximately 11,700 employees. 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, 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. Continued growth of our alternative investments business is at the heart of our focused growth strategy in Asset Management. 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 7,600 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, are broadening the scope of our offerings in countries where we have built a competitive advantage and continued to grow emerging markets franchises. Private Banking has its principal centers in Singapore and Hong Kong, leveraging our Investment Banking and Asset Management activities to deliver integrated solutions to clients. The Investment Banking division continues to expand its coverage footprint in major markets, and we are one of the dominant players in Southeast Asia. Asset Management in Asia Pacific operates as a globally integrated business in close collaboration with the Private Banking and Investment Banking divisions to deliver quality investment performance with a focus on alternative investments, asset allocation and emerging markets.

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 banking, investment banking and asset management businesses. The supervisory and regulatory regimes of the countries in which we operate will determine to some degree our ability to expand into new markets, the services and products that we will be 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.

There is coordination among our primary regulators in Switzerland, the US and the UK. The principal regulatory structures that apply to our operations are discussed below.

In response to the extremely challenging financial and credit market conditions that began in the second half of 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 are noted below.

> Refer to “Risk factors” in the Appendix 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. 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. As these and other financial reform proposals are considered, we believe the regulatory response must be closely coordinated on an international basis to provide a level playing field and must be carefully balanced to ensure a strong financial sector and global economy. These regulatory developments could result in additional costs or limit or restrict the way we conduct our business. We believe,

however, that we are well positioned for regulatory reform, as we have reduced risk and maintained strong capital, funding and liquidity.

Basel framework

In December 2010, the Basel Committee on Banking Supervision (BCBS) issued the >>>Basel III framework, with higher minimum capital requirements and new conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector. 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 January 1, 2019.

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 will need to implement the rules, and stricter or different requirements may be adopted by any G-20 nation.

The Basel III international framework for liquidity risk measurement, standards and monitoring includes a >>>liquidity coverage ratio (LCR) and a net stable funding ratio (NSFR). The LCR, which is expected to be introduced January 1, 2015 following an observation period which began in 2011, addresses liquidity risk over a 30-day period. The NSFR, which is expected to be introduced 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 BCBS has stated that it will review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

The LCR aims to ensure that banks have a stock of unencumbered high quality liquid assets available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows should be at least 100%.

The NSFR is intended to ensure that banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. The NSFR is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The standard is defined as the ratio of available stable funding over the amount of required stable funding. The ratio should always be at least 100%.

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 carryforwards, 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 new capital conservation buffer will be phased in from January 1, 2016 through January 1, 2019.

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.

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 no longer qualify as non-CET 1 capital 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.

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), outlining a methodology for assessing whether a banking institution should be regarded as a G-SIB and determining additional capital requirements for such entities. Under the rules, G-SIBs must, in addition to meeting the Basel III requirements, have higher loss absorbency capacity to reflect the greater risks that they pose to the financial system. The additional requirements are to be met with CET1 requirements ranging from 1% to 2.5%, depending on a bank's systemic importance. For banks facing the highest G-SIB surcharge, an additional loss absorbency of 1% could be applied as a disincentive to a bank becoming even more systemically important. The additional requirements for G-SIBs will be phased in with the capital conservation and countercyclical buffers of Basel III from January 1, 2016 through year-end 2018. The Financial Stability Board has identified us as a G-SIB.

Switzerland

In September 2011, the Swiss Parliament passed the >>>"Too Big to Fail" legislation relating to big banks. The legislation became effective March 1, 2012. The legislation includes capital and liquidity requirements and rules regarding risk diversification. The legislation on capital requirements builds on Basel III, but goes beyond its minimum standards, requiring the Group and the Bank, each as a systemically important financial institution (SIFI), to have common equity of at least 10% of >>>risk-weighted assets (RWA) and contingent capital or other qualifying capital of up to 9% of RWA by January 1, 2019. This new capital regime will impose on us three components of capital: (i) a basic capital requirement in common equity of 4.5% of a bank's 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, consisting of contingent convertible bonds, with a high trigger (7% of RWA), and (iii) a progressive capital component equal to 6% of RWA, which may consist entirely of contingent capital with a lower trigger (5% of RWA), and may increase or decrease based on our market share and the size of our balance sheet. 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, SIFIs are required to establish a Recovery and Resolution Plan (RRP) and provide the RRP to FINMA for approval. We are required to finalize an RRP by the end of 2012 and will be required to 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 must demonstrate that a 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. Under a resolution scenario, FINMA has significant power to act, including the authority to force the sale of all or part of a bank or the creation of a bridge-bank. It is expected a resolution would typically include recapitalization measures.

Draft implementing ordinances further detailing the requirements of the "Too Big to Fail" legislation were submitted by the Federal government for public comment in December 2011. The “Too Big to Fail” ordinances implementing the legislation must be adopted by the Federal Council and approved by the Swiss Parliament. The ordinances implementing the legislation are expected to be completed in 2012. The new requirements are to be gradually implemented through the end of 2018. One such draft ordinance includes a provision whereby Swiss banks which qualify as SIFIs would be required to comply with certain leverage ratio requirements effective January 1, 2013, which is earlier than required under Basel III.

In November 2011, the Swiss Federal Department of Finance initiated hearings to introduce a variable countercyclical capital buffer for all banks, in line with Basel III, in order to strengthen the banking sector's resilience towards the associated risks during periods of excess credit growth. The countercyclical capital buffer is expected to consist of a maximum of 2.5% of RWA and would be activated and subsequently deactivated by the Federal Council upon request of the Swiss National Bank (SNB) after consultation with FINMA. The Swiss Federal Department of Finance has proposed that this countercyclical buffer be implemented in 2012.

Credit Suisse believes that it can meet the new requirements within the prescribed time frames by building capital through earnings and by issuing contingent capital or other qualifying instruments.

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

In September 2011, the Swiss Federal Law on Banks and Savings Banks of November 8, 1934, as amended (Bank Law), was amended to streamline the procedure by which troubled banks are restructured, providing FINMA with increased regulatory authority to expedite restructurings, including the power to require a bank to complete a debt-for-stock swap in order to avoid insolvency.

On September 23, 2009, Switzerland and the US signed a protocol amending the countries' existing convention for the avoidance of double taxation with respect to taxes on income. While the ratification process in Switzerland has been concluded, the protocol still needs to be ratified by the US, after which the protocol will be applicable to bank information from September 23, 2009. The amendment will introduce two changes, both relaxing the requirements for a positive response to a request for bank information. Firstly, a request may be granted in cases of tax evasion by a person in the requesting state, where the current rules limit such requests to cases of "tax fraud and the like". Secondly, the identification of persons may be based on a fact pattern, where the current rules require a clear identification. Such a fact pattern is, however, only a valid basis for a request if the bank or its employees have contributed to it in a material way.

In September and October 2011, Switzerland signed respective bilateral tax agreements with Germany and the UK that would regularize assets of German and UK residents in Switzerland. 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 German or British authorities, as applicable. If the agreements enter into force, German and UK clients would have two options to regularize their future investment income and capital gains: they can either make an anonymous withholding tax payment or report to their home authorities. In order for the agreements to enter into force, they both require the approval of the parliaments in the contracting countries.

On February 22, 2012, the Swiss Federal Council confirmed its approach regarding a credible, tax-compliant and competitive financial center strategy, expecting to propose corresponding concrete measures by September 2012.

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 Federal Deposit Insurance Corporation (FDIC), the Commodity Futures Trading Commission (CFTC) and the newly created Financial Stability Oversight Council (FSOC).

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. We are assessing how the proposed regulations would affect our businesses if implemented as proposed.

The Dodd-Frank Act also provides regulators with tools to provide greater capital, leverage and liquidity requirements and other prudential standards, particularly for financial institutions that pose significant systemic risk.

US regulators will also be able to restrict the size and growth of systemically significant non-bank financial companies and large interconnected bank holding companies and will be required to impose bright-line debt-to-equity ratio limits on financial companies that the FSOC determines pose a grave threat to financial stability.

The Dodd-Frank Act will furthermore create 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 a new regime for the orderly liquidation of systemically significant non-bank financial companies and authorizes assessments on certain financial institutions, including those with USD 50 billion or more in consolidated assets to repay outstanding debts owed to the US Treasury in connection with a liquidation under the new insolvency regime. 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 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. Our initial resolution plan must be submitted by July 1, 2012. In addition, the Dodd-Frank Act requires issuers with listed securities, which may include foreign private issuers like the Group, to establish a claw-back policy to recoup erroneously awarded compensation in the event of an accounting restatement. 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 beginning in July 2012. In addition, in January and February 2012, the CFTC began to finalize rules under the Dodd-Frank Act relating to the regulation of swap dealers and major swap participants. Among other things, these rules will require swap dealers and major swap participants, including certain Credit Suisse entities active in the US OTC derivatives markets, to register with and be subject to regulation by the CFTC. We are assessing how compliance with these new rules will affect our OTC derivatives business, including potentially leading to changes in the legal entities through which we conduct that business.

We are also in the process of developing and implementing the extensive technological, operational and compliance infrastructure that will be necessary for compliance with the rules.

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 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 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 February 2012, the IRS and Treasury released a comprehensive set of regulatory proposals that would replace guidance given to date regarding the implementation of FATCA and, among other things, would delay implementation of certain FATCA requirements and permit grandfathering of certain instruments outstanding as of January 1, 2013. Any final regulations are expected to apply to all FFIs globally and complying with the required identification, withholding and reporting obligations is expected to require significant investment in an FFI's compliance and reporting framework. We are following developments regarding FATCA closely and are coordinating with all relevant authorities.

EU

The EU and the UK have also proposed and enacted regulations to address systemic risk and to further regulate the securities industry.

In September 2010, the European Commission published a draft regulation on OTC Derivatives, Central Counterparties and Trade Repositories (also known as the European Market Infrastructure Regulation, or EMIR). The proposed regulation would require certain standardized OTC derivatives contracts to be centrally cleared and require market participants to file information on non-cleared OTC derivatives trades with central trade repositories. The EMIR is expected to apply from the end of 2012.

In September 2011, the European Commission published a legislative proposal for a financial transaction tax in the 27 Member States. If implemented, Member States would be required to tax a variety of financial transactions at minimum rates of 0.1% for the trading of bonds and shares and 0.01% for derivative products. In addition, a number of Member States have proposed or implemented bank levies in order to ensure fair burden sharing and create incentives to contain systemic risks, including France, Germany and the UK. Further details of the levy implemented in the UK can be found below.

In October 2011, the EU approved a regulation proposal that limits sovereign >>>CDS and naked short selling of government bonds and stocks. The regulation is expected to come into force in November 2012.

In October 2011, the European Commission adopted 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. These proposals would significantly extend the scope of the current EU regime prohibiting market abuse.

In October 2011, the European Commission published its proposed revisions to the Markets in Financial Instruments Directive (MiFID II) setting out proposals for a revised EU regulatory framework for the provision of investment services and trading in financial instruments. A number of substantial reforms are proposed, including significantly increased regulatory requirements for non-EU firms (such as Credit Suisse) in order to provide certain financial services in the EU.

A European Commission proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms is expected in mid-2012. 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 will also outline a set of bank resolution tools to likely include bridge bank and debt write-down (bail-in) solutions. National regulators will be given powers to direct entities to remove any barriers to resolvability that they identify in advance. Affected 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 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 proposals for recovery and resolution plans are independent of, but broadly consistent with, the EU proposals mentioned above. Covered entities will be required to have recovery plans similar to those proposed by the European Commission as approved by the FSA. In addition, they will be required to submit certain organizational data in order to allow the FSA to draw up resolution plans. The FSA is expected to publish final rules in the near future.

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. The proposals would 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, and 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 ICB report sets out various principles and alternatives for implementing these proposed reforms. The Government will publish a White Paper in early 2012 containing further details of how the ICB reforms will be implemented. The reforms are expected to be implemented in stages, with full implementation by 2019.

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. Effective January 1, 2009, the Swiss Federal Banking Commission was merged into FINMA. 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.

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 US GAAP, with certain adjustments required by, or agreed with, FINMA. The Group is required by FINMA to maintain a minimum regulatory capital ratio, set by the Bank for International Settlements and Swiss capital adequacy regulations, of 8% measured on a consolidated basis, calculated by dividing total eligible capital, adjusted for certain deductions, by aggregate risk-weighted assets.

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 known as "Swiss finish" under the 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 the "Swiss finish", and leverage capital requirements by the year 2013. The new capital adequacy target will be in a range between 50% and 100% above the Pillar I requirements under Basel II. In addition, the decree includes leverage capital requirements that require us to maintain by 2013 a ratio of tier 1 capital to total assets (on a non-risk-weighted basis) of 3% at the Group and Bank consolidated level and 4% at the Bank legal entity level. 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, which will be phased in, are 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 continue to be subject to these various requirements until new requirements under Basel III are phased in, beginning January 1, 2013, through January 1, 2019.

Banks are required to maintain a specified liquidity standard under Swiss law. In April 2010, we implemented revised liquidity principles agreed with FINMA, following its consultation with the SNB, to ensure that the Group and the Bank have adequate holdings on a consolidated basis of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time. The principles went into effect as of the end of the second quarter of 2010. 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 may be modified to reflect the final BCBS liquidity requirements. In March 2011, the liquidity principles were extended to cover the Bank (without its consolidated subsidiaries), both with and without foreign branches.

> Refer to "Treasury management" in III – Treasury, Risk, Balance sheet and Off-balance 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 eligible 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.

Effective 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 a New York branch (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 take possession of the business and property of the New York Branch 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. The New York Branch is no longer subject to restrictions on the payment of interest on demand deposits, which were repealed under the Dodd-Frank Act effective July 2011. 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. In addition, regulations which the FSOC 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.

On March 23, 2000, Credit Suisse Group and the Bank became financial holding companies for purposes of US federal banking law 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 Dodd-Frank, 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. 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) (formed in July 2007 by the merger of the former National Association of Securities Dealers, Inc. and the member regulation, enforcement and arbitration functions of the New York Stock Exchange), and by state securities

authorities. For futures activities, broker-dealers are subject to futures industry self-regulatory organizations such as the National Futures Association.

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 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.

Our securities and asset management businesses include legal entities registered and regulated as investment advisers 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.

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. The EU has established a European Systemic Risk Board for macro-prudential oversight of the financial system, a European Banking Authority, a European Insurance and Occupational Pensions Authority and a European Securities and Markets Authority. These institutions are responsible for promoting consistency between national regulators in the implementation of EU legislation.

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 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 requirements, and enhancing the powers of the regulators. CRD IV is expected to come into force on January 1, 2013.

The existing Markets in Financial Instruments Directive (MiFID) establishes high-level organizational and business conduct standards that apply to all investment firms. These include standards for managing conflicts of interest, best execution, customer classification and suitability requirements for customers. MiFID 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 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 provides 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 by the end of 2012: 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.

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 and are broadly comparable in scope and purpose to the regulatory capital and customer protection requirements imposed under US law.

The London branch of Credit Suisse (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, including 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", meaning that a UK branch of European Economic Area (EEA) and non-EEA financial institutions would no longer be permitted to rely on capital held by other members of its group. The FSA, from December 1, 2009, has required UK branches of EEA and non-EEA financial institutions to maintain adequate liquidity resources, both as to quantity and quality of capital reserves. The London Branch is required to ensure that its liquidity resources are under the day-to-day supervision of the London Branch senior management, held in a custodian account in the name of the London Branch, unencumbered and attributed to the

London Branch balance sheet. In addition, the FSA requires Credit Suisse International 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 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 threshold conditions for suitability, including 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 when its revised code of practice on remuneration policies became effective, requiring both EEA and non-EEA banks, building societies and investment firms to have in place remuneration policies that are consistent with effective risk management. It also includes twelve principles covering areas of governance, performance measurement and composition of remuneration, to help firms understand how the FSA will assess compliance.

On January 1, 2011, a levy attributable to the UK operations of large banks on certain funding came into effect. During 2011, the levy was applied at the rate of 7.5 basis points for short-term liabilities and 3.75 basis points for long-term equity and liabilities. The levy will increase on January 1, 2012 to 8.8 basis points and 4.4 basis points, respectively.

Operating and financial review

Operating environment

Credit Suisse

Core Results

Key performance indicators

Private Banking

Investment Banking

Asset Management

Corporate Center

Results overview

Assets under management

Critical accounting estimates

Operating environment

The global economy faced significant challenges in 2011. Increasing concerns regarding European sovereign debt weighed heavily on the markets. Major central banks kept rates low and indicated rates will remain at low levels for some time. Due to the continued strengthening of the Swiss franc, the Swiss National Bank announced a floor for the EUR/CHF exchange rate. Equity markets were volatile throughout the year.

Economic environment

The global economy began 2011 showing signs of recovery, with manufacturing gains in most major economies and unemployment levels declining in the US and Europe. As the year continued, however, uncertainty and volatility affected economies and markets through the rest of the year. Significant causes included political unrest in the Middle East and North Africa, the European sovereign debt crisis, economic disruptions resulting from the natural disaster in Japan and US political gridlock and the related downgrading of US sovereign debt. The situation culminated in a summer equity market sell-off. By mid-year it was clear the global economy was cooling after a relatively robust post-crisis rebound. Fears that the global economy could re-enter a recession eased somewhat towards the end of the year as indicators of economic growth in the US began to strengthen and major central banks continued to support loose monetary policies.

In the first half of the year global inflation was increasing. Central banks in many regions increased interest rates or were expected to do so. The European Central Bank (ECB) raised interest rates in April. After a second increase in July, the ECB signaled in September that it would not raise them further. In the fourth quarter of 2011, the ECB lowered interest rates again to levels seen at the beginning of the year due to the weaker economic outlook in the eurozone. The US Federal Reserve (Fed) maintained low interest rates, unchanged throughout the year, and completed its plan to purchase USD 600 billion of long-term treasuries in an effort to stimulate the US economy. The Fed also announced it would keep short-term interest rates at low levels through mid-2013 and changed the composition of its US treasury securities holdings to hold a greater proportion of longer maturities in an effort to lower long-term interest rates. In the emerging markets, monetary policy actions were diverse. Brazil's central bank increased its benchmark rate by 1.75 percentage points from the beginning of the year until August, but then lowered rates gradually in the second half of the year. India's central bank raised rates throughout the year. China tightened monetary policy during the year by requiring banks to hold higher reserves against margin deposits, but then lowered the reserve requirement ratio in the fourth quarter of 2011. By the end of 2011, inflation was falling in many emerging markets again and slowing in most developed countries.

In 2011, the indebtedness of several developed countries was cause for substantial concern. In the third quarter of 2011, the ratings agency, Standard & Poor's, downgraded the US long-term debt rating to AA+. Several European countries also had their ratings downgraded, and Italian and Spanish government bond spreads reached new highs, while German bond yields fell to record lows. Greek government bonds were an ongoing concern, with EU leaders moving to increase the >>>haircut on Greek government bonds held by private investors. In July, EU finance ministers agreed to increase the effective capacity of the European Financial Stability Facility and widen the scope of its mandate.

In Switzerland, the first three quarters had robust growth, low inflation and low unemployment, though there were moderate signs of weakening. A sharp and sustained appreciation of the Swiss franc against major currencies sparked

concerns of dampening growth in the future. The Swiss franc appreciation was driven by its safe-haven status as the sovereign debt concerns in the EU continued. In September, the Swiss National Bank (SNB) announced a floor of 1.20 Swiss francs per euro, which the SNB maintained.

Equity markets were highly volatile in 2011. Volatility, as indicated by the Chicago Board of Options Exchange Market Volatility Index (VIX), reached its highest level in the third quarter of 2011 when both developed and emerging equity markets corrected sharply (refer to the charts "Equity markets"). In the fourth quarter of 2011, most equity markets recovered somewhat as overall corporate earnings proved fairly solid, but overall equity trading volumes were low. US equities outperformed European stocks and were stronger than emerging market equities in Asia and Latin America (refer to the charts "Equity markets").

Government bond yields across most major markets declined during the year (refer to the charts "Yield curves"). Ten-year US treasury bonds traded below 2% in the second half of the year, and Swiss ten-year treasury yields were below 70 basis points at the end of 2011. After a good performance for credit markets in the first half of 2011, the debt crisis in Europe drove yields of some fiscally weaker European sovereigns and European banks to record highs. In 2011, the US high yield credit segment posted positive total returns supported by improving US economic data, outperforming the European segment, which recorded negative returns for the year (refer to the charts "Credit spreads").

The European debt crisis, US dollar funding pressure for many European banks and concerns over global growth were the key drivers in currency markets. Low interest rates in the US and its external deficit prevented the US dollar from appreciating until the fourth quarter 2011 when the US dollar was broadly stronger, particularly versus European currencies. The Japanese yen was the strongest currency among the G-10 over the year, driven by its safe-haven status. Emerging market currencies weakened against the US dollar on concerns over global growth at the end of the year.

Commodity markets were volatile, starting with a sharp increase in prices in the first quarter followed by declining prices in the middle of the year. Due to heightened political tensions in the Middle East and North Africa, oil prices rose sharply in the first four months of the year. After declines during the middle of the year, energy markets saw significant gains at the end of 2011, mainly due to rising oil prices driven by robust consumption and falling inventories. Gold ended the year below USD 1,600, after having reached a high of over USD 1,900 per ounce in September 2011.

Sector environment

2011 was a challenging year for the banking sector. European bank stocks lost more than 30% in 2011 due to, among other challenges, the deepening sovereign debt crisis. North American bank stocks ended the year about 8% lower (refer to the charts "Equity markets"). Volatility in the sector was high.

Industry participants took further steps to adjust their business models to reflect the sector's changing regulatory framework. The sector's underperformance reflected regulatory uncertainty, for example, proposals to limit specific bank activities, requirements for higher equity capital ratios and the imposition of financial transaction taxes. European banks' underperformance was largely due to discussions regarding the need for a recapitalization of the banks.

Funding availability, especially for many European banks, was difficult in 2011. Increased uncertainty due to sovereign debt concerns in Europe and higher capital and liquidity requirements from regulators forced many banks to announce restructuring and deleveraging plans. In addition, the weak operating environment throughout the year and subdued business activity added to banks' challenges.

The **wealth management** sector was affected by low trading activity in fixed income and equity markets. Negative market sentiment resulted in subdued client activity. The strong Swiss franc continued to have an adverse impact on the Swiss wealth management institutions. The sector continued adapting to industry-specific regulatory changes, including cross-border business and investor protection requirements.

In the **investment banking** sector, the global fee pool saw a relatively good level of activity in the first two quarters of the year. The second half of the year, however, was affected by market volatility, a significant reduction in investor risk appetite and weakening of capital markets. Overall, the fee pool for 2011 was flat compared to 2010. Contributions from loan and mergers and acquisitions (M&A) activity increased, whereas debt and equity capital market activity decreased. 2011 global equity market volumes were in line with 2010. US fixed income volumes were slightly higher in 2011 than in 2010, though with similar overall levels of volatility.

In the **asset management** sector, the Dow Jones Credit Suisse Hedge Fund Index lost 2.5%. In the face of the generally high volatility, most hedge funds were unable to exploit trends. Private equity fundraising remained subdued in 2011, with funds raising USD 266 billion globally, slightly lower than 2010. Emerging regions contributed approximately 20% of all fundraising.

Market volumes (growth in % year on year)

2011	Global	Europe
Equity trading volume [1]	–	3
Announced mergers and acquisitions [2]	4	5
Completed mergers and acquisitions [2]	13	25
Equity underwriting [2]	(25)	(23)
Debt underwriting [2]	(9)	(10)
Syndicated lending - investment-grade [2]	38	–

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

Credit Suisse

In 2011, we recorded net income attributable to shareholders of CHF 1,953 million. Diluted earnings per share were CHF 1.36. Return on equity attributable to shareholders was 6.0%. Our capital position remained strong with a BIS tier 1 ratio under Basel II.5 of 15.2% as of the end of 2011.

Results

			in	% change	
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net interest income	6,433	6,541	6,891	(2)	(5)
Commissions and fees	12,952	14,078	13,750	(8)	2
Trading revenues	5,020	9,338	12,151	(46)	(23)
Other revenues	1,820	1,429	502	27	185
Net revenues	**26,225**	**31,386**	**33,294**	(16)	(6)
Provision for credit losses	**187**	**(79)**	**506**	–	–
Compensation and benefits	13,213	14,599	15,013	(9)	(3)
General and administrative expenses	7,372	7,231	7,701	2	(6)
Commission expenses	1,992	2,148	1,997	(7)	8
Total other operating expenses	9,364	9,379	9,698	0	(3)
Total operating expenses	**22,577**	**23,978**	**24,711**	(6)	(3)
Income from continuing operations before taxes	**3,461**	**7,487**	**8,077**	(54)	(7)
Income tax expense	671	1,548	1,835	(57)	(16)
Income from continuing operations	**2,790**	**5,939**	**6,242**	(53)	(5)
Income/(loss) from discontinued operations	0	(19)	169	100	–
Net income	**2,790**	**5,920**	**6,411**	(53)	(8)
Less net income/(loss) attributable to noncontrolling interests	837	822	(313)	2	–
Net income attributable to shareholders	**1,953**	**5,098**	**6,724**	(62)	(24)
of which from continuing operations	1,953	5,117	6,555	(62)	(22)

of which from discontinued operations	0	(19)	169	100	–
Earnings per share (CHF)					
Basic earnings per share from continuing operations	1.37	3.93	5.14	(65)	(24)
Basic earnings per share	1.37	3.91	5.28	(65)	(26)
Diluted earnings per share from continuing operations	1.36	3.91	5.01	(65)	(22)
Diluted earnings per share	1.36	3.89	5.14	(65)	(24)
Return on equity (%)					
Return on equity attributable to shareholders	6.0	14.4	18.3	–	–
Return on tangible equity attributable to shareholders [1]	8.1	19.8	25.1	–	–
Number of employees (full-time equivalents)					
Number of employees	49,700	50,100	47,600	(1)	5

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

Credit Suisse and Core Results

	Core Results			Noncontrolling interests without SEI			Credit Suisse		
in	2011	2010	2009	2011	2010	2009	2011	2010	2009
Statements of operations (CHF million)									
Net revenues	**25,429**	**30,625**	**33,617**	**796**	**761**	**(323)**	**26,225**	**31,386**	**33,294**
Provision for credit losses	**187**	**(79)**	**506**	**0**	**0**	**0**	**187**	**(79)**	**506**
Compensation and benefits	13,151	14,562	14,927	62	37	86	13,213	14,599	15,013
General and administrative expenses	7,350	7,194	7,604	22	37	97	7,372	7,231	7,701
Commission expenses	1,992	2,148	1,997	0	0	0	1,992	2,148	1,997
Total other operating expenses	9,342	9,342	9,601	22	37	97	9,364	9,379	9,698
Total operating expenses	**22,493**	**23,904**	**24,528**	**84**	**74**	**183**	**22,577**	**23,978**	**24,711**

Income/(loss) from continuing operations before taxes	**2,749**	**6,800**	**8,583**	**712**	**687**	**(506)**	**3,461**	**7,487**	**8,077**
Income tax expense	671	1,548	1,835	0	0	0	671	1,548	1,835
Income/(loss) from continuing operations	**2,078**	**5,252**	**6,748**	**712**	**687**	**(506)**	**2,790**	**5,939**	**6,242**
Income/(loss) from discontinued operations	0	(19)	169	0	0	0	0	(19)	169
Net income/(loss)	**2,078**	**5,233**	**6,917**	**712**	**687**	**(506)**	**2,790**	**5,920**	**6,411**
Less net income/(loss) attributable to noncontrolling interests	125	135	193	712	687	(506)	837	822	(313)
Net income attributable to shareholders	**1,953**	**5,098**	**6,724**	**0**	**0**	**0**	**1,953**	**5,098**	**6,724**
Statement of operations metrics (%)									
Cost/income ratio	88.5	78.1	73.0	–	–	–	86.1	76.4	74.2
Pre-tax income margin	10.8	22.2	25.5	–	–	–	13.2	23.9	24.3
Effective tax rate	24.4	22.8	21.4	–	–	–	19.4	20.7	22.7
Net income margin [1]	7.7	16.6	20.0	–	–	–	7.4	16.2	20.2

1 Based on amounts attributable to shareholders.

Differences between Group and Bank

Except where noted, the business of the Bank is substantially the same as the business of Credit Suisse Group, and substantially all of the Bank's operations are conducted through the Private Banking, Investment Banking and Asset Management 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 three 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 Clariden Leu, Neue Aargauer Bank and BANK-now, which are managed as part of Private Banking, and hedging activities relating to share-based compensation awards. Core Results also includes certain Group corporate center activities 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
Clariden Leu	Banking and securities
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

Comparison of consolidated statements of operations

			Group			Bank
in	2011	2010	2009	2011	2010	2009
Statements of operations (CHF million)						
Net revenues	**26,225**	**31,386**	**33,294**	**24,301**	**29,598**	**31,993**
Total operating expenses	**22,577**	**23,978**	**24,711**	**21,842**	**23,451**	**24,176**
Income from continuing operations before taxes	**3,461**	**7,487**	**8,077**	**2,362**	**6,271**	**7,357**
Income tax expense	671	1,548	1,835	433	1,258	1,794
Income from continuing operations	**2,790**	**5,939**	**6,242**	**1,929**	**5,013**	**5,563**
Income/(loss) from discontinued operations	0	(19)	169	0	(19)	169
Net income	**2,790**	**5,920**	**6,411**	**1,929**	**4,994**	**5,732**
Less net income/(loss) attributable to noncontrolling interests	837	822	(313)	901	802	(697)
Net income attributable to shareholders	**1,953**	**5,098**	**6,724**	**1,028**	**4,192**	**6,429**

Comparison of consolidated balance sheets

		Group		Bank
end of	2011	2010	2011	2010
Balance sheet statistics (CHF million)				

Total assets	1,049,165	1,032,005	1,023,175	1,008,761
Total liabilities	1,008,080	988,990	986,725	969,597

Capitalization and indebtedness

		Group		Bank
end of	2011	2010	2011	2010
Capitalization and indebtedness (CHF million)				
Due to banks	40,147	37,493	51,484	47,675
Customer deposits	313,401	287,564	287,699	263,767
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	176,559	168,394	176,559	168,394
Long-term debt	162,655	173,752	159,407	171,140
Other liabilities	315,318	321,787	311,576	318,621
Total liabilities	**1,008,080**	**988,990**	**986,725**	**969,597**
Total equity	**41,085**	**43,015**	**36,450**	**39,164**
Total capitalization and indebtedness	**1,049,165**	**1,032,005**	**1,023,175**	**1,008,761**

Capital adequacy

			Group			Bank
	Basel II.5	Basel II	Basel II	Basel II.5	Basel II	Basel II
end of	2011	2011	2010	2011	2011	2010
Capital (CHF million)						
Tier 1 capital	36,844	38,029	37,725	33,459	34,644	35,310
of which hybrid instruments	10,888	10,888	11,098	10,888	10,888	10,589
Total eligible capital	48,654	51,024	47,799	46,628	48,998	47,569
Capital ratios (%)						
Tier 1 ratio	15.2	18.1	17.2	14.5	17.4	17.1
Total capital ratio	20.1	24.2	21.9	20.2	24.6	23.1

Dividends of the Bank to the Group

end of	2011	2010
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, 2011 and 2010, 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 2009, 2008 and 2007, dividends per share issued were CHF 68.19, CHF 0.23 and CHF 59.10, respectively. 3 Proposal of the Board of Directors to the Annual General Meeting on April 27, 2012, to be paid out of reserves from capital contributions.

Core Results

For 2011, net income attributable to shareholders was CHF 1,953 million. Results reflected the impacts of a challenging market environment and the implementation of our strategy. As we implemented our strategy, results included negative impacts of an aggregate CHF 1.8 billion from realignment costs, businesses we are exiting and the reduction of risk-weighted assets in our Investment Banking fixed income business. Also included were litigation provisions of CHF 478 million in connection with German and US tax matters. We made substantial progress in reducing Basel III risk-weighted assets in Investment Banking by CHF 76 billion to CHF 233 billion in 2011. We attracted CHF 40.9 billion of net new assets.

Results

			in	% change	
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net interest income	6,405	6,474	6,763	(1)	(4)
Commissions and fees	12,984	14,131	13,702	(8)	3
Trading revenues	4,921	9,328	12,127	(47)	(23)
Other revenues	1,119	692	1,025	62	(32)
Net revenues	**25,429**	**30,625**	**33,617**	(17)	(9)
Provision for credit losses	**187**	**(79)**	**506**	–	–
Compensation and benefits	13,151	14,562	14,927	(10)	(2)
General and administrative expenses	7,350	7,194	7,604	2	(5)
Commission expenses	1,992	2,148	1,997	(7)	8
Total other operating expenses	9,342	9,342	9,601	–	(3)
Total operating expenses	**22,493**	**23,904**	**24,528**	(6)	(3)
Income from continuing operations before taxes	**2,749**	**6,800**	**8,583**	(60)	(21)
Income tax expense	671	1,548	1,835	(57)	(16)
	2,078	**5,252**	**6,748**	(60)	(22)

Income from continuing operations					
Income/(loss) from discontinued operations	0	(19)	169	100	–
Net income	**2,078**	**5,233**	**6,917**	(60)	(24)
Less net income attributable to noncontrolling interests	125	135	193	(7)	(30)
Net income/(loss) attributable to shareholders	**1,953**	**5,098**	**6,724**	(62)	(24)
of which from continuing operations	1,953	5,117	6,555	(62)	(22)
of which from discontinued operations	0	(19)	169	100	–
Statement of operations metrics (%)					
Cost/income ratio	88.5	78.1	73.0	–	–
Pre-tax income margin	10.8	22.2	25.5	–	–
Effective tax rate	24.4	22.8	21.4	–	–
Net income margin [1]	7.7	16.6	20.0	–	–
Number of employees (full-time equivalents)					
Number of employees	49,700	50,100	47,600	(1)	5

1 Based on amounts attributable to shareholders.

Core Results include the results of our three 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. The Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. In addition, the Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

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

As the Basel Committee on Banking Supervision (BCBS) >>>Basel III framework (Basel III) will not be implemented before January 1, 2013, we have calculated our Basel III >>>risk-weighted assets for purposes of this report in accordance with the currently proposed requirements and our current interpretation of such requirements, including relevant assumptions. Changes in the actual implementation of Basel III would result in different numbers from those shown in this report.

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

Results overview

2011 versus 2010

In 2011, we recorded net income attributable to shareholders of CHF 1,953 million, down 62% compared to 2010. Net revenues were CHF 25,429 million, down 17%, and total operating expenses were CHF 22,493 million, down 6%, compared to 2010, mainly due to lower compensation and benefits. Our 2011 results included negative impacts of CHF 1.8 billion consisting of realignment costs of CHF 847 million from cost-efficiency measures and CHF 974 million (CHF 547 million of negative revenues and CHF 427 million of associated costs) from businesses we are exiting and the reduction of risk-weighted assets in our Investment Banking fixed income business. Also included were litigation provisions of CHF 478 million in connection with German and US tax matters. We had fair value gains of CHF 1,210 million on Credit Suisse long-term vanilla debt and fair value losses of CHF 291 million on stand-alone derivatives. Revenues were adversely impacted and expenses were favorably impacted by the strengthening of the Swiss franc against major currencies. Compared to 2010, the adverse impact on net revenues and income before taxes was CHF 3,092 million and CHF 909 million, respectively.

In **Private Banking**, net revenues of CHF 10,877 million decreased 6% compared to 2010. The adverse impact of the lower average exchange rate of major currencies against the Swiss franc on net revenues and income before taxes in Private Banking was CHF 844 million and CHF 550 million, respectively. Excluding this adverse foreign exchange impact and gains of CHF 72 million from the sale of real estate in 2011, revenues remained stable compared to 2010. In an ongoing low interest rate environment, net interest income decreased 7%. Recurring commissions and fees were down 7% as average assets under management decreased slightly, mainly due to the adverse foreign exchange translation impact. Excluding fair value losses of CHF 17 million and CHF 50 million related to the Clock Finance transaction in 2011 and 2010, respectively, and the gains from the sale of real estate in 2011, transaction-based revenues decreased 9%. This decrease was driven by significantly lower brokerage and product issuing fees, reflecting lower client activity and lower transaction-based volumes.

In **Investment Banking**, net revenues of CHF 11,496 million decreased 29% compared to 2010. Results in many of our businesses in 2011 were impacted by significantly lower levels of client activity and a volatile trading environment compared to 2010. We have accelerated our risk-weighted asset reduction plan and expect to exceed our previously announced year-end 2012 Basel III risk-weighted assets target of USD 229 billion by the end of the first quarter of 2012. Basel III risk-weighted assets were reduced by CHF 76 billion in 2011. Our fixed income sales and trading revenues were significantly lower in 2011, reflecting challenging trading conditions, subdued client activity levels across most businesses and the execution of our risk reduction strategy. We incurred losses of CHF 547 million from businesses we are exiting and the reduction of the risk-weighted assets. Revenues in securitized products were significantly weaker than 2010, reflecting valuation reductions on client inventory, losses on sales of client inventory as we reduced risk-weighted assets and lower client activity. Results in our credit businesses, including leveraged finance and investment grade trading, also noticeably declined from 2010, reflecting mark-to-market losses on client inventory. Our equity sales and trading results were resilient despite lower levels of client activity. We had lower cash equities results, driven by reduced client trading activity and weaker results in derivatives, reflecting reduced customer flow. Prime services revenues declined, reflecting the foreign exchange translation impact. In US dollars, we had record prime services results due to higher client activity and higher client balances. In 2011, we maintained our market share and leading market share rankings in cash equities and prime services. Underwriting and advisory results were lower, reflecting a decline in industry-wide capital issuance levels and a decrease in our completed M&A market share, respectively. Our results included debit valuation adjustment (DVA) gains relating to structured note liabilities of CHF 698 million in 2011 compared to DVA losses of CHF 73 million in 2010.

In **Asset Management**, net revenues of CHF 2,146 million decreased 8% compared to 2010, primarily reflecting the adverse foreign exchange translation impact in 2011 and gains in 2010 of CHF 143 million from securities purchased from our money market funds. The adverse impact of the higher average exchange rate of the Swiss franc against major currencies on net revenues and income before taxes was CHF 239 million and CHF 69 million, respectively. Net revenues before investment-related gains were CHF 1,841 million, up 5% excluding gains in 2010 from securities purchased from our money market funds. Compared with 2010, fee-based revenues increased 2%. Asset management fees of CHF 1,263 million were down 10%, reflecting the adverse foreign exchange translation impact and the spin-off and sale of non-core businesses in 2010. Average assets under management decreased 2.0% to CHF 419.3

billion and were adversely impacted by negative market performance and adverse foreign exchange-related movements. Placement, transaction and other fees of CHF 259 million were up 61% from improved private equity placement fees and losses in 2010 related to investments held by Asset Management Finance LLC (AMF). Performance fees and carried interest of CHF 221 million were up 18% from higher carried interest relating to realized private equity gains, partially offset by lower performance fees. Income from equity participations of CHF 122 million was up 37% from 2010, reflecting higher income from single-manager hedge funds. Investment-related gains were CHF 305 million, down 29% from 2010.

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. In addition, the Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses. In 2011, losses before taxes were CHF 231 million compared to losses before taxes of CHF 660 million in 2010, primarily reflecting fair value gains on Credit Suisse long-term vanilla debt of CHF 1,421 million compared to CHF 590 million in 2010. The fair value gains on own debt reflected the widening of credit spreads across all currencies, including senior and subordinated debt. Additionally, the 2011 losses included CHF 847 million of costs consisting primarily of severance and other compensation expenses relating to the accelerated Group-wide cost-efficiency initiatives and losses on stand-alone derivatives of CHF 291 million.

Provision for credit losses reflected net provisions of CHF 187 million, with net provisions of CHF 110 million and CHF 77 million in Private Banking and Investment Banking, respectively.

Total operating expenses were CHF 22,493 million, down 6%, mainly reflecting a 10% decrease in compensation and benefits due to lower discretionary performance-related compensation expense and the favorable foreign exchange translation impact, partly offset by CHF 715 million from cost-efficiency measures. General and administrative expenses increased 2%, reflecting an increase in litigation provisions, IT investment costs and costs of CHF 132 million in connection with our cost-efficiency initiatives, partially offset by lower professional fees and the favorable foreign exchange translation impact. Litigation provisions included CHF 478 million in connection with German and US tax matters.

The **Core Results effective tax rate** was 24.4% in 2011, compared to 22.8% in 2010. The effective tax rate for full-year 2011 was mainly impacted by the geographical mix of results, an increase in deferred tax balances in Switzerland and the US and the release of tax contingency accruals. The effective tax rate also reflected an increase in valuation allowances against deferred tax assets in the UK and Asia and a write-down of deferred tax assets reflecting legislation in the UK and Japan that decreased the corporate income tax rate. Overall, net deferred tax assets decreased CHF 495 million to CHF 8,510 million during 2011.

> Refer to “Note 26 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information.

Assets under management from continuing operations were CHF 1,229.5 billion as of the end of 2011, a decrease of 1.9% compared to the end of 2010. In 2011, we reported net new assets of CHF 40.9 billion, down 40.7% compared to 2010. We had net new assets of CHF 44.5 billion in Private Banking and net asset outflows of CHF 0.9 billion in Asset Management.

2010 versus 2009

In 2010, we recorded net income attributable to shareholders of CHF 5,098 million, down 24% compared to 2009. Net revenues were CHF 30,625 million, down 9%, and total operating expenses were CHF 23,904 million, down 3%, compared to 2009. Our 2010 Core Results included fair value gains of CHF 341 million on Credit Suisse vanilla debt. CHF 249 million of fair value losses were charged to the segments (primarily Investment Banking), reflecting the straight-line amortization, and CHF 590 million of fair value gains were included in the Corporate Center. Provision

for credit losses were net releases of CHF 79 million compared to net provisions of CHF 506 million as of the end of 2009, reflecting the improved credit environment. Total operating expenses declined slightly, mainly due to the foreign exchange translation impact and lower performance-related compensation.

In **Private Banking**, net revenues of CHF 11,631 million were stable compared to 2009. Results in 2010 were impacted by the weakening of the average rate of the US dollar and euro against the Swiss franc compared to 2009, adversely affecting net revenues in Wealth Management Clients by approximately CHF 350 million and income before taxes by approximately CHF 250 million. Recurring revenues, representing 78% of net revenues, were stable. In an ongoing low interest rate environment, stable net interest income reflected slightly lower loan and deposit margins on slightly higher average volumes. Recurring commissions and fees were up 3% and average assets under management increased 9.9%. Investor behavior remained cautious during 2010, reflected in investments in less complex, lower-margin products, also within managed investment products, and a significant portion of assets under management in cash. Transaction-based revenues decreased slightly, reflecting lower client activity. The decline was driven by lower revenues from integrated solutions and brokerage fees and gains from the sale of real estate and >>>auction rate securities (ARS) in 2009, partially offset by higher product issuing fees and lower fair value losses on the Clock Finance transaction compared to 2009.

In **Investment Banking**, net revenues of CHF 16,214 million decreased 21% compared to 2009. Approximately CHF 1.3 billion of 2009 revenues were due to the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. In addition, 2010 results in many businesses were impacted by lower levels of client trading activity compared to 2009. We continued to make progress in the implementation of our client-focused, capital-efficient strategy and continued to increase our market share across most businesses and regions. Fixed income sales and trading revenues were resilient, although significantly lower compared to 2009, reflecting a challenging environment for the industry affected by macroeconomic uncertainties. Results were driven by >>>residential mortgage-backed securities (RMBS), credit, global rates and emerging markets trading. Revenues in global rates and credit, including leveraged finance and investment grade trading, although solid, reflected less favorable market conditions than in 2009 and market volatility triggered by sovereign debt concerns in Europe in 2010. Revenues in RMBS and leveraged finance trading benefited from an increase in investor demand for yield-driven products. Equity sales and trading results were solid, although lower compared to a strong 2009, reflecting lower levels of client trading activity. Results were driven by revenues in cash equities, prime services and >>>derivatives. In 2010, we improved our market share while maintaining our leading market share rankings in cash equities and prime services. We had strong underwriting and advisory results, reflecting an increase in industry-wide capital issuance levels, an increase in completed M&A market share and improved share of wallet with clients. We had near-record revenues in debt underwriting, driven by higher industry-wide high yield issuance volumes, and improved advisory revenues, reflecting an increase in completed M&A market share. Equity underwriting revenues were in line with lower industry-wide equity issuance levels, particularly in follow-on and convertible issuances, partially offset by a significant increase in initial public offering (IPO) volumes. Results included net fair value losses on Credit Suisse vanilla debt of CHF 232 million in 2010, compared to net fair value losses of CHF 397 million in 2009, and significant allocated funding costs.

In **Asset Management**, net revenues of CHF 2,332 million were up 27% compared to CHF 1,842 million in 2009, primarily reflecting investment-related gains compared to losses in 2009, partially offset by lower income from equity participations. Investment-related gains were CHF 420 million, compared to losses of CHF 365 million in 2009, reflecting improved equity markets. Asset management fees of CHF 1,412 million were up 3%, reflecting higher average assets under management. Average assets under management increased 2.2% to CHF 427.8 billion and were adversely impacted by foreign exchange-related movements and the spin-off of non-core businesses. Placement, transaction and other fees of CHF 143 million were down 15%, reflecting losses related to investments held by AMF and lower revenues from integrated solutions, partially offset by higher private equity placement and real estate transaction fees. Performance fees and carried interest of CHF 187 million were down 15% from lower performance fees from Hedging-Griffo and from diversified investments relating to management of the 2008 Partner Asset Facility (PAF), partially offset by carried interest relating to realized private equity gains. Equity participations income of CHF 41 million was down 88% from 2009, which included significant gains from the sale of part of the traditional

investments business to Aberdeen Asset Management (Aberdeen) and the sale of Polish and Korean joint ventures. Other revenues in 2010 and 2009 primarily reflected gains on the sale of securities purchased from money market funds and securities acquired from client securities lending portfolios. Net revenues before securities purchased from money market funds and investment-related gains of CHF 1,769 million were down 16%, primarily due to lower revenues from equity participations.

In **Corporate Center**, the decreased loss of CHF 660 million compared to a loss of CHF 1,948 million primarily reflected lower litigation provisions and fair value gains on Credit Suisse vanilla debt versus losses in 2009. The 2010 loss included a charge of CHF 404 million for the UK levy on variable compensation and CHF 216 million of litigation provisions, partly offset by CHF 590 million of fair value gains on our long-term vanilla debt, which reflected the positive difference between the straight-line amortization charged to the segments and the net impact of fair valuation adjustments on Credit Suisse debt from widening credit spreads.

Provision for credit losses were net releases of CHF 79 million, with releases of CHF 97 million in Investment Banking and net provisions of CHF 18 million in Private Banking.

Total operating expenses were CHF 23,904 million, down 3%, mainly due to the foreign exchange translation impact and lower performance-related variable compensation, partially offset by an increase in salaries and benefits, reflecting higher base salaries and increased headcount, and the CHF 404 million charge relating to the UK levy on variable compensation. 2010 performance-related variable compensation accruals reflected lower risk-adjusted profitability, the higher base salaries and a higher proportion of performance-related variable compensation deferred through share-based, restricted cash and other awards. Compensation and benefits included significantly lower expenses relating to the PAF. General and administrative expenses decreased 5%, reflecting the foreign exchange translation impact and a significant decrease in litigation provisions and charges, offset in part by higher professional fees and IT costs.

The **Core Results effective tax rate** was 22.8% in 2010, compared to 21.4% in 2009. The effective tax rate reflected the geographical mix of results and included the recognition of additional deferred tax assets, a decrease of deferred tax liability balances in Switzerland and the release of tax contingency accruals. Overall, net deferred tax assets increased CHF 186 million to CHF 9,005 million as of the end of 2010.

> Refer to “Note 26 – Tax” in V – Consolidated financial statements – Credit Suisse Group for further information.

Assets under management from continuing operations were CHF 1,253.0 billion as of the end of 2010, an increase of 2.0% compared to the end of 2009. In 2010, we reported net new assets of CHF 69.0 billion, up 56.1% compared to 2009. We had net new assets of CHF 54.6 billion in Private Banking and CHF 20.6 billion in Asset Management.

Impact from movements in credit spreads

Our Core Results revenues are impacted by changes in credit spreads on Credit Suisse long-term vanilla debt carried at >>>fair value. For segment reporting purposes, the cumulative fair value gains of CHF 1.5 billion on Credit Suisse long-term vanilla debt as of the opening first quarter 2010 balance sheet are charged to the segments on a straight-line amortization basis, and the difference between this amortization and the fair valuation on this Credit Suisse debt from changes in credit spreads is included in the Corporate Center.

> Refer to “Accounting changes adopted in the first quarter 2010” in II – Operating and financial review – Core Results in the Credit Suisse Annual Report 2010 for further information.

Our Core Results are also impacted by fair valuation gains/(losses) on stand-alone derivatives relating to certain of our funding liabilities. These fair valuation gains/(losses) on the stand-alone derivatives are recorded in the Corporate Center, reflect the volatility of cross-currency swaps and yield curve volatility and, over the life of the derivatives, will result in no net gains/(losses). Regulatory capital excludes cumulative fair value gains/(losses) related to own

long-term vanilla debt and structured notes, net of tax.

in	2011	2010	2009
Net income/(loss) attributable to shareholders, excluding impact from movements in credit spreads (CHF million)	**1,337**	**4,880**	**7,325**
Fair value gains/(losses) on own long-term vanilla debt	1,210	341	(750)
of which in Corporate Center	1,421	590	(327)
of which allocated to Investment Banking	(197)	(232)	(397)
of which allocated to other divisions	(14)	(17)	(26)
Fair value gains/(losses) on stand-alone derivatives	(291)	1	–
Tax expense/(benefit)	303	124	(149)
Net income attributable to shareholders	**1,953**	**5,098**	**6,724**

Core Results reporting by division

			in	% change	
	2011	2010	2009	11 / 10	10 / 09
Net revenues (CHF million)					
Wealth Management Clients	9,030	9,829	9,871	(8)	0
Corporate & Institutional Clients	1,847	1,802	1,791	2	1
Private Banking	10,877	11,631	11,662	(6)	0
Investment Banking	11,496	16,214	20,537	(29)	(21)
Asset Management	2,146	2,332	1,842	(8)	27
Corporate Center	910	448	(424)	103	–
Net revenues	**25,429**	**30,625**	**33,617**	(17)	(9)
Provision for credit losses (CHF million)					
Wealth Management Clients	83	70	33	19	112
Corporate & Institutional Clients	27	(52)	147	–	–
Private Banking	110	18	180	–	(90)
Investment Banking	77	(97)	326	–	–
Provision for credit losses	**187**	**(79)**	**506**	–	–
Total operating expenses (CHF million)					

Wealth Management Clients	7,479	7,231	6,940	3	4
Corporate & Institutional Clients	940	956	891	(2)	7
Private Banking	8,419	8,187	7,831	3	5
Investment Banking	11,340	12,780	13,366	(11)	(4)
Asset Management	1,593	1,829	1,807	(13)	1
Corporate Center	1,141	1,108	1,524	3	(27)
Total operating expenses	**22,493**	**23,904**	**24,528**	(6)	(3)
Income/(loss) from continuing operations before taxes (CHF million)					
Wealth Management Clients	1,468	2,528	2,898	(42)	(13)
Corporate & Institutional Clients	880	898	753	(2)	19
Private Banking	2,348	3,426	3,651	(31)	(6)
Investment Banking	79	3,531	6,845	(98)	(48)
Asset Management	553	503	35	10	–
Corporate Center	(231)	(660)	(1,948)	(65)	(66)
Income from continuing operations before taxes	**2,749**	**6,800**	**8,583**	(60)	(21)

Core Results reporting by region

			in	% change	
	2011	2010	2009	11 / 10	10 / 09
Net revenues (CHF million)					
Switzerland	8,130	8,416	8,800	(3)	(4)
EMEA	6,474	7,145	9,009	(9)	(21)
Americas	7,304	11,558	12,794	(37)	(10)
Asia Pacific	2,611	3,058	3,438	(15)	(11)
Corporate Center	910	448	(424)	103	–
Net revenues	**25,429**	**30,625**	**33,617**	(17)	(9)
Income/(loss) from continuing operations before taxes (CHF million)					
Switzerland	2,518	2,913	3,295	(14)	(12)
EMEA	293	417	2,146	(30)	(81)
Americas	124	3,762	4,262	(97)	(12)
Asia Pacific	45	368	828	(88)	(56)
Corporate Center	(231)	(660)	(1,948)	(65)	(66)
Income from continuing operations before taxes	**2,749**	**6,800**	**8,583**	(60)	(21)

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 Private Banking, results are allocated based on the management reporting structure of our relationship managers and the region where the transaction is recorded. 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. For Asset Management, results are allocated based on the location of the investment advisors and sales teams.

Capital trends

Our consolidated Bank for International Settlements (BIS) tier 1 ratio under >>>Basel II.5 was strong at 15.2% as of the end of 2011, compared to 14.2% as of the end of 2010. The increase reflected decreased risk-weighted assets and increased tier 1 capital.

Our Board of Directors will propose a distribution of CHF 0.75 per share against reserves from capital contributions to the shareholders for 2011 at the Annual General Meeting (AGM) on April 27, 2012. The distribution will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. The distribution will be payable in cash or, subject to any legal restrictions applicable in shareholders' home jurisdictions, in new shares of Credit Suisse Group at the option of the shareholder.

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

Risk trends

In 2011, we continued to prudently manage our risk profile to meet the challenges of a volatile market environment and changing regulatory framework. We strengthened our risk management function, improved our risk management approaches and methodologies and continued to invest significantly in our IT infrastructure. We continued to review our risk appetite framework which establishes key principles for managing our risks to ensure an appropriate balance of return and assumed risk, stability of earnings and capital levels we seek to maintain. Overall >>>position risk increased 2%, average >>>risk management Value-at-Risk (VaR) for our trading books decreased 26% and our impaired loans decreased 8%.

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

Management and Board of Directors changes

Effective August 1, 2011, the Board of Directors appointed Walter Berchtold as chairman of Private Banking and Hans-Ulrich Meister as Chief Executive Officer of Private Banking. Mr. Meister assumed his new position in addition to his role as Chief Executive Officer of Credit Suisse Switzerland. Mr. Berchtold and Mr. Meister remain members of the Executive Board.

As of the AGM on April 29, 2011, Hans-Ulrich Doerig stepped down as Chairman of the Board and was succeeded by Urs Rohner as full-time Chairman. The Board proposes the following candidates to be elected to the Board at the AGM on April 27, 2012: Ms. Iris Bohnet, Academic Dean and Professor of Public Policy at the Harvard Kennedy School, and Mr. Jean-Daniel Gerber, former State Secretary and Director of the Swiss State Secretariat for Economic Affairs. The Board also proposes the following members to be re-elected to the Board: Walter B. Kielholz, Andreas

N. Koopmann, Urs Rohner, Richard E. Thornburgh and John Tiner. Peter F. Weibel, the former Audit Committee chairman, having reached the internal age limit, has decided to step down from the Board as of the 2012 AGM.

Evolution of our strategy

In November 2011, we announced that we are adapting our client-focused, capital-efficient strategy to optimize our use of capital and improve our cost structure in order to sustain returns for shareholders.

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

Regulatory developments and proposals

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

> Refer to "Regulation and supervision" in I – Information on the company for further information on regulatory developments and proposals.

Compensation and benefits

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

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

> Refer to "Consolidated statements of changes in equity" and "Note 27 – Employee deferred compensation" in V – Consolidated financial statements – Credit Suisse Group for further information.
> Refer to "Tax benefits associated with share-based compensation" in Note 26 – Tax in V – Consolidated financial statements – Credit Suisse Group for further information.

Variable compensation for 2011

Modifications to the 2011 compensation plan are based on existing compensation principles, reflective of industry and regulatory trends and are part of our capital management plan.

Deferred compensation for 2011 was awarded in the form of Group share awards and 2011 Partner Asset Facility (PAF2) units.

Group share awards vest ratably over three years and their final value depends upon the development of the Group share price during the vesting period. In addition, managing directors and other employees designated as material risk takers were awarded performance share awards with the same vesting period that contain a claw-back provision.

The PAF2 plan is a new deferred compensation plan for managing directors and directors. PAF2 units are essentially fixed income structured notes that are exposed to a portion of the credit risk that arises in the Group's derivative activities, including both current and possible future swaps and other derivative transactions. Employees holding PAF2 units are entitled to coupon payments of 5 – 6.5% per annum, but suffer a reduction of principal if losses in excess of USD 500 million are incurred on positions in the portfolio. The PAF2 plan is a transfer of risk from the Group to employees, thereby contributing to risk reduction and capital efficiency. The PAF2 units will vest on March 31, 2012 and will result in costs of CHF 540 million in the first quarter 2012. The change in the fair value of the PAF2 units will be reflected in our results until the awards are finally settled.

Other changes included a change in the threshold for deferred compensation from a CHF/USD 50,000 variable compensation trigger in 2010 to a CHF/USD 250,000 total compensation trigger in 2011. Additionally, the percentage of an employee's compensation that is deferred starts at the rate of 15% compared to 35% for 2010. Our deferral policy remains in line with regulators' demands that a substantial portion of variable compensation be subject to future performance and claw-back provisions.

Allocations and funding

Revenue sharing and cost allocation

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

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

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

Funding

We centrally manage our funding activities. New securities for funding and capital purposes are issued primarily by the Bank. The Bank lends funds to our operating subsidiaries and affiliates on both a senior and subordinated basis, as needed, the latter typically to meet capital requirements, or as desired by management to capitalize on opportunities. Capital is distributed to the segments considering factors such as regulatory capital requirements, utilized economic capital and the historic and future potential return on capital.

Transfer pricing, using market rates, is used to record net revenues and expenses in each of the segments for this capital and funding. Our funds transfer pricing system is designed to allocate to our businesses funding costs in a way

that incentivizes their efficient use of funding. Our funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of funding their balance sheet and the costs associated with funding liquidity and balance sheet items, such as goodwill, which are beyond the control of individual businesses. This is of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this system, our businesses are also credited to the extent they provide long-term stable funding.

Fair valuations

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

> Refer to “Note 1 – Summary of significant accounting policies” and “Note 33 – Financial instruments” in V – Consolidated financial statements – Credit Suisse Group for further information.

Based on the Group’s regular review of observable parameters used in its pricing models, in 2011 the Group adopted a change in estimate relating to the use of overnight indexed swap (OIS) interest rate yield curves, instead of other reference rates such as >>>London interbank offered rate (LIBOR), in determining the fair value of certain collateralized derivatives, resulting in a loss of CHF 146 million in Investment Banking fixed income sales and trading revenue.

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

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

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

As of the end of 2011, 52% and 40% of our total assets and total liabilities, respectively, were measured at fair value.

While the majority of our level 3 assets are recorded in Investment Banking, some are recorded in Asset Management, specifically certain private equity investments. Total assets recorded as level 3 declined by CHF 3.5 billion during 2011, primarily reflecting decreases in other investments and loans held-for-sale, partially offset by increases in loans. The decrease in other investments primarily reflected net sales, partially offset by realized gains. The decrease in loans

held-for-sale primarily reflected net transfers out of level 3 due to improved observability of pricing data and net sales. The increase in loans primarily reflected net purchases.

Our level 3 assets, excluding noncontrolling interests and assets of consolidated VIEs that are not risk-weighted assets under the Basel framework, were CHF 39.3 billion, compared to CHF 39.0 billion as of the end of 2010. As of the end of 2011, these assets comprised 4% of total assets and 8% of total assets measured at fair value, both adjusted on the same basis, compared to 4% and 7% as of the end of 2010, respectively.

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

Personnel

Headcount at the end of 2011 was 49,700, down 400 from the end of 2010. This reflected reductions in headcount of 2,100 employees in connection with our cost-efficiency initiatives in the second half of 2011, primarily in Investment Banking and Private Banking, offset by seasonal graduate and apprentice recruitment, increases due to regulatory requirements and additional headcount from the acquisition of the PFS hedge fund administration business of ABN AMRO (formerly Fortis Bank Nederland) completed in the second quarter of 2011. Compared to year-end 2009, headcount increased 2,100.

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

Key performance indicators

Our key performance indicators (KPIs) are targets to be achieved over a three to five year period across market cycles. Our KPIs are assessed annually as part of our normal planning process.

Growth

We target collaboration revenues of 18% to 20% of net revenues. Collaboration revenues were 16.8% of net revenues for 2011.

For net new assets, we target a growth rate above 6.0%. In 2011, we recorded a net new asset growth rate of 3.3%.

Efficiency and performance

For total shareholder return, we target superior share price appreciation plus dividends compared to our peer group. Our 2011 total shareholder return was (39.4)%. The 2011 average total shareholder return of our peer group was (35.0)%.

For return on equity attributable to shareholders, we target an annual rate of return above 15.0%. The return on equity attributable to shareholders was 6.0% in 2011.

For Core Results, we target a pre-tax income margin above 28.0%. Our pre-tax income margin was 10.8% for 2011.

Capital

Our capital targets are based upon compliance with the Swiss >>>“Too Big to Fail” and >>>Basel III capital standards.

The tier 1 ratio was 15.2% under >>>Basel II.5 and the core tier 1 ratio was 10.7% under Basel II.5 as of the end of 2011.

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

in / end of	Target	2011	2010	2009
Growth (%)				
Collaboration revenues	18 - 20% of net revenues	16.8	14.4	15.5
Net new asset growth	Above 6%	3.3	5.6	4.0
Efficiency and performance (%)				
Total shareholder return (Credit Suisse) [1]	Superior return vs peer group	(39.4)	(23.3)	80.1
Total shareholder return of peer group [1, 2]	–	(35.0)	(1.7)	36.6
Return on equity attributable to shareholders	Above 15%	6.0	14.4	18.3
Core Results pre-tax income margin	Pre-tax income margin above 28%	10.8	22.2	25.5

1 Source: Bloomberg. Total shareholder return is calculated as equal to the appreciation or depreciation of a particular share, plus any dividends, over a given period, expressed as a percentage of the share's value as of the beginning of the period. 2 The peer group for this comparison comprises Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, HSBC, JPMorgan Chase, Société Générale and UBS. The total shareholder return of this peer group is calculated as a simple, unweighted average of the return reported by Bloomberg for each of the members of the peer group.

Private Banking

In 2011, we reported income before taxes of CHF 2,348 million and net revenues of CHF 10,877 million. We attracted net new assets of CHF 44.5 billion, mainly from emerging markets and the ultra-high-net-worth individual client segment, despite a challenging environment.

Results

			in / end of		% change
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net revenues	**10,877**	**11,631**	**11,662**	(6)	0
Provision for credit losses	**110**	**18**	**180**	–	(90)
Compensation and benefits	4,601	4,737	4,651	(3)	2
General and administrative expenses	3,176	2,793	2,580	14	8
Commission expenses	642	657	600	(2)	10
Total other operating expenses	3,818	3,450	3,180	11	8
Total operating expenses	**8,419**	**8,187**	**7,831**	3	5
Income before taxes	**2,348**	**3,426**	**3,651**	(31)	(6)
of which Wealth Management Clients	1,468	2,528	2,898	(42)	(13)
of which Corporate & Institutional Clients	880	898	753	(2)	19
Statement of operations metrics (%)					
Cost/income ratio	77.4	70.4	67.1	–	–
Pre-tax income margin	21.6	29.5	31.3	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	6,940	6,589	6,236	5	6
Pre-tax return on average utilized economic capital (%) [1]	34.2	52.5	59.0	–	–
Number of employees (full-time equivalents)					
Number of employees	25,200	25,600	24,300	(2)	5

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

Results (continued)

			in / end of		% change
	2011	2010	2009	11 / 10	10 / 09

Net revenue detail (CHF million)					
Net interest income	4,592	4,931	5,000	(7)	(1)
Recurring commissions and fees	3,827	4,105	3,980	(7)	3
Transaction-based	2,458	2,595	2,682	(5)	(3)
Net revenues	**10,877**	**11,631**	**11,662**	(6)	0
Provision for credit losses (CHF million)					
New provisions	276	289	419	(4)	(31)
Releases of provisions	(166)	(271)	(239)	(39)	13
Provision for credit losses	**110**	**18**	**180**	–	(90)
Balance sheet statistics (CHF million)					
Net loans	**196,268**	**182,880**	**176,009**	7	4
of which Wealth Management Clients [1]	139,725	130,435	125,671	7	4
of which Corporate & Institutional Clients	56,543	52,445	50,338	8	4
Deposits	**257,521**	**245,108**	**257,650**	5	(5)
of which Wealth Management Clients [1]	203,350	194,013	210,718	5	(8)
of which Corporate & Institutional Clients	54,171	51,095	46,932	6	9
Number of relationship managers					
Switzerland	1,950	2,020	1,980	(3)	2
EMEA	1,180	1,260	1,190	(6)	6
Americas	550	560	550	(2)	2
Asia Pacific	360	360	360	0	0
Wealth Management Clients	4,040	4,200	4,080	(4)	3
Corporate & Institutional Clients (Switzerland)	520	490	490	6	0
Number of relationship managers	**4,560**	**4,690**	**4,570**	(3)	3

1 Wealth Management Clients covers individual clients, including affluent, high-net-worth and ultra-high-net-worth individual clients.

Results overview

For 2011, we reported income before taxes of CHF 2,348 million, down 31% compared to 2010. Net revenues of CHF 10,877 million decreased 6% compared to 2010. The adverse impact of the lower average exchange rate of major currencies against the Swiss franc on net revenues and income before taxes in Private Banking was CHF 844 million and CHF 550 million, respectively. Excluding this adverse foreign exchange impact and gains of CHF 72 million from the sale of real estate in 2011, revenues remained stable compared to 2010.

In an ongoing low interest rate environment, net interest income decreased 7%. Recurring commissions and fees were down 7% as average assets under management decreased slightly, mainly due to the adverse foreign exchange translation impact. Excluding fair value losses of CHF 17 million and CHF 50 million related to the Clock Finance transaction in 2011 and 2010, respectively, and the gains from the sale of real estate in 2011, transaction-based revenues decreased 9%. This decrease was driven by significantly lower brokerage and product issuing fees, reflecting lower client activity and lower transaction-based volumes.

Provision for credit losses in 2011 was CHF 110 million compared to CHF 18 million in 2010, mainly driven by lower releases in 2011 compared to 2010.

Total operating expenses were CHF 8,419 million, slightly up compared to 2010, mainly driven by litigation provisions of CHF 478 million, of which CHF 183 million (EUR 150 million) was in connection with the German tax matter and CHF 295 million was in connection with the US tax matter. Excluding these litigation provisions in 2011, and the non-credit-related provisions for >>>ARS of CHF 44 million in 2010, operating expenses decreased 2%. Compensation and benefits decreased 3%, reflecting a favorable foreign exchange translation impact and lower discretionary performance-related compensation expense.

Assets under management as of the end of 2011 were CHF 927.9 billion, stable compared to the end of 2010, as strong net new assets of CHF 44.5 billion were mainly offset by adverse market movements. Net new assets reflect the strength of our international footprint despite the challenging economic environment, including highly volatile equity and foreign exchange markets and client risk aversion. Wealth Management Clients contributed net new assets of CHF 37.8 billion with strong contributions from emerging markets and the >>>ultra-high-net-worth individual (UHNWI) client segment. Switzerland contributed net new assets of CHF 12.8 billion, including CHF 6.7 billion from Corporate & Institutional Clients. Average assets under management in 2011 decreased slightly, as net new assets were more than offset by lower equity markets and foreign exchange-related movements.

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, we announced a refinement of our Private Banking strategy.

> Refer to “Evolution of our strategy” in I – Information on the company – Strategy and “Private Banking” in I – Information on the company – Our businesses for further information.

For 2010, we reported income before taxes of CHF 3,426 million, down 6% compared to 2009. Net revenues of CHF 11,631 million were stable compared to 2009. Results in 2010 were impacted by the weakening of the average rate of the US dollar and euro against the Swiss franc compared to 2009, adversely affecting net revenues in Wealth Management Clients by approximately CHF 350 million and income before taxes by approximately CHF 250 million.

Recurring revenues, representing 78% of net revenues, were stable. In an ongoing low interest rate environment, stable net interest income reflected slightly lower loan and deposit margins on slightly higher average volumes. Recurring commissions and fees were up 3% and average assets under management increased 9.9%. Investor behavior remained cautious during 2010, reflected in investments in less complex, lower-margin products, also within managed investment products, and a significant portion of assets under management in cash. Transaction-based revenues decreased slightly, reflecting lower client activity. The decline was driven by lower revenues from integrated solutions and brokerage fees and gains from the sale of real estate and ARS in 2009, partially offset by higher product issuing fees and fair value losses on the Clock Finance transaction of CHF 50 million compared to CHF 118 million in 2009. Excluding the fair value losses on the Clock Finance transaction in 2010 and 2009, transaction-based revenues decreased 6%.

We recorded substantially lower net provisions for credit losses of CHF 18 million compared to CHF 180 million in 2009, primarily reflecting net releases of CHF 52 million compared to net provisions of CHF 147 million in 2009 in

Corporate & Institutional Clients.

Total operating expenses were CHF 8,187 million, up 5% compared to 2009. General and administrative expenses increased 8%, primarily reflecting insurance proceeds of CHF 100 million in 2009, higher marketing and sales expenses and ongoing investments in our client advisory services and international platforms, mainly IT investments, in 2010. Compensation and benefits increased slightly, primarily due to increases in headcount and base salaries, partially offset by lower performance-related compensation, reflecting higher base salaries and a higher proportion of performance-related variable compensation deferred through share-based and other awards.

Assets under management as of the end of 2010 were CHF 932.9 billion, up 2.0% compared to 2009. The increase reflected strong net new assets and positive equity and bond market movements, mostly offset by adverse foreign exchange-related movements, mainly due to the weakening of the euro and the US dollar against the Swiss franc. Net new assets of CHF 54.6 billion benefited from strong inflows in all regions and were up 31.3% compared to 2009. Wealth Management Clients contributed net new assets of CHF 45.3 billion. Over 80% of these net new assets were from international regions, with particularly strong inflows from emerging markets and the UHNWI client segment. Switzerland contributed net new assets of CHF 17.6 billion, including CHF 9.3 billion from Corporate & Institutional Clients. While assets under management as of the end of 2010 were 2.0% higher, average assets under management increased 9.9% compared to 2009.

Assets under management - Private Banking

			in / end of		% change
	2011	2010	2009	11 / 10	10 / 09
Assets under management by region (CHF billion)					
Switzerland	305.2	323.7	328.2	(5.7)	(1.4)
EMEA	262.4	268.6	277.3	(2.3)	(3.1)
Americas	140.9	137.2	129.6	2.7	5.9
Asia Pacific	83.0	78.5	67.7	5.7	16.0
Wealth Management Clients	791.5	808.0	802.8	(2.0)	0.6
Corporate & Institutional Clients (Switzerland)	136.4	124.9	112.1	9.2	11.4
Assets under management	**927.9**	**932.9**	**914.9**	(0.5)	2.0
Average assets under management (CHF billion)					
Average assets under management	921.4	941.8	857.2	(2.2)	9.9
Assets under management by currency (CHF billion)					
USD	296.6	300.9	298.2	(1.4)	0.9
EUR	204.5	220.7	248.4	(7.3)	(11.2)
CHF	296.2	292.3	269.9	1.3	8.3
Other	130.6	119.0	98.4	9.7	20.9
Assets under management	**927.9**	**932.9**	**914.9**	(0.5)	2.0
Net new assets by region (CHF billion)					
Switzerland	6.1	8.3	5.5	(26.5)	50.9
EMEA	13.7	15.1	10.3	(9.3)	46.6

Americas	7.6	9.5	8.0	(20.0)	18.8
Asia Pacific	10.4	12.4	11.5	(16.1)	7.8
Wealth Management Clients	37.8	45.3	35.3	(16.6)	28.3
Corporate & Institutional Clients (Switzerland)	6.7	9.3	6.3	(28.0)	47.6
Net new assets	**44.5**	**54.6**	**41.6**	(18.5)	31.3
Growth in assets under management (CHF billion)					
Net new assets	37.8	45.3	35.3	–	–
Other effects	(54.3)	(40.1)	73.3	–	–
of which market movements	(37.9)	36.8	83.3	–	–
of which currency	(8.2)	(70.8)	(4.1)	–	–
of which other	(8.2)	(6.1)	(5.9)	–	–
Wealth Management Clients	(16.5)	5.2	108.6	–	–
Corporate & Institutional Clients	11.5	12.8	17.4	–	–
Growth in assets under management	**(5.0)**	**18.0**	**126.0**	–	–
Growth in assets under management (%)					
Net new assets	4.8	6.0	5.3	–	–
of which Wealth Management Clients	4.7	5.6	5.1	–	–
of which Corporate & Institutional Clients	5.4	8.3	6.7	–	–
Other effects	(5.3)	(4.0)	10.7	–	–
Growth in assets under management	**(0.5)**	**2.0**	**16.0**	–	–

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 35%. In 2011, the pre-tax income margin was 21.6% compared to 29.5% in 2010 and 31.3% in 2009.

Net new asset growth rate for Wealth Management Clients (KPI)

Our target over market cycles is a growth rate over 6%. In 2011, our net new asset growth rate was 4.7%. In 2010, our net new asset growth rate was 5.6%. In 2009, which included net client outflows of CHF 5.6 billion related to a tax amnesty in Italy, our net new asset growth rate was 5.1%.

Results detail

The following provides a comparison of our 2011 results versus 2010 and 2010 results versus 2009.

Net revenues

Recurring revenues arise from net interest income, recurring commissions and fees, including performance-based fees, related to assets under management and custody assets, as well as fees for general banking products and services. Net interest income includes a term spread credit on stable deposit funding and a term spread charge on loans. Transaction-based revenues arise primarily from brokerage and product issuing fees, foreign exchange income from client transactions and other transaction-based income.

2011 vs 2010: Down 6% from CHF 11,631 million to CHF 10,877 million
The decrease was driven by lower revenues across all revenue categories and an adverse foreign translation impact of CHF 844 million. Net interest income decreased 7%, due to lower deposit margins on lower average volumes and slightly lower loan margins on slightly higher average volumes. Lower deposit margins reflected the low interest environment with a relatively flat interest curve. Recurring commissions and fees declined 7% due to lower revenues across most categories, mainly reflecting the adverse foreign exchange translation impact, including the impact on average assets under management. Transaction-based revenues were 5% lower, mainly due to significantly lower brokerage and product issuing fees, reflecting lower client activity and lower transaction-based volumes, particularly from bonds, equities and mutual funds, partially offset by a gain from the sale of real estate of CHF 72 million in 2011. Transaction-based revenues included fair value losses on the Clock Finance transactions of CHF 17 million in 2011 compared to fair value losses of CHF 50 million in 2010.

2010 vs 2009: Stable at CHF 11 , 631 million
Stable net revenues reflected higher recurring commissions and fees, lower transaction-based revenues and stable net interest income. Net interest income reflected the ongoing low interest rate environment and slightly lower loan and deposit margins on slightly higher average volumes. Recurring commissions and fees were up 3% and average assets under management increased 9.9%. The increase in recurring commissions and fees was mainly driven by higher security account and service fees, reflecting an increase in average volumes, partially offset by lower commissions from fiduciary business, reflecting lower margins and volumes. Management fees were stable despite the 9.9% increase in average assets under management, reflecting the ongoing risk-averse asset mix. Fund management fees were positively impacted by a change in estimate for prior-year fee accruals. Transaction-based revenues declined 3% and included fair value losses of CHF 50 million on the Clock Finance portfolio in 2010 compared to fair value losses of CHF 118 million in 2009. Excluding this impact, transaction-based revenues decreased 6%, driven by lower revenues from integrated solutions, which were particularly strong in 2009, and lower brokerage fees, partially offset by higher product issuing fees. 2009 transaction-based revenues included gains on ARS positions and the sale of real estate.

Provision for credit losses

2011 vs 2010: Up from CHF 18 million to CHF 110 million
Provision for credit losses of CHF 110 million were up CHF 92 million compared to 2010, driven by lower releases of provisions compared to 2010. New provisions were 4% lower. Provisions for credit losses reflected net provisions of CHF 83 million in Wealth Management Clients and CHF 27 million in Corporate & Institutional Clients. The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities. Our corporate and institutional loan portfolio has sound quality, relatively low concentrations and is mainly secured by mortgages, securities and other financial collateral.

2010 vs 2009: Down from CHF 180 million to CHF 18 million
The change in provision for credit losses primarily reflected net releases of provisions in 2010 in Corporate & Institutional Clients compared to net provisions in 2009 in Corporate & Institutional Clients. Provision for credit losses of CHF 18 million reflected net provisions of CHF 70 million in Wealth Management Clients and net releases of CHF 52 million in Corporate & Institutional Clients. A substantial part of the provisions of CHF 289 million were in Wealth Management Clients, while a substantial part of the releases of CHF 271 million were related to our Corporate & Institutional Clients loan portfolio, despite the record level of corporate insolvencies in Switzerland during 2010. The Wealth Management Clients loan portfolio is substantially comprised of residential mortgages in Switzerland and loans collateralized by securities. Our corporate and institutional loan portfolio has sound quality, relatively low concentrations and is mainly collateralized by mortgages and securities. Provision for credit losses in Wealth Management Clients in 2010 and 2009 were mostly related to our Swiss consumer finance business.

Operating expenses

Compensation and benefits

2011 vs 2010: Down 3% from CHF 4,737 million to CHF 4,601 million
Compensation and benefits decreased slightly, reflecting a favorable foreign exchange translation impact and lower discretionary performance-related compensation expense.

2010 vs 2009: Up 2% from CHF 4,651 million to CHF 4,737 million
The increase was primarily due to increases in headcount and base salaries and related benefits, partially offset by lower performance-related variable compensation, reflecting the higher base salaries and the higher proportion of performance-related variable compensation deferred through share-based and other awards.

General and administrative expenses

2011 vs 2010: Up 14% from CHF 2,793 million to CHF 3,176 million
The increase primarily reflected litigation provisions of CHF 478 million, of which CHF 183 million (EUR 150 million) was in connection with the German tax matter and CHF 295 million was in connection with the US tax matter. 2010 included CHF 44 million of provisions related to ARS. Excluding these litigation provisions, general and administrative expenses decreased slightly.

2010 vs 2009: Up 8% from CHF 2,580 million to CHF 2,793 million
The increase primarily reflected insurance proceeds of CHF 100 million in 2009 and higher marketing and sales expenses and ongoing investments in our client advisory services and international platforms, mainly IT investments, in 2010.

Personnel

Headcount as of the end of 2011 was 25,200, compared to 25,600 as of the end of 2010 and 24,300 as of the end of 2009. The decrease from 2010 mainly reflected reductions in connection with our cost-efficiency initiatives, partially offset by investments in our growth markets, advisory and solutions capabilities and multi-shore business model, including IT investments. The number of relationship managers in Wealth Management Clients decreased by 160 from 2010, mainly in connection with our cost-efficiency initiatives but also reflecting a continued talent upgrade, and decreased by 40 from 2009.

Wealth Management Clients

Net revenues

Net interest income
2011 vs 2010: Down 9% from CHF 3 , 747 million to CHF 3,407 million
The decrease primarily reflected lower deposit margins on lower average volumes, and stable loan margins on slightly higher average volumes.

2010 vs 2009: Stable at CHF 3,747 million
Stable net interest income reflected stable margins on higher average loan volumes and stable average deposit volumes.

Recurring commissions and fees
2011 vs 2010: Down 6% from CHF 3,679 million to CHF 3,440 million
The decrease reflected lower revenues in investment product management fees, banking services fees and discretionary mandate management fees, partially offset by higher investment account and services fees. Overall the decrease was driven by lower average assets under management, mainly due to adverse market movements and the strengthening of the average exchange rate of the Swiss franc against major currencies compared to 2010.

2010 vs 2009: Up 2% from CHF 3,604 million to CHF 3,679 million
The increase in recurring commissions and fees was mainly driven by higher security account and service fees, reflecting an increase in average volumes, partially offset by lower commissions from fiduciary business, reflecting lower margins and volumes. Management fees were stable despite the 8.7% increase in average assets under management, reflecting the ongoing risk-averse asset mix and lower performance fees from Hedging-Griffo compared to the strong performance in 2009. Fund management fees were positively impacted by a change in estimate for prior-year fee accruals. Investor behavior remained cautious during 2010, reflected in investments in less complex, lower-margin products, also within managed investment products.

Transaction-based
2011 vs 2010: Down 9% from CHF 2,403 million to CHF 2,183 million
The decline was driven by substantially lower brokerage and product issuing fees, primarily in bonds, equities and mutual funds, reflecting significantly lower client activity and lower transaction-based volumes, partially offset by a gain from the sale of real estate of CHF 72 million in 2011.

2010 vs 2009: Down 6% from CHF 2,561 million to CHF 2,403 million
The decrease was mainly driven by lower revenues from integrated solutions, which were particularly strong in 2009, gains from the sale of real estate and ARS in 2009 and lower brokerage fees, reflecting the low level of client activity, partly offset by higher product issuing fees.

Gross Margin

Our gross margin was 114 basis points in 2011, six basis points below 2010 and 17 basis points below 2009. Compared to 2010, the net interest income margin decreased three basis points, reflecting 9% lower net interest income and 3.6% lower average assets under management. The recurring commissions and fees margin decreased two basis points in 2011, as recurring commissions and fees decreased 6% while average assets under management decreased. The transaction-based margin decreased one basis point, reflecting a 9% decline in transaction-based revenues and the decrease in average assets under management.

Results - Wealth Management Clients

		in / end of		% change	
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net revenues	**9,030**	**9,829**	**9,871**	(8)	0
Provision for credit losses	**83**	**70**	**33**	19	112
Total operating expenses	**7,479**	**7,231**	**6,940**	3	4
Income before taxes	**1,468**	**2,528**	**2,898**	(42)	(13)
Statement of operations metrics (%)					
Cost/income ratio	82.8	73.6	70.3	–	–
Pre-tax income margin	16.3	25.7	29.4	–	–
Net revenue detail (CHF million)					
Net interest income	3,407	3,747	3,706	(9)	1
Recurring commissions and fees	3,440	3,679	3,604	(6)	2
Transaction-based	2,183	2,403	2,561	(9)	(6)
Net revenues	**9,030**	**9,829**	**9,871**	(8)	0
Average assets under management (CHF billion)					
Average assets under management	791.7	820.9	755.4	(3.6)	8.7
Gross margin on assets under management (bp) [1]					
Net interest income	43	46	49	–	–
Recurring commissions and fees	43	45	48	–	–
Transaction-based	28	29	34	–	–
Gross margin	**114**	**120**	**131**	–	–

1 Net revenues divided by average assets under management.

Corporate & Institutional Clients

Net revenues

Net interest income
2011 vs 2010: Stable at CHF 1,185 million
Stable net interest income reflected slightly higher deposit margins on higher average volumes and slightly lower loan margins on slightly higher average volumes.

2010 vs 2009: Down 9% from CHF 1,294 million to CHF 1,184 million
The decrease was due to significantly lower deposit margins on higher average volumes and lower loan margins on stable average volumes.

Recurring commissions and fees

2011 vs 2010: Down 9% from CHF 426 million to CHF 387 million
The decline was driven by lower investment account and services fees, lower investment product management fees and lower banking services fees.

2010 vs 2009: Up 13% from CHF 376 million to CHF 426 million
The increase was mainly driven by higher lending commissions and asset-based fees, reflecting growth in our business with financial institutions.

Transaction-based
2011 vs 2010: Up 43% from CHF 192 million to CHF 275 million
The increase was mainly driven by lower fair value losses on the Clock Finance transaction in 2011 of CHF 17 million compared to losses of CHF 50 million in 2010. The increase was also driven by higher foreign exchange income from client transactions and revenues from integrated solutions.

2010 vs 2009: Up 59% from CHF 121 million to CHF 192 million
The increase was mainly driven by fair value losses of CHF 50 million on the Clock Finance transaction in 2010 compared to losses of CHF 118 million in 2009. Excluding the fair value losses on the Clock Finance transaction, transaction-based revenues were stable.

Return on business volume

Return on business volume measures revenues over average business volume, which is comprised of client assets and net loans.

Return on business volume in 2011 of 77 basis points was one basis point below 2010, as net revenues increased 2% and the average business volume increased 3.9%, mainly from higher average assets under management.

Results - Corporate & Institutional Clients

			in / end of		% change
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net revenues	**1,847**	**1,802**	**1,791**	2	1
Provision for credit losses	**27**	**(52)**	**147**	–	–
Total operating expenses	**940**	**956**	**891**	(2)	7
Income before taxes	**880**	**898**	**753**	(2)	19
Statement of operations metrics (%)					
Cost/income ratio	50.9	53.1	49.7	–	–
Pre-tax income margin	47.6	49.8	42.0	–	–
Net revenue detail (CHF million)					
Net interest income	1,185	1,184	1,294	0	(9)
Recurring commissions and fees	387	426	376	(9)	13
Transaction-based	275	192	121	43	59
Net revenues	**1,847**	**1,802**	**1,791**	2	1

Average business volume (CHF billion)					
Average business volume	240.9	231.8	208.9	3.9	11.0
Business volume (CHF billion)					
Client assets	194.1	182.7	170.0	6.2	7.5
of which assets under management	136.4	124.9	112.1	9.2	11.4
of which commercial assets	50.8	50.9	51.1	(0.2)	(0.4)
of which custody assets	6.9	6.9	6.8	0.0	1.5
Net loans	56.5	52.4	50.3	7.8	4.2
Business volume	**250.6**	**235.1**	**220.3**	6.6	6.7
Return on business volume (bp) [1]					
Return on business volume	77	78	86	–	–

1 Net revenues divided by average business volume.

Investment Banking

For 2011, we reported income before taxes of CHF 79 million and net revenues of CHF 11,496 million. Our performance was impacted by subdued client activity levels and a volatile trading environment. We made substantial progress in executing our refined strategy, including reducing our Basel III risk-weighted assets from CHF 309 billion at the end of 2010 to CHF 233 billion at the end of 2011.

Results

			in / end of		% change
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net revenues	**11,496**	**16,214**	**20,537**	(29)	(21)
Provision for credit losses	**77**	**(97)**	**326**	–	–
Compensation and benefits	6,667	8,033	8,652	(17)	(7)
General and administrative expenses	3,503	3,495	3,559	–	(2)
Commission expenses	1,170	1,252	1,155	(7)	8
Total other operating expenses	4,673	4,747	4,714	(2)	1
Total operating expenses	**11,340**	**12,780**	**13,366**	(11)	(4)
Income/(loss) before taxes	**79**	**3,531**	**6,845**	(98)	(48)
Statement of operations metrics (%)					
Cost/income ratio	98.6	78.8	65.1	–	–

Pre-tax income margin	0.7	21.8	33.3	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	19,917	20,735	20,155	(4)	3
Pre-tax return on average utilized economic capital (%) [1]	1.0	17.6	34.6	–	–
Number of employees (full-time equivalents)					
Number of employees	20,900	20,700	19,400	1	7

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

Results (continued)

			in	% change	
	2011	2010	2009	11 / 10	10 / 09
Net revenue detail (CHF million)					
Debt underwriting	1,441	2,015	1,141	(28)	77
Equity underwriting	719	901	1,190	(20)	(24)
Total underwriting	2,160	2,916	2,331	(26)	25
Advisory and other fees	857	1,090	793	(21)	37
Total underwriting and advisory	**3,017**	**4,006**	**3,124**	(25)	28
Fixed income sales and trading	3,886	6,446	10,457	(40)	(38)
Equity sales and trading	4,738	5,884	7,469	(19)	(21)
Total sales and trading	**8,624**	**12,330**	**17,926**	(30)	(31)
Other	(145)	(122)	(513)	19	(76)
Net revenues	**11,496**	**16,214**	**20,537**	(29)	(21)
Average one-day, 98% Value-at-Risk (CHF million) [1]					
Interest rate and credit spread	72	94	152	(23)	(38)
Foreign exchange	24	17	21	41	(19)
Commodity	10	20	25	(50)	(20)
Equity	13	26	32	(50)	(19)
Diversification benefit	(44)	(61)	(85)	(28)	(28)
Average one-day, 98% Value-at-Risk	**75**	**96**	**145**	(22)	(34)
Basel III risk-weighted assets (billion) [2]					
Risk-weighted assets (CHF)	233	309	332	(25)	(7)
Risk-weighted assets (USD)	248	330	322	(25)	2

1 As part of the ongoing review to improve risk management approaches and methodologies, the average one-day risk management VaR measure was revised in the second quarter of 2011. Refer to "Market risk" in IV – Treasury, Risk, Balance sheet and off-balance sheet – Risk management for further information on VaR and

changes in VaR methodology 2 As Basel III will not be implemented before January 1, 2013, we have calculated our Basel III risk-weighted assets for purposes of this report in accordance with the currently proposed requirements and our current interpretation of such requirements, including relevant assumptions. Changes in the actual implementation of Basel III would result in different numbers from those shown in this report.

Results overview

In 2011, we reported income before taxes of CHF 79 million and net revenues of CHF 11,496 million, compared to income before taxes of CHF 3,531 million and net revenues of CHF 16,214 million in 2010. Results in many of our businesses in 2011 were impacted by significantly lower levels of client activity and a volatile trading environment compared to 2010.

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, we announced a refinement of our Investment Banking strategy. We have made significant progress in executing our refined strategy and have accelerated our risk-weighted asset reduction plan and expect to exceed our previously announced year-end 2012 Basel III risk-weighted assets target of USD 229 billion by the end of the first quarter of 2012. Basel III risk-weighted assets were reduced by CHF 76 billion in 2011.

> Refer to “Evolution of our strategy” in I – Information on the company – Strategy and “Investment Banking” in I – Information on the company – Our businesses for further information.

Our fixed income sales and trading revenues were significantly lower in 2011, reflecting challenging trading conditions, subdued client activity levels across most businesses and the execution of our risk reduction strategy. We incurred losses of CHF 547 million from businesses we are exiting and the reduction of risk-weighted assets. Revenues in securitized products were significantly weaker than 2010, reflecting valuation reductions on client inventory, losses on sales of client inventory as we reduced risk-weighted assets and lower client activity. Results in our credit businesses, including leveraged finance and investment grade trading, also noticeably declined from 2010, reflecting mark-to-market losses on client inventory.

Our equity sales and trading results were resilient despite lower levels of client activity. We had lower cash equities results, driven by reduced client trading activity and weaker results in derivatives, reflecting reduced customer flow. Prime services revenues declined, reflecting the foreign exchange translation impact. In US dollars, we had record prime services results due to higher client activity and higher client balances. In 2011, we maintained our market share and leading market share rankings in cash equities and prime services.

Underwriting and advisory results were lower, reflecting a decline in industry-wide capital issuance levels and a decrease in our completed M&A market share, respectively.

Our results included debit valuation adjustment (DVA) gains relating to structured note liabilities of CHF 698 million in 2011 compared to DVA losses of CHF 73 million in 2010. Our results also included fair value losses on Credit Suisse vanilla debt of CHF 197 million in 2011 compared to fair value losses of CHF 232 million in 2010.

> Refer to “Note 33 – Financial instruments” in V – Consolidated financial statements – Credit Suisse Group for further information.

We had net provisions for credit losses of CHF 77 million in 2011 compared to net releases of provisions of CHF 97 million in 2010, driven by higher provisions, mainly against a guarantee provided in a prior year to a third-party bank, and lower releases and recoveries.

Total operating expenses were CHF 11,340 million, down 11%, reflecting a 17% decrease in compensation and benefits. The decrease in compensation and benefits was primarily driven by lower deferred compensation expense from prior-year awards, lower discretionary performance-related compensation expense, reflecting the lower results, and lower salary expense. General and administrative expenses were flat in Swiss francs, reflecting the foreign exchange translation impact. In US dollars, expenses increased 18%. The increase reflected an accrual for the UK bank levy of CHF 115 million, an increase in IT investments, higher litigation provisions and an increase in risk management costs.

The weakening of the average rate of the US dollar against the Swiss franc in 2011 adversely impacted revenues and favorably impacted expenses. In US dollars, net revenues were 17% lower and total operating expenses were 4% higher compared to 2010.

For 2010, income before taxes was CHF 3,531 million, compared to CHF 6,845 million in 2009. Net revenues were CHF 16,214 million, compared to CHF 20,537 million in 2009. Approximately CHF 1.3 billion of our revenues in 2009 were due to the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. In addition, results in many of our businesses in 2010 were impacted by lower levels of client trading activity compared to 2009. We made progress in the implementation of our client-focused, capital-efficient strategy and continued to increase our market share across most businesses and regions. Fixed income sales and trading revenues were resilient, although significantly lower compared to 2009, reflecting the normalization of market conditions from more favorable market conditions in 2009 and a challenging environment in 2010. The industry was affected mainly by macroeconomic uncertainties, triggered by sovereign debt concerns in Europe that increased market volatility. Equity sales and trading results were solid, although lower compared to a strong 2009, reflecting lower levels of client trading activity despite improved market share. Underwriting and advisory results were strong, reflecting an increase in industry-wide capital issuance levels and completed M&A activity and an improved share of wallet with clients. Results included fair value losses on Credit Suisse vanilla debt of CHF 232 million compared to net fair value losses of CHF 397 million in 2009 and were also impacted by debit valuation adjustment (DVA) losses relating to structured note liabilities of CHF 73 million compared to DVA losses of CHF 321 million in 2009. We had net releases of provisions for credit losses of CHF 97 million in 2010 compared to net provisions of CHF 326 million in 2009. Total operating expenses were 4% lower than 2009, primarily driven by a 7% decrease in compensation and benefits. The weakening of the average rate of the US dollar against the Swiss franc in 2010 adversely impacted revenues and favorably impacted expenses. In US dollars, net revenues were 17% lower and total operating expenses were 1% higher compared to 2009.

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin of 25% or greater. The 2011 pre-tax income margin was 0.7% compared to 21.8% in 2010 and 33.3% in 2009.

Value-at-Risk

The average one-day, 98% >>>risk management VaR was CHF 75 million in 2011, compared to CHF 96 million in 2010 and CHF 145 million in 2009.

> Refer to "Market risk" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Risk management for further information on VaR.

Results detail

The following provides a comparison of our 2011 results versus 2010 and 2010 results versus 2009.

Net revenues

Debt underwriting
2011 vs 2010: Down 28% from CHF 2,015 million to CHF 1,441 million
The decrease was primarily due to weaker results in leveraged finance, reflecting reduced industry-wide high yield issuance volumes. We also had lower results in investment grade issuance, driven by slightly lower market share.

2010 vs 2009: Up 77% from CHF 1,141 million to CHF 2,015 million
The increase was due to significantly stronger results in leveraged finance, reflecting record industry-wide high yield issuance volumes in 2010 driven by refinancings. Our 2010 results also reflected significant structuring and syndication fees related to a large private financing and increased revenues from structured lending in emerging markets. Revenues from investment grade issuance were stable, reflecting slightly lower industry-wide issuance volumes and stable market share.

Equity underwriting
2011 vs 2010: Down 20% from CHF 901 million to CHF 719 million
The decrease was primarily driven by lower revenues from IPOs, reflecting lower industry-wide issuance volumes compared to 2010. We also had lower results from convertibles and follow-on offerings.

2010 vs 2009: Down 24% from CHF 1,190 million to CHF 901 million
The decrease was driven by lower revenues from follow-on offerings, reflecting a significant decrease in industry-wide follow-on issuance volumes compared to high issuance levels in 2009, as well as lower fee margins on certain large issuances during 2010. The decrease was partly offset by higher revenues from IPOs, reflecting higher industry-wide issuance volumes in 2010, including record quarterly issuance volumes in the fourth quarter, and an increase in IPO market share. In 2010, industry-wide global equity underwriting activity shifted from a predominance of bank recapitalizations in 2009 to a resurgence of growth issuance in 2010.

Advisory and other fees
2011 vs 2010: Down 21% from CHF 1,090 million to CHF 857 million
The decrease reflected lower M&A and other advisory fees, driven by a slight decline in completed M&A market share.

2010 vs 2009: Up 37% from CHF 793 million to CHF 1,090 million
The increase was due to higher M&A advisory fees, driven by a significant improvement in completed M&A market share.

Fixed income sales and trading
2011 vs 2010: Down 40% from CHF 6,446 million to CHF 3,886 million
The decrease was primarily due to significantly weaker results in securitized products, reflecting valuation reductions on client inventory, including >>>commercial mortgage-backed securities (CMBS) and >>>RMBS, losses on sales of client inventory as we reduced risk-weighted assets, and subdued client flow. We also had weaker results in our credit business, including leveraged finance and investment grade trading, primarily reflecting mark-to-market losses on client inventory. Revenues were lower across all other fixed income businesses as well, including global rates, foreign exchange, emerging markets, corporate lending, and commodities, reflecting difficult trading conditions. In addition,

we incurred losses of CHF 547 million from businesses we are exiting and the reduction of risk-weighted assets. Our results included DVA gains on structured note liabilities of CHF 460 million compared to DVA losses of CHF 10 million in 2010, and fair value losses on Credit Suisse vanilla debt of CHF 178 million compared to fair value losses of CHF 209 million in 2010.

2010 vs 2009: Down 38% from CHF 10,457 million to CHF 6,446 million
The decrease was due to lower revenues across most fixed income businesses, particularly global rates and credit, including leveraged finance and investment grade trading. Revenues in these businesses, although solid, were significantly lower compared to a strong 2009, reflecting less favorable market conditions than in 2009 and market volatility triggered by sovereign debt concerns in Europe in 2010. We also had lower revenues in global foreign exchange and corporate lending, and losses in our exit business and fixed income arbitrage trading, compared to revenues in 2009. Approximately CHF 1,100 million of our fixed income trading revenues in 2009 were driven by the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. The decrease in revenues was partly offset by improved results in several of our exit businesses, including significantly lower valuation reductions in our CMBS exit portfolio compared to 2009, and gains in certain RMBS businesses compared to losses in 2009. We also had strong revenues in our US RMBS business, as higher non-agency revenues offset a decline in agency revenues. In 2010, revenues in RMBS and leveraged finance benefited from strong investor demand for yield-driven products. During the year, we improved our market share in >>>flow-based businesses across products and regions. Our results included DVA losses on structured note liabilities of CHF 10 million compared to DVA losses of CHF 347 million in 2009, and fair value losses on Credit Suisse vanilla debt of CHF 209 million compared to fair value losses of CHF 358 million in 2009.

Equity sales and trading
2011 vs 2010: Down 19% from CHF 5,884 million to CHF 4,738 million
The decrease was due to lower cash equities results, driven by reduced client trading activity. We also had weak results in derivatives, reflecting reduced customer flow. Prime services revenues declined, reflecting the foreign exchange translation impact. In US dollars, we had record prime services results due to higher client activity and higher client balances. In 2011, we maintained our market share and leading market share rankings in cash equities and prime services. Our results included DVA gains on structured note liabilities of CHF 238 million compared to DVA losses of CHF 63 million in 2010, and fair value losses on Credit Suisse vanilla debt of CHF 20 million compared to fair value losses of CHF 23 million in 2010.

2010 vs 2009: Down 21% from CHF 7,469 million to CHF 5,884 million
The decrease was due to lower revenues across most equity businesses compared to very strong results in 2009. Our results in cash equities were solid, although lower, reflecting uneven market volumes and lower client trading activity during 2010. We also reported lower revenues from equity arbitrage trading strategies and solid, but lower, revenues in convertibles and derivatives. Our combined revenues from convertibles and derivatives in 2009 included approximately CHF 200 million of revenues that were driven by the normalization of market conditions that had become severely dislocated in the fourth quarter of 2008. We also had slightly lower revenues in prime services, reflecting the foreign exchange translation impact. In US dollars, we had record revenues in prime services, despite subdued levels of hedge fund leverage and activity, reflecting higher client balances and market share. In 2010, we improved our market share and maintained our leading market share rankings in cash equities and prime services. Our results included DVA losses on structured note liabilities of CHF 63 million compared to DVA gains of CHF 26 million in 2009, and fair value losses on Credit Suisse vanilla debt of CHF 23 million compared to fair value losses of CHF 40 million in 2009.

Provision for credit losses

2011 vs 2010: From CHF (97) million to CHF 77 million

The change reflected higher provisions, mainly against a guarantee provided in a prior year to a third-party bank, and lower releases and recoveries.

2010 vs 2009: From CHF 326 million to CHF (97) million
The provision release reflected significantly lower new provisions, including lower provisions relating to a guarantee provided in a prior year to a third-party bank, and higher releases and recoveries in 2010 compared to 2009, driven by the improved credit environment. Our 2009 results also included significant provisions relating to loans to a single borrower in our emerging markets business.

Operating expenses

Compensation and benefits
2011 vs 2010: Down 17% from CHF 8,033 million to CHF 6,667 million
The decrease was primarily driven by lower deferred compensation expense from prior-year awards, lower discretionary performance-related compensation expense, reflecting the lower results, and lower salary expense.

2010 vs 2009: Down 7% from CHF 8,652 million to CHF 8,033 million
The decrease was primarily due to lower discretionary performance-related compensation expense, reflecting lower risk-adjusted profitability, higher base salaries and a higher proportion of discretionary performance-related compensation expense deferred through share-based, restricted cash and other awards. The decrease was offset in part by an increase in salary expense, reflecting higher base salaries and increased headcount, and higher deferred compensation from prior-year share awards.

General and administrative expenses
2011 vs 2010: Stable from CHF 3,495 million to CHF 3,503 million
General and administrative expenses reflected the foreign exchange translation impact. In US dollars, expenses increased 18%. The increase reflected an accrual for the UK bank levy of CHF 115 million, increases in IT investments, higher litigation provisions and an increase in risk management costs.

2010 vs 2009: Down 2% from CHF 3,559 million to CHF 3,495 million
The slight decrease reflected a significant decline in litigation provisions and lower occupancy expenses and professional fees, mostly offset by higher IT investments and expenses relating to recruitment and travel and entertainment driven by an increase in client-related business activity. Litigation provisions in 2009 included charges of CHF 344 million related to the settlement of litigation with Huntsman.

Personnel

Headcount as of the end of 2011 was 20,900, compared to 20,700 as of the end of 2010 and 19,400 as of the end of 2009. The increase from 2010 was primarily driven by seasonal graduate recruitment in investment banking, fixed income and equities, and additional headcount from the acquisition of the PFS hedge fund administration business of ABN AMRO (formerly Fortis Bank Nederland) completed in the second quarter of 2011. This increase was partly offset by headcount reductions in Investment Banking and related support functions as part of our cost-efficiency initiatives.

Asset Management

In 2011, we recorded income before taxes of CHF 553 million and net revenues of CHF 2,146 million. Fee-based revenues increased due to higher placement fees and carried interest on realized private equity gains. Investment-related gains decreased to CHF 305 million. We recorded net asset outflows of CHF 0.9 billion, with inflows in alternative investments and multi-asset class solutions more than offset by outflows from discontinued businesses, investment sales and pension advisory services.

Results

			in / end of	% change	
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net revenues	**2,146**	**2,332**	**1,842**	(8)	27
Provision for credit losses	**0**	**0**	**0**	–	–
Compensation and benefits	932	1,082	1,090	(14)	(1)
General and administrative expenses	527	583	557	(10)	5
Commission expenses	134	164	160	(18)	2
Total other operating expenses	661	747	717	(12)	4
Total operating expenses	**1,593**	**1,829**	**1,807**	(13)	1
Income/(loss) before taxes	**553**	**503**	**35**	10	–
Statement of operations metrics (%)					
Cost/income ratio	74.2	78.4	98.1	–	–
Pre-tax income margin	25.8	21.6	1.9	–	–
Utilized economic capital and return					
Average utilized economic capital (CHF million)	3,359	3,539	3,467	(5)	2
Pre-tax return on average utilized economic capital (%) [1]	17.5	15.2	2.1	–	–
Number of employees (full-time equivalents)					
Number of employees	2,700	2,900	3,100	(7)	(6)

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

Results (continued)

			in	% change	
	2011	2010	2009	11 / 10	10 / 09
Net revenue detail by type (CHF million)					
Asset management fees	1,263	1,396	1,367	(10)	2
Placement, transaction and other fees	259	161	180	61	(11)
Performance fees and carried interest	221	187	220	18	(15)

Equity participations	122	89	52	37	71
Fee-based revenues	1,865	1,833	1,819	2	1
Investment-related gains/(losses)	305	432	(365)	(29)	–
Equity participations gains/(losses)	7	(48)	286		
Other revenues [1]	(31)	115[2]	102[2,3]	–	13
Net revenues	**2,146**	**2,332**	**1,842**	(8)	27
Net revenue detail by investment strategies (CHF million)					
Alternative investments	1,247	1,193	1,087	5	10
Traditional investments	505	521	464	(3)	12
Diversified investments [4]	123	63	425	95	(85)
Other	(34)	123[2]	231[2,3]	–	(47)
Net revenues before investment-related gains/(losses)	**1,841**	**1,900**	**2,207**	(3)	(14)
Investment-related gains/(losses)	305	432	(365)	(29)	–
Net revenues	**2,146**	**2,332**	**1,842**	(8)	27
Fee-based margin on assets under management (bp)					
Fee-based margin [5]	44	43	43	–	–

1 Includes allocated funding costs. 2 Includes realized and unrealized gains on securities purchased from our money market funds. 3 Includes realized and unrealized gains from client securities lending portfolios. 4 Includes revenues relating to management of the 2008 Partner Asset Facility and income from our equity investment in Aberdeen. 5 Fee-based revenues divided by average assets under management.

Results overview

In 2011, income before taxes was CHF 553 million, compared to CHF 503 million in 2010. The adverse impact of the higher average exchange rate of the Swiss franc against major currencies on net revenues and income before taxes was CHF 239 million and CHF 69 million, respectively. Net revenues of CHF 2,146 million decreased 8% compared to 2010, primarily reflecting the adverse foreign exchange translation impact in 2011 and gains in 2010 of CHF 143 million from securities purchased from our money market funds. Net revenues before investment-related gains were CHF 1,841 million, up 5% excluding gains in 2010 from securities purchased from our money market funds.

Compared with 2010, fee-based revenues increased 2%. Asset management fees of CHF 1,263 million were down 10%, reflecting the adverse foreign exchange translation impact and the spin-off and sale of non-core businesses in 2010. Average assets under management decreased 2.0% to CHF 419.3 billion and were adversely impacted by negative market performance and adverse foreign exchange-related movements. Placement, transaction and other fees of CHF 259 million were up 61% from improved private equity placement fees and losses in 2010 related to investments held by AMF. Performance fees and carried interest of CHF 221 million were up 18% from higher carried

interest relating to realized private equity gains, partially offset by lower performance fees. Income from equity participations of CHF 122 million was up 37% from 2010, reflecting higher income from single-manager hedge funds. Investment-related gains were CHF 305 million, down 29% from 2010. Other revenues in 2010 primarily reflected gains on the sale of securities purchased from our money market funds. Total operating expenses of CHF 1,593 million were 13% lower than in 2010, reflecting lower compensation and benefits and general and administrative expenses, benefiting from the favorable foreign exchange translation impact.

Assets under management were CHF 408.0 billion, down 4.2% compared to the end of 2010, reflecting adverse market performance, negative foreign exchange-related movements and net asset outflows. Net asset outflows in 2011 of CHF 0.9 billion included net outflows of CHF 4.9 billion in traditional investments and net inflows of CHF 3.9 billion in alternative investments. In traditional investments, outflows in pension advisory services were partially offset by inflows in multi-asset class solutions. In alternative investments, inflows in real estate and commodities and exchange-traded funds (ETF) were partially offset by net outflows in emerging markets and hedge funds and from outflows from discontinued businesses and investment sales.

In 2010, income before taxes was CHF 503 million, compared to CHF 35 million in 2009. Results were impacted by the weakening of the average rate of the US dollar and euro against the Swiss franc. Net revenues of CHF 2,332 million were up 27% compared to 2009, primarily reflecting investment-related gains compared to losses in 2009, partially offset by lower equity participations gains. Asset management fees of CHF 1,396 million were up 2%, reflecting higher average assets under management. Average assets under management increased 2.2% to CHF 427.8 billion and were adversely impacted by foreign exchange-related movements and the spin-off of non-core businesses. Placement, transaction and other fees of CHF 161 million were down 11%, reflecting losses related to investments held by AMF and lower revenues from integrated solutions, partially offset by higher private equity placement and real estate transaction fees. Performance fees and carried interest of CHF 187 million were down 15% from lower performance fees and from diversified investments relating to management of the PAF, partially offset by carried interest relating to realized private equity gains. Equity participations income of CHF 89 million was up 71% from 2009 reflecting improvements in income in diversified strategies. Investment-related gains were CHF 432 million, compared to losses of CHF 365 million in 2009, reflecting improved equity markets. Equity participations losses in 2010 resulted from a reduction of our ownership interest in Aberdeen due to an issuance of shares by Aberdeen, and compared with significant gains in 2009 which included the sale of part of our traditional investments business to Aberdeen and the sale of two joint ventures. Other revenues in 2010 and 2009 primarily reflected gains on the sale of securities purchased from our money market funds and securities acquired from client securities lending portfolios. Net revenues before securities purchased from our money market funds and investment-related gains of CHF 1,757 million were down 16%, primarily due to lower equity participations gains. Total operating expenses of CHF 1,829 million were stable.

Assets under management were CHF 425.8 billion, up 2.4% compared to the end of 2009, primarily reflecting strong net new assets and positive market performance, partially offset by adverse foreign exchange-related movements. Net new assets in 2010 of CHF 20.6 billion included inflows of CHF 12.9 billion in alternative investments, primarily in ETFs, real estate and index strategies, and net inflows of CHF 7.7 billion in traditional investments, primarily in multi-asset class solutions.

In February 2012 we sold an interest in Aberdeen Asset Management, resulting in gains of approximately CHF 170 million recorded in the first quarter of 2012. Our remaining ownership interest in Aberdeen is 9.8%.

In light of increasing regulatory and capital requirements and continued challenging market and economic conditions, we announced a refinement of our strategy.

> Refer to “Evolution of our strategy” in I – Information on the company – Strategy and “Asset Management” in I – Information on the company – Our businesses for further information.

Performance indicators

Pre-tax income margin (KPI)

Our target over market cycles is a pre-tax income margin above 35%. The pre-tax income margin was 25.8% in 2011, compared to 21.6% in 2010 and 1.9% in 2009.

Net new asset growth rate (KPI)

We target a net new asset growth rate of above 6%. In 2011, the growth rate was (0.2)%, compared to 5.0% in 2010, and 0.1% in 2009.

Fee-based margin

The fee-based margin, which is asset management fees, placement, transaction and other fees, performance fees and carried interest and equity participations income divided by average assets under management, was 44 basis points in 2011, compared to 43 basis points in both 2010 and 2009.

Assets under management – Asset Management

		in / end of		% change	
	2011	2010	2009	11 / 10	10 / 09
Assets under management (CHF billion)					
Alternative investments	190.9	196.0	185.5	(2.6)	5.7
of which hedge funds	24.9	27.3	25.2	(8.8)	8.3
of which private equity	28.4	30.8	32.2	(7.8)	(4.3)
of which real estate & commodities	47.1	43.4	41.5	8.5	4.6
of which credit	19.0	18.3	18.5	3.8	(1.1)
of which ETF	14.6	14.6	10.0	0.0	46.0
of which index strategies	51.5	54.2	51.9	(5.0)	4.4
of which other	5.4	7.4	6.2	(27.0)	19.4
Traditional investments	216.2	229.4	230.2	(5.8)	(0.3)
of which multi-asset class solutions	109.9	114.9	117.4	(4.4)	(2.1)
of which fixed income & equities	43.0	46.4	45.1	(7.3)	2.9
of which pension advisory services	63.3	68.1	67.7	(7.0)	0.6
Diversified investments	0.9	0.4	0.3	125.0	33.3
Other	0.0	0.0	0.0	–	–

Assets under management [1]	**408.0**	**425.8**	**416.0**	(4.2)	2.4
Average assets under management (CHF billion)					
Average assets under management	419.3	427.8	418.4	(2.0)	2.2
Assets under management by currency (CHF billion)					
USD	93.5	100.8	94.8	(7.2)	6.3
EUR	59.0	58.7	61.5	0.5	(4.6)
CHF	233.5	245.1	240.3	(4.7)	2.0
Other	22.0	21.2	19.4	3.8	9.3
Assets under management	**408.0**	**425.8**	**416.0**	(4.2)	2.4
Growth in assets under management (CHF billion)					
Net new assets [2]	(0.9)	20.6	0.4	–	–
Other effects	(16.9)	(10.8)	4.1	–	–
of which market movements	(8.5)	8.9	30.7	–	–
of which currency	(3.0)	(23.4)	0.2	–	–
of which other	(5.4) [3]	3.7	(26.8) [4]	–	–
Growth in assets under management	**(17.8)**	**9.8**	**4.5**	–	–
Growth in assets under management (annualized) (%)					
Net new assets	(0.2)	5.0	0.1	–	–
Other effects	(4.0)	(2.6)	1.0	–	–
Growth in assets under management	**(4.2)**	**2.4**	**1.1**	–	–
Principal investments (CHF billion)					
Principal investments [5]	3.4	3.4	3.8	–	(10.5)

1 Excludes our portion of assets under management from our equity participation in Aberdeen. 2 Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned. 3 Includes an adjustment to present private equity assets under management at cost for invested assets and unfunded commitments only where a fee is earned. Prior periods have not been restated. 4 Includes assets under management of the managed lending business transferred to Investment Banking of CHF 13.2 billion and reductions relating to the sale of two joint ventures. 5 Primarily private equity investments.

Results detail

The following provides a comparison of our 2011 results versus 2010 and 2010 results versus 2009.

Net revenues

Asset Management fees

2011 vs 2010: Down 10% from CHF 1,396 million to CHF 1,263 million
The decrease resulted from lower fees in alternative investments, diversified investments and traditional investments, largely reflecting the adverse foreign exchange translation impact. In addition to the foreign exchange translation impact, the decline in fees in alternative investments reflected the spin-off of our real estate private equity fund and our credit hedge fund in 2010 and lower fees in fund of hedge funds, partially offset by higher fees from index products and emerging markets strategies. Fees from diversified investments decreased, reflecting the end of our agreement to service Aberdeen assets on a transitional basis. Traditional investments fees were lower in fixed income products and pension advisory services, partially offset by higher fees in multi-asset class solutions.

2010 vs 2009: Up 2% from CHF 1,367 million to CHF 1,396 million
The increase resulted from higher fees in alternative investments and traditional investments, partially offset by lower fees from diversified investments. The increase in alternative investments was driven by higher fees from Hedging-Griffo, ETFs, index products and single manager hedge funds, reflecting higher average assets under management. The increase was partially offset by lower fees in private equity, fund of hedge funds, credit strategies and real estate, which were impacted by the spin-off of our real estate private equity fund and our credit hedge fund during 2010, and the foreign exchange translation impact. Traditional investments fees were higher in equity and fixed income products and multi-asset class solutions, partially offset by lower fees in pension advisory services. Fees from diversified investments decreased, mainly due to lower fees from fund administration services, reflecting the transfer of the Luxembourg fund administration business to Private Banking in the first quarter of 2010, partially offset by higher fees from our agreement to service Aberdeen assets on a transitional basis.

Placement, transaction and other fees
2011 vs 2010: Up 61% from CHF 161 million to CHF 259 million
The increase reflected higher private equity placement fees and the losses in 2010 on investments held by AMF, partially offset by lower revenues from integrated solutions.

2010 vs 2009: Down 11% from CHF 180 million to CHF 161 million
The decrease was due to losses on investments held by AMF and lower revenues from integrated solutions, partially offset by higher private equity placement fees and transaction fees from real estate funds.

Performance fees and carried interest
2011 vs 2010: Up 18% from CHF 187 million to CHF 221 million
The increase was due to higher carried interest from realized private equity gains, partially offset by lower performance fees from Hedging-Griffo, single-manager hedge funds, credit strategies and from the management of the PAF.

2010 vs 2009: Down 15% from CHF 220 million to CHF 187 million
The decrease was mainly due to significantly lower performance fees from Hedging-Griffo and from management of the PAF, partially offset by increased carried interest in alternative investments from realized private equity gains and higher fees from single-manager hedge funds and credit strategies.

Equity participations income
2011 vs 2010: Up 37% from CHF 89 million to CHF 122 million
The increase was mainly due to higher income in single-manager hedge funds

2010 vs 2009: Up 71% from CHF 52 million to CHF 89 million
The increase was mainly due to higher income in diversified strategies.

Investment-related gains/(losses)
2011 vs 2010: Down 29% from CHF 432 million to CHF 305 million

In 2011, we had realized and unrealized gains in private equity investments, mainly in the healthcare, industrial, commodities and transportation sectors, partially offset by unrealized losses in the technology sector. In 2010, we had realized and unrealized gains in private equity investments, mainly in the energy, industrial and commodities sectors, and in credit-related investments.

2010 vs 2009: Up from CHF (365) million to CHF 432 million
In 2010, we had realized and unrealized gains in private equity investments, mainly in the energy, industrial and commodities sectors, and in credit-related investments. In 2009, we had unrealized losses in private equity investments, mainly in the real estate, financial services and energy sectors, partially offset by unrealized gains in credit-related investments.

Equity participations gains/(losses)
2011 vs 2010: Up from CHF (48) million to CHF 7 million
The gain in 2011 reflected the partial sale of our ownership interest in Aberdeen, reducing our interest in Aberdeen to 19.8% from 21.0%, partially offset by an impairment of a joint venture investment. The losses in 2010 resulted from a reduction of our ownership interest in Aberdeen due to an issuance of shares by Aberdeen.

2010 vs 2009: Down from 286 to CHF (48) million
The losses in 2010 resulted from the reduction of our ownership interest in Aberdeen due to the issuance of shares by Aberdeen. The gains in 2009 reflected gains of CHF 228 million from the Aberdeen transaction and CHF 58 million from the sale of our Polish and Korean joint ventures.

Operating expenses

Compensation and benefits
2011 vs 2010: Down 14% from CHF 1,082 million to CHF 932 million
Compensation and benefits expenses were down, mainly due to the favorable foreign exchange translation impact and lower deferred compensation from prior-year awards.

2010 vs 2009: Stable at CHF 1,082 million
Compensation and benefits expenses were stable, as lower performance-related variable compensation accruals, reflecting higher base salaries and a higher proportion of variable compensation deferred through share-based and other awards, were offset by the increase in base salaries and higher deferred compensation expense from prior-year awards.

General and administrative expenses
2011 vs 2010: Down 10% from CHF 583 million to CHF 527 million
The decrease mainly reflected the favorable foreign-exchange translation impact and lower professional fees.

2010 vs 2009: Up 5% from CHF 557 million to CHF 583 million
The increase mainly reflected higher fund administration costs, including the transfer of the Luxembourg fund administration business to Private Banking, and higher professional fees, partially offset by lower non-credit-related provisions.

Personnel

In 2011, headcount decreased to 2,700, down 200 from 2010 and down 400 from 2009. The decrease from 2010 reflected our ongoing cost-efficiency initiatives. The decrease from 2009 to 2010 mainly related to the transfer of the Luxembourg fund administration business to Private Banking in 2010.

Corporate Center

In 2011, we recorded a loss from continuing operations before taxes of CHF 231 million, primarily reflecting severance and other compensation expenses relating to the Group-wide cost-efficiency initiatives, partly offset by fair value gains on Credit Suisse vanilla debt.

Corporate Center includes parent company operations such as Group financing, expenses for projects sponsored by the Group and certain expenses and revenues that have not been allocated to the segments. In addition, Corporate Center includes consolidation and elimination adjustments required to eliminate intercompany revenues and expenses.

The following provides a comparison of our 2011 results versus 2010 and 2010 results versus 2009.

Loss from continuing operations before taxes

2011 vs 2010: From CHF (660) million to CHF (231) million
The decreased loss primarily reflected lower litigation provisions and higher fair value gains on Credit Suisse long-term vanilla debt. The 2011 loss included CHF 847 million of costs consisting primarily of severance and other compensation expenses relating to the accelerated Group-wide cost-efficiency initiatives and CHF 291 million of fair value losses on stand-alone derivatives, partly offset by CHF 1,421 million of fair value gains on our long-term vanilla debt, which reflected the positive difference between the straight-line amortization charged to the segments and the net impact of fair valuation adjustments on Credit Suisse debt from widening credit spreads.

2010 vs 2009: From CHF (1,948) million to CHF (660) million
The decreased loss primarily reflected lower litigation provisions and fair value gains on Credit Suisse vanilla debt versus losses in 2009. The 2010 loss included a charge of CHF 404 million for the UK levy on variable compensation and CHF 216 million of litigation provisions, partly offset by CHF 590 million of fair value gains on our long-term vanilla debt, which reflected the positive difference between the straight-line amortization charged to the segments and the net impact of fair valuation adjustments on Credit Suisse debt from widening credit spreads. Revenues and compensation and benefits also included reclassifications relating to the PAF, as PAF gains and offsetting compensation expense were included in Investment Banking trading revenues.

Results

			in		% change
	2011	2010	2009	11 / 10	10 / 09
Statements of operations (CHF million)					
Net revenues	**910**	**448**	**(424)**	103	–
Provision for credit losses	**0**	**0**	**0**	–	–
Compensation and benefits	951	710	534	34	33
General and administrative expenses	144	323	908	(55)	(64)

Commission expenses	46	75	82	(39)	(9)
Total other operating expenses	190	398	990	(52)	(60)
Total operating expenses	**1,141**	**1,108**	**1,524**	3	(27)
Loss from continuing operations before taxes	**(231)**	**(660)**	**(1,948)**	(65)	(66)

Results overview

	Private Banking			Investment Banking			Asset Management			C
in / end of	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011
Statements of operations (CHF million)										
Net revenues	**10,877**	**11,631**	**11,662**	**11,496**	**16,214**	**20,537**	**2,146**	**2,332**	**1,842**	**910**
Provision for credit losses	**110**	**18**	**180**	**77**	**(97)**	**326**	**0**	**0**	**0**	**0**
Compensation and benefits	4,601	4,737	4,651	6,667	8,033	8,652	932	1,082	1,090	951
General and administrative expenses	3,176	2,793	2,580	3,503	3,495	3,559	527	583	557	144
Commission expenses	642	657	600	1,170	1,252	1,155	134	164	160	46
Total other operating expenses	3,818	3,450	3,180	4,673	4,747	4,714	661	747	717	190
Total operating expenses	**8,419**	**8,187**	**7,831**	**11,340**	**12,780**	**13,366**	**1,593**	**1,829**	**1,807**	**1,141**
Income/(loss) from continuing operations before taxes	**2,348**	**3,426**	**3,651**	**79**	**3,531**	**6,845**	**553**	**503**	**35**	**(231)**
Income tax expense/(benefit)	–	–	–	–	–	–	–	–	–	–
Income/(loss) from continuing operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Income from discontinued operations	–	–	–	–	–	–	–	–	–	–

Net income/(loss)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Less net income/(loss) attributable to noncontrolling interests	–	–	–	–	–	–	–	–	–	–	
Net income/(loss) attributable to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Statement of operations metrics (%)											
Cost/income ratio	77.4	70.4	67.1	98.6	78.8	65.1	74.2	78.4	98.1	–	
Pre-tax income margin	21.6	29.5	31.3	0.7	21.8	33.3	25.8	21.6	1.9	–	
Effective tax rate	–	–	–	–	–	–	–	–	–	–	
Income margin from continuing operations	–	–	–	–	–	–	–	–	–	–	
Net income margin	–	–	–	–	–	–	–	–	–	–	
Utilized economic capital and return											
Average utilized economic capital (CHF million)	6,940	6,589	6,236	19,917	20,735	20,155	3,359	3,539	3,467	1,269[2]	1,
Pre-tax return on average utilized economic capital (%) [3]	34.2	52.5	59.0	1.0	17.6	34.6	17.5	15.2	2.1	–	
Balance sheet statistics (CHF million)											
Total assets	350,955	337,496	345,488	804,420	803,613	819,081	28,667	27,986	19,289	(139,626)[4]	(143,9
Net loans	196,268	182,880	176,009	37,134	35,970	61,175	–	–	–	11	
Goodwill	743	749	789	6,363	6,347	6,843	1,485	1,489	1,635	–	
Number of employees (full-time equivalents)											
Number of employees	25,200	25,600	24,300	20,900	20,700	19,400	2,700	2,900	3,100	900	

1 Core Results include the results of our integrated banking business, excluding revenues and expenses in respect of noncontr interest costs for allocated goodwill. 4 Under the central treasury model, Group financing results in intra-Group balances be

Assets under management

As of December 31, 2011, assets under management were CHF 1,229.5 billion, down 1.9% compared to December 31, 2010, primarily reflecting negative market movements and adverse foreign exchange-related movements, partly

offset by net new assets of CHF 44.5 billion in Private Banking.

Assets under management and client assets

			end of		% change
	2011	2010	2009	11 / 10	10 / 09
Assets under management (CHF billion)					
Private Banking	927.9	932.9	914.9	(0.5)	2.0
Asset Management	408.0	425.8	416.0	(4.2)	2.4
Assets managed by Asset Management for Private Banking clients	(106.4)	(105.7)	(101.9)	0.7	3.7
Assets under management	**1,229.5**	**1,253.0**	**1,229.0**	(1.9)	2.0
of which discretionary assets	411.6	429.1	422.3	(4.1)	1.6
of which advisory assets	817.9	823.9	806.7	(0.7)	2.1
Client assets (CHF billion)					
Private Banking	1,083.6	1,087.1	1,063.4	(0.3)	2.2
Asset Management	434.1	452.5	444.7	(4.1)	1.8
Assets managed by Asset Management for Private Banking clients	(106.4)	(105.7)	(101.9)	0.7	3.7
Client assets	**1,411.3**	**1,433.9**	**1,406.2**	(1.6)	2.0

Growth in assets under management

in	2011	2010	2009
Growth in assets under management (CHF billion)			
Private Banking	44.5	54.6	41.6
Asset Management [1]	(0.9)	20.6	0.4
Assets managed by Asset Management for Private Banking clients	(2.7)	(6.2)	2.2
Net new assets	**40.9**	**69.0**	**44.2**
Private Banking	(49.5)	(36.6)	84.4
Asset Management	(16.9)[2]	(10.8)	4.1
Assets managed by Asset Management for Private Banking clients	2.0	2.4	(9.8)
Other effects	**(64.4)**	**(45.0)**	**78.7**
Private Banking	(5.0)	18.0	126.0
Asset Management	(17.8)	9.8	4.5

Assets managed by Asset Management for Private Banking clients	(0.7)	(3.8)	(7.6)
Total growth in assets under management from continuing operations	**(23.5)**	**24.0**	**122.9**
Total growth in assets under management from discontinued operations	0.0	0.0	(67.9)[3]
Total growth in assets under management	**(23.5)**	**24.0**	**55.0**
Growth in assets under management (%) [4]			
Private Banking	4.8	6.0	5.3
Asset Management	(0.2)	5.0	0.1
Assets managed by Asset Management for Private Banking clients	2.6	6.1	(2.3)
Net new assets	**3.3**	**5.6**	**4.0**
Private Banking	(5.3)	(4.0)	10.7
Asset Management	(4.0)	(2.6)	1.0
Assets managed by Asset Management for Private Banking clients	(1.9)	(2.4)	10.4
Other effects	**(5.2)**	**(3.7)**	**7.1**
Private Banking	(0.5)	2.0	16.0
Asset Management	(4.2)	2.4	1.1
Assets managed by Asset Management for Private Banking clients	0.7	3.7	8.1
Total growth in assets under management	**(1.9)**	**1.9**	**11.1**

1 Includes outflows for private equity assets reflecting realizations at cost and unfunded commitments on which a fee is no longer earned. 2 Includes an adjustment to present private equity assets under management at cost for invested assets and unfunded commitments only where a fee is earned. Prior periods have not been restated. 3 Includes assets under management relating to the sale of part of our traditional investment strategies business in Asset Management. 4 Calculated based on continuing operations.

Assets under management

Assets under management comprise assets which are placed with us for investment purposes and include discretionary and advisory counterparty assets.

Discretionary assets are assets for which the customer fully transfers the discretionary power to a Credit Suisse entity with a management mandate. Discretionary assets are reported in the segment in which the advice is provided, as well

as in the segment in which the investment decisions take place. Assets managed by Asset Management for Private Banking clients are reported in both segments and eliminated at Group level.

Advisory assets include assets placed with us where the client is provided access to investment advice but retains discretion over investment decisions.

As of December 31, 2011, assets under management were CHF 1,229.5 billion, down CHF 23.5 billion, or 1.9%, compared to December 31, 2010, primarily reflecting negative market movements, adverse foreign exchange-related movements and net asset outflows of CHF 0.9 billion in Asset Management, partly offset by net new assets of CHF 44.5 billion in Private Banking.

In Private Banking, assets under management were CHF 927.9 billion, stable compared to the end of 2010, as net new assets of CHF 44.5 billion were mainly offset by adverse market movements. In Asset Management, assets under management were CHF 408.0 billion, down CHF 17.8 billion, or 4.2%, compared to the end of 2010, reflecting adverse market performance, negative foreign exchange-related movements and net asset outflows.

> Refer to “Private Banking” and “Asset Management” for further information on assets under management for these divisions.
> Refer to “Note 36 – Assets under management” in V – Consolidated financial statements – Credit Suisse Group for further information on assets under management.

Net new assets

Net new assets include individual cash payments, security deliveries and cash flows resulting from loan increases or repayments. Interest and dividend income credited to clients, commissions, interest and fees charged for banking services are not included as they do not reflect success in acquiring assets under management. Furthermore, changes due to foreign exchange-related and market movements as well as asset inflows and outflows due to the acquisition or divestiture of businesses are not part of net new assets.

Private Banking recorded net new assets of CHF 44.5 billion, with strong inflows in both the international and Swiss regions, compared to net new assets of CHF 54.6 billion in 2010. Asset Management recorded net asset outflows of CHF 0.9 billion, reflecting outflows of CHF 4.9 billion in traditional investments and inflows of CHF 3.9 billion in alternative investments, compared to net new assets of CHF 20.6 billion in 2010.

Client assets

Client assets is a broader measure than assets under management as it includes transactional and custody accounts (assets held solely for transaction-related or safekeeping/custody purposes) and assets of corporate clients and public institutions used primarily for cash management or transaction-related purposes.

Critical accounting estimates

In order to prepare the consolidated financial statements in accordance with US GAAP, management is required to make certain accounting estimates to ascertain the value of assets and liabilities. These estimates are based upon judgment and the information available at the time, and actual results may differ materially from these estimates. Management believes that the estimates and assumptions used in the preparation of the consolidated financial

statements are prudent, reasonable and consistently applied.

We believe that the critical accounting estimates discussed below involve the most complex judgments and assessments.

> Refer to "Note 1 – Summary of significant accounting policies" and "Note 2 – Recently issued accounting standards" in V – Consolidated financial statements – Credit Suisse Group for further information on significant accounting policies and new accounting pronouncements. For financial information relating to the Bank, refer to the corresponding notes in the consolidated financial statements of the Bank.

Fair value

A significant portion of our assets and liabilities are carried at >>>fair value. The fair value of the majority of these financial instruments is based on quoted prices in active markets or observable inputs.

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

We have availed ourselves of the simplification in accounting offered under the fair value option guidance in Accounting Standards Codification (ASC) Topic 825 – Financial Instruments, primarily in the Investment Banking and Asset Management segments. This has been accomplished generally by electing the fair value option, both at initial adoption and for subsequent transactions, on items impacted by the hedge accounting requirements of US GAAP. For instruments for which there was an inability to achieve hedge accounting and for which we are economically hedged, we have elected the fair value option. Where we manage an activity on a fair value basis but previously have been unable to achieve fair value accounting, we have utilized the fair value option to align our financial accounting to our risk management reporting.

Control processes are applied to ensure that the fair values of the financial instruments reported in the consolidated financial statements, including those derived from pricing models, are appropriate and determined on a reasonable basis.

These control processes include the review and approval of new instruments, review of profit and loss at regular intervals, risk monitoring and review, price verification procedures and reviews of models used to estimate the fair value of financial instruments by senior management and personnel with relevant expertise who are independent of the trading and investment functions.

> Refer to "Note 2 – Recently issued accounting standards" and "Note 33 – Financial instruments" in V – Consolidated financial statements – Credit Suisse Group for further information on fair value.

Variable interest entities

As a normal part of our business, we engage in various transactions that include entities which are considered variable interest entities (VIEs). VIEs are special purpose entities that typically lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under US GAAP, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that has the power to direct the activities that most significantly affect the economics of the VIE and potentially has significant benefits or losses in the VIE. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, including ongoing reassessment of VIEs for possible consolidation, may require the exercise of significant management judgment.

> Refer to “Note 1 – Summary of significant accounting policies”, “Note 2 – Recently issued accounting standards” and “Note 32 – Transfers of financial assets and variable interest entities” in V – Consolidated financial statements – Credit Suisse Group for further information on VIEs.

Contingencies and loss provisions

A contingency is an existing condition that involves a degree of uncertainty that will ultimately be resolved upon the occurrence or non-occurrence of future events.

Litigation contingencies

We are involved in a variety of judicial, regulatory and arbitration matters in connection with the conduct of our businesses. It is inherently difficult to predict the outcome of many of these matters, 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. In presenting our consolidated financial statements, management makes estimates regarding the outcome of judicial, regulatory and arbitration matters and takes a charge to income when losses with respect to such matters are probable and can be reasonably estimated. Charges, other than those taken for costs of defense, are not established for matters when losses cannot be reasonably estimated. Estimates, by their nature, are based on judgment and currently available information and involve a variety of factors, including, but not limited to, the type and nature of the litigation, claim or proceeding, the progress of the matter, the advice of legal counsel, our defenses and experience in similar cases or proceedings, as well as our assessment of matters, including settlements, involving other defendants in similar or related cases or proceedings.

> Refer to “Note 37 – Litigation” in V – Consolidated financial statements – Credit Suisse Group for further information on legal proceedings.

Allowance and provision for credit losses

As a normal part of our business, we are exposed to credit risk through our lending relationships, commitments and letters of credit as well as counterparty risk on >>>derivatives, foreign exchange and other transactions. Credit risk is the possibility of a loss being incurred as a result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of a default, we generally incur a loss equal to the amount owed by the debtor, less any recoveries resulting from foreclosure, liquidation of collateral or the restructuring of the debtor company. The allowance for loan losses is considered a reasonable estimate of credit losses existing at the dates of the consolidated balance sheets. This allowance is for probable credit losses inherent in existing exposures and credit exposures specifically identified as impaired.

> Refer to "Note 1 – Summary of significant accounting policies" and "Note 18 – Loans, allowance for loan losses and credit quality" in V – Consolidated financial statements – Credit Suisse Group for further information on allowance for loan losses.

Inherent loan loss allowance

The inherent loan loss allowance is for all credit exposures not specifically identified as impaired and that, on a portfolio basis, are considered to contain probable inherent loss. The estimate of this component of the allowance for the consumer loans portfolio involves applying historical and current default probabilities, historical recovery experience and related current assumptions to homogenous loans based on internal risk rating and product type. To estimate this component of the allowance for the corporate & institutional loans portfolio, the Group segregates loans by risk, industry or country rating. The methodology for Investment Banking adjusts the rating-specific default probabilities to incorporate not only historic third-party data but also those implied from current quoted credit spreads.

Many factors are evaluated in estimating probable credit losses inherent in existing exposures. These factors include: the volatility of default probabilities; rating changes; the magnitude of the potential loss; internal risk ratings; geographic, industry and other economic factors; and imprecision in the methodologies and models used to estimate credit risk. Overall credit risk indicators are also considered, such as trends in internal risk-rated exposures, classified exposures, cash-basis loans, recent loss experience and forecasted write-offs, as well as industry and geographic concentrations and current developments within those segments or locations. Our current business strategy and credit process, including credit approvals and limits, underwriting criteria and workout procedures, are also important factors.

Significant judgment is exercised in the evaluation of these factors. For example, estimating the amount of potential loss requires an assessment of the period of the underlying data. Data that does not capture a complete credit cycle may compromise the accuracy of loss estimates. Determining which external data relating to default probabilities should be used and when they should be used, also requires judgment. The use of market indices and ratings that do not sufficiently correlate to our specific exposure characteristics could also affect the accuracy of loss estimates. Evaluating the impact of uncertainties regarding macroeconomic and political conditions, currency devaluations on cross-border exposures, changes in underwriting criteria, unexpected correlations among exposures and other factors all require significant judgment. Changes in our estimates of probable loan losses inherent in the portfolio could have an impact on the provision and result in a change in the allowance.

Specific loan loss allowances

We make provisions for specific loan losses on impaired loans based on regular and detailed analysis of each loan in the portfolio. This analysis includes an estimate of the realizable value of any collateral, the costs associated with obtaining repayment and realization of any such collateral, the counterparty's overall financial condition, resources and payment record, the extent of our other commitments to the same counterparty and prospects for support from any financially responsible guarantors.

The methodology for calculating specific allowances involves judgments at many levels. First, it involves the early identification of deteriorating credit. Extensive judgment is required in order to properly evaluate the various indicators of financial condition of a counterparty and likelihood of repayment. The failure to identify certain indicators or give them proper weight could lead to a different conclusion about the credit risk. The assessment of credit risk is subject to inherent limitations with respect to the completeness and accuracy of relevant information (for example, relating to the counterparty, collateral or guarantee) that is available at the time of the assessment. Significant judgment is exercised in determining the amount of the allowance. Whenever possible, independent, verifiable data or our own historical loss experience is used in models for estimating loan losses. However, a significant degree of uncertainty remains when applying such valuation techniques. Under our loan policy, the classification of loan status also has a significant impact on the subsequent accounting for interest accruals.

> Refer to “Risk Management” in III – Treasury, Risk, Balance sheet and Off-balance sheet and “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group for loan portfolio disclosures, valuation adjustment disclosures and certain other information relevant to the evaluation of credit risk and credit risk management.

Goodwill impairment

Under US GAAP, goodwill is not amortized, but is reviewed for potential impairment on an annual basis as of December 31 and at any other time that events or circumstances indicate that the carrying value of goodwill may not be recoverable. Circumstances that could trigger an impairment test include, but are not limited to: (i) macroeconomic conditions such as a deterioration in general economic conditions or other developments in equity and credit markets; (ii) industry and market considerations such as a deterioration in the environment in which the entity operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), and regulatory or political developments; (iii) other relevant entity-specific events such as changes in management, key personnel or strategy; (iv) a more-likely-than-not expectation of selling or disposing all, or a portion, of a reporting unit; (v) results of testing for recoverability of a significant asset group within a reporting unit; (vi) recognition of a goodwill impairment in the financial statements of a subsidiary that is a component of a reporting unit; and (vii) a sustained decrease in share price (considered in both absolute terms and relative to peers).

For the purpose of testing goodwill for impairment, each reporting unit is assessed individually. A reporting unit is an operating segment or one level below an operating segment, also referred to as a component. A component of an operating segment is deemed to be a reporting unit if the component constitutes a business for which discrete financial information is available and management regularly reviews the operating results of that component. In Private Banking, Wealth Management Clients and Corporate & Institutional Clients are considered to be reporting units. Investment Banking is considered to be one reporting unit. In Asset Management, alternative investment strategies and traditional investment strategies are considered to be reporting units. If the estimated fair value of a reporting unit exceeds its carrying value, there is no goodwill impairment. Factors considered in determining the fair value of reporting units include, among other things: an evaluation of recent acquisitions of similar entities in the market place; current share values in the market place for similar publicly traded entities, including price multiples; recent trends in our share price and those of competitors; estimates of our future earnings potential based on our three-year strategic business plan; and the level of interest rates.

Estimates of our future earnings potential, and that of the reporting units, involve considerable judgment, including management’s view on future changes in market cycles, the regulatory environment, the anti–cipated result of the implementation of business strategies, competitive factors and assumptions concerning the retention of key employees. Adverse changes in the estimates and assumptions used to determine the fair value of the Group’s reporting units may result in a goodwill impairment in the future.

Based on our goodwill impairment analysis performed as of December 31, 2011, we concluded that the estimated fair value for the four reporting units within our Private Banking and Asset Management segments substantially exceeded the related carrying value and no impairment was necessary as of December 31, 2011.

There was also no impairment necessary for our Investment Banking reporting unit as the estimated fair value exceeded its carrying value by 9%. The goodwill allocated to this reporting unit has become more exposed to a future impairment as the valuation of the reporting unit is highly correlated with economic and financial market conditions, client trading and investing activity and the regulatory environment in which it operates. We engaged the services of an independent valuation specialist to assist in the valuation of the reporting unit as of December 31, 2011 using a combination of the market approach and income approach. Under the market approach, consideration is given to price to projected earnings multiples or price to book value multiples for similarly traded companies and prices paid in recent transactions that have occurred in its industry or in related industries. Under the income approach, a discount

rate was applied that reflects the risk and uncertainty related to the reporting unit's projected cash flows.

The results of the impairment evaluation of the Investment Banking reporting unit's goodwill would be significantly impacted by adverse changes in the underlying parameters used in the valuation process. If actual outcomes adversely differ by a sufficient margin from our best estimates of the key economic assumptions and associated cash flows applied in the valuation of the reporting unit, we could potentially incur material impairment charges in the future with respect to the CHF 6,363 million of goodwill recorded in Investment Banking.

> Refer to "Note 20 – Goodwill and other intangible assets" in V – Consolidated financial statements – Credit Suisse Group for further information on goodwill.

Taxes

Uncertainty of income tax positions

The Group follows the guidance in ASC Topic 740 – Income Taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain income tax positions.

Significant judgment is required in determining whether it is more likely than not that an income tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Further judgment is required to determine the amount of benefit eligible for recognition in the consolidated financial statements.

> Refer to "Note 26 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information on income tax positions.

Deferred tax valuation allowances

Deferred tax assets and liabilities are recognized for the estimated future tax effects of operating loss carry-forwards and temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases at the dates of the consolidated balance sheets.

The realization of deferred tax assets on temporary differences is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. The realization of such deferred tax assets on net operating losses is dependent upon the generation of taxable income during the periods prior to their expiration, if applicable. Management regularly evaluates whether deferred tax assets will be realized. If management considers it more likely than not that all or a portion of a deferred tax asset will not be realized, a corresponding valuation allowance is established. In evaluating whether deferred tax assets will be realized, management considers both positive and negative evidence, including projected future taxable income, the reversal of deferred tax liabilities which can be scheduled and tax planning strategies.

This evaluation requires significant management judgment, primarily with respect to projected taxable income. Future taxable income can never be predicted with certainty. It is derived from budgets and strategic business plans but is dependent on numerous factors, some of which are beyond management's control. Substantial variance of actual results from estimated future taxable profits, or changes in our estimate of future taxable profits and potential restructurings, could lead to changes in deferred tax assets being realizable, or considered realizable, and would require a corresponding adjustment to the valuation allowance.

As part of its normal practice, management has conducted a detailed evaluation of its expected future results. This evaluation has taken into account the Group's commitment to the integrated banking model and the importance of the Investment Banking segment within the integrated bank, as well as the changes in the Group's core businesses and the reduction in risk since 2008. This evaluation has indicated the expected future results that are likely to be earned in jurisdictions where the Group has significant deferred tax assets, such as the US, the UK and Switzerland. Management then compared those expected future results with the applicable law governing utilization of deferred tax assets. US tax law allows for a 20-year carry-forward period for net operating losses, UK tax law allows for an unlimited carry-forward period for net operating losses and Swiss tax law allows for a seven-year carry-forward period for net operating losses.

> Refer to "Note 26 – Tax" in V – Consolidated financial statements – Credit Suisse Group for further information on deferred tax assets.

Pension plans

The Group

The Group covers pension requirements, in both Swiss and non-Swiss locations, through various defined benefit pension plans and defined contribution pension plans.

Our funding policy with respect to the non-Swiss pension plans is consistent with local government and tax requirements.

The calculation of the expense and liability associated with the defined benefit pension plans requires an extensive use of assumptions, which include the discount rate, expected return on plan assets and rate of future compensation increases as determined by us. Management determines these assumptions based upon currently available market and industry data and historical performance of the plans. Management also consults with an independent actuarial firm to assist in selecting appropriate assumptions and valuing its related liabilities. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of the participants. Any such differences could have a significant impact on the amount of pension expense recorded in future years.

The funded status of our defined benefit pension and other post-retirement defined benefit plans are recorded in the consolidated balance sheets. The impacts from re-measuring the funded status (reflected in actuarial gains or losses) and from amending the plan (reflected in prior service cost or credits) are recognized in equity as a component of accumulated other comprehensive income/(loss) (AOCI).

The projected benefit obligation (PBO) of our total defined benefit pension plans as of December 31, 2011 included an amount related to our assumption for future salary increases of CHF 568 million, compared to CHF 1,052 million as of December 31, 2010. The accumulated benefit obligation (ABO) is defined as the PBO less the amount related to estimated future salary increases. The difference between the fair value of plan assets and the ABO was an overfunding of CHF 139 million for 2011, compared to an overfunding of CHF 415 million for 2010.

We are required to estimate the expected long-term rate of return on plan assets, which is then used to compute pension cost recorded in the consolidated statements of operations. Estimating future returns on plan assets is particularly subjective, as the estimate requires an assessment of possible future market returns based on the plan asset mix. In calculating pension expense and in determining the expected long-term rate of return, we use the market value of assets. The assumptions used to determine the benefit obligation as of the measurement date are also used to calculate the net periodic pension cost for the 12-month period following this date.

The expected weighted-average long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs in 2011 and 2010 was 4.8% for the Swiss plans and 7.3% and 7.2%, respectively, for the international plans. In 2011, if the expected long-term rate of return had been increased/decreased 1%, net pension expense for the Swiss plans would have decreased/increased CHF 141 million and net pension expense for the international plans would have decreased/increased CHF 22 million.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. In estimating the discount rate, we take into consideration the relationship between the corporate bonds and the timing and amount of the future cash outflows from benefit payments. The average discount rate used for Swiss plans decreased 0.3 percentage point from 3.1% as of December 31, 2010, to 2.8% as of December 31, 2011, mainly due to a decrease in Swiss bond market rates. The average discount rate used for international plans decreased 0.7 percentage point from 5.5% as of December 31, 2010, to 4.8% as of December 31, 2011, mainly due to a decrease in bond market rates in the EU, the UK and the US. The discount rate affects both the pension expense and the PBO. For the year ended December 31, 2011, a 1% decline in the discount rate for the Swiss plans would have resulted in an increase in the PBO of CHF 1,919 million and an increase in pension expense of CHF 159 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 1,672 million and a decrease in the pension expense of CHF 75 million. A 1% decline in the discount rate for the international plans as of December 31, 2011 would have resulted in an increase in the PBO of CHF 574 million and an increase in pension expense of CHF 50 million, and a 1% increase in the discount rate would have resulted in a decrease in the PBO of CHF 461 million and a decrease in the pension expense of CHF 43 million.

Actuarial losses and prior service cost are amortized over the average remaining service period of active employees expected to receive benefits under the plan, which, as of December 31, 2011, was approximately ten years for the Swiss plans and four to 26 years for the international plans. The pre-tax expense associated with the amortization of net actuarial losses and prior service cost for defined benefit pension plans for the years ended December 31, 2011, 2010 and 2009 was CHF 152 million, CHF 140 million and CHF 60 million, respectively. The amortization of recognized actuarial losses and prior service cost for defined benefit pension plans for the year ending December 31, 2012, which is assessed at the beginning of the year, is expected to be CHF 120 million, net of tax. The amount by which the actual return on plan assets differs from our estimate of the expected return on those assets further impacts the amount of net actuarial losses or gains recognized in equity, resulting in a higher or lower amount of amortization expense in periods after 2012.

> Refer to “Note 29 – Pension and other post-retirement benefits” in V – Consolidated financial statements – Credit Suisse Group for further information on pension benefits.

The Bank

The Bank covers pension requirements for its employees in Switzerland through participation in a defined benefit pension plan sponsored by the Group (Group plan). Various legal entities within the Group participate in the Group plan, which is set up as an independent trust domiciled in Zurich. The Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic pension expense, PBO, ABO and the related amounts recognized in the consolidated balance sheets. The funded status of the Group plan is recorded in the consolidated balance sheets. The actuarial gains and losses and prior service costs or credits are recognized in equity as a component of AOCI.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expense or balance sheet amounts related to the Group plan

are recognized by the Bank.

The Bank covers pension requirements for its employees in international locations through participation in various pension plans, which are accounted for as single-employer defined benefit pension plans or defined contribution pension plans.

In 2011, if the Bank had accounted for the Group plan as a defined benefit plan, the expected long-term rate of return used to determine the expected return on plan assets as a component of the net periodic pension costs would have been 4.8%. In 2011, the weighted-average expected long-term rate of return used to calculate the expected return on plan assets as a component of the net periodic pension cost for the international single-employer defined benefit pension plans was 7.3%.

The discount rate used in determining the benefit obligation is based either upon high-quality corporate bond rates or government bond rates plus a premium in order to approximate high-quality corporate bond rates. For the year ended December 31, 2011, if the Bank had accounted for the Group plan as a defined benefit plan, the discount rate used in the measurement of the benefit obligation and net periodic pension cost would have been 2.8% and 3.1%, respectively. For the year ended December 31, 2011, the weighted-average discount rates used in the measurement of the benefit obligation and the net periodic pension costs for the international single-employer defined benefit pension plans were 4.8% and 5.5%, respectively. A 1% decline in the discount rate for the international single-employer plans would have resulted in an increase in PBO of CHF 574 million and an increase in pension expense of CHF 50 million, and a 1% increase in the discount rate would have resulted in a decrease in PBO of CHF 461 million and a decrease in pension expense by CHF 43 million.

The Bank does not recognize any amortization of actuarial losses and prior service cost for the Group pension plan. Actuarial losses and prior service cost related to the international single-employer defined benefit pension plans are amortized over the average remaining service period of active employees expected to receive benefits under the plan. The pre-tax expense associated with the amortization of recognized net actuarial losses and prior service cost for the years ended December 31, 2011, 2010 and 2009 was CHF 51 million, CHF 37 million and CHF 18 million, respectively. The amortization of recognized actuarial losses and prior service cost for the year ending December 31, 2012, which is assessed at the beginning of the year, is expected to be CHF 47 million, net of tax.

Treasury, Risk, Balance sheet and Off-balance sheet

Treasury management

Risk management

Balance sheet, off-balance sheet and other contractual obligations

Treasury management

We continued to manage our liquidity and funding position, and our capital position remained strong with a BIS tier 1 ratio under Basel II.5 of 15.2% as of the end of 2011 compared to 14.2% as of the end of 2010. The majority of our unsecured funding was generated from stable client deposits and long-term debt.

Funding, liquidity, capital and our foreign exchange exposures in the banking book are managed centrally by Treasury. Oversight of these activities is provided by the Capital Allocation and Risk Management Committee

(CARMC), a committee that includes the chief executive officers (CEOs) of the Group and the divisions, the Chief Financial Officer, the Chief Risk Officer (CRO) and the Treasurer. It is CARMC's responsibility to review the capital position, balance sheet development, current and prospective funding, interest rate risk and foreign exchange exposure and to define and monitor adherence to internal risk limits.

Liquidity and funding management

Overview

Our liquidity and funding strategy is approved by CARMC and overseen by the Board of Directors. The implementation and execution of the funding and liquidity strategy is managed by Treasury. Treasury ensures adherence to our funding policy and the efficient coordination of the secured funding desks. This approach enhances our ability to manage potential liquidity and funding risks and to promptly adjust our liquidity and funding levels to meet stress situations. Our liquidity and funding profile is regularly reported to CARMC and the Board of Directors, who define our risk tolerance and the balance sheet usage of the businesses.

Our liquidity and funding profile reflects our strategy, risk appetite, business activities, the markets and the overall operating environment. We have adapted our liquidity and funding profile to reflect lessons learned from the financial crisis and the subsequent change in our business strategy. Our liquidity risk management also reflects evolving best practice standards in light of the challenging environment. We have been an active participant in regulatory and industry forums to promote best practice standards on liquidity management.

In April 2010, we implemented revised liquidity principles agreed with the Swiss Financial Market Supervisory Authority (FINMA), following its consultation with the Swiss National Bank (SNB), to ensure that the Group and the Bank have adequate holdings on a consolidated basis of liquid, unencumbered, high-quality securities available in a crisis situation for designated periods of time. The principles went into effect as of the end of the second quarter of 2010. 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 may be modified to reflect the final Basel Committee on Banking Supervision (BCBS) liquidity requirements. In March 2011, the liquidity principles were extended to cover the Bank (without its consolidated subsidiaries), both with and without foreign branches.

In December 2010, the BCBS issued the >>>Basel III international framework for liquidity risk measurement, standards and monitoring. The framework includes a >>>liquidity coverage ratio (LCR) and a >>>net stable funding ratio (NSFR). The LCR, which is expected to be introduced January 1, 2015 following an observation period which began in 2011, addresses liquidity risk over a 30-day period. The NSFR, which is expected to be introduced 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 BCBS has stated that it will review the effect of these liquidity standards on financial markets, credit extension and economic growth to address unintended consequences.

The LCR aims to ensure that banks have a stock of unencumbered high-quality liquid assets available to meet liquidity needs for a 30-day time horizon under a severe stress scenario. The LCR is comprised of two components: the value of the stock of high quality liquid assets in stressed conditions and the total net cash outflows calculated according to specified scenario parameters. The ratio of liquid assets over net cash outflows should be at least 100%.

The NSFR is intended to ensure banks maintain a structurally sound long-term funding profile beyond one year and is a complementary measure to the LCR. The NSFR is structured to ensure that illiquid assets are funded with an appropriate amount of stable long-term funds. The standard is defined as the ratio of available stable funding over the amount of required stable funding. The ratio should always be at least 100%.

Our revised liquidity principles and our liquidity risk management framework as agreed with FINMA are in line with the Basel III liquidity framework.

Liquidity risk management framework

Our internal liquidity risk management framework has been subject to review and monitoring by regulators and rating agencies for many years. Our liquidity and funding policy is designed to ensure that funding is available to meet all obligations in times of stress, whether caused by market events or issues specific to Credit Suisse. We achieve this through a conservative asset/liability management strategy aimed at maintaining a funding structure with long-term wholesale and stable deposit funding and cash well in excess of illiquid assets. To address short-term liquidity stress, we maintain a buffer of cash and highly liquid securities that covers unexpected needs of short-term liquidity. Our liquidity risk parameters reflect various liquidity stress assumptions, which we believe are conservative. We manage our liquidity profile at a sufficient level such that, in the event we are unable to access unsecured funding, we will have sufficient liquidity to sustain operations for an extended period of time well in excess of our minimum target.

CARMC reviews the methodology and assumptions of the liquidity risk management framework and determines the liquidity horizon to be maintained by Treasury in order to ensure that the liquidity profile is managed at an appropriate level. The Board of Directors is responsible for defining our overall tolerance for risk in the form of a risk appetite statement.

Our highly integrated liquidity risk management framework is based on similar methodologies to those contemplated under the BCBS liquidity framework. Our targeted funding profile is designed to enable us to continue to pursue activities for an extended period of time without changing business plans during times of stress.

Although the NSFR is not expected to be introduced until 2018 and is still subject to adjustment by the BCBS and FINMA, we began in 2012 using the NSFR as the primary tool to monitor our structural liquidity position, to plan funding and as the basis for our funds transfer pricing policy. Credit Suisse intends to achieve a NSFR ratio of 100% by the end of 2013. We estimate that our NSFR was 98% as of the end of 2011. Where requirements are unclear or left to be determined by national regulators, we have made our own interpretation to arrive at the current result.

We continue to use our internal liquidity barometer to model both Credit Suisse-specific and systemic market stress scenarios. The barometer allows us to manage the time horizon over which the adjusted market value of unencumbered assets (including cash) exceeds the aggregate value of contractual outflows of unsecured liabilities plus a conservative forecast of anticipated contingent commitments.

Our liquidity management framework allows us to run stress analyses on our balance sheet and off-balance sheet positions, which include, but are not limited to, the following:

– A multiple-notch downgrade in the Bank’s long-term debt credit ratings, which would require additional funding as a result of certain contingent off-balance sheet obligations;

– Significant withdrawals from private banking client deposits;

– Potential cash outflows associated with the prime brokerage business;

– Availability of secured funding is subject to significant over-collateralization;

– Capital markets, certificates of deposit and >>>commercial paper (CP) markets will not be available;

– Other money market access will be significantly reduced;

– A loss in funding value of unencumbered assets;

– The inaccessibility of assets held by subsidiaries due to regulatory, operational and other constraints;

– The possibility of providing non-contractual liquidity support in times of market stress, including purchasing our unsecured debt;

– Monitoring the concentration in sources of wholesale funding and thus encourage funding diversification;

– Monitoring the composition and analysis of the unencumbered assets; and

– Restricted availability of foreign currency swap markets.

Treasury also manages a sizeable portfolio of liquid assets, comprised of cash, high grade bonds and other liquid securities including major market equities securities, which serve as a liquidity buffer. The bonds are eligible for repo transactions with various central banks including the SNB, the US Federal Reserve, the European Central Bank and the Bank of England. Most of these liquid assets qualify as eligible assets under the BCBS liquidity standards.

In the event of a liquidity crisis, we would activate our liquidity contingency plan, which focuses on the specific actions that would be taken in the event of a crisis, including a detailed communication plan for creditors, investors and customers. The plan, which is regularly updated, sets out a three-stage process of the specific actions that would be taken:

– Stage I – Market disruption or Group/Bank event

– Stage II – Unsecured markets partially inaccessible

– Stage III – Unsecured funding totally inaccessible

The contingency plan would be activated by the Liquidity Crisis Committee, which includes senior business line, funding and finance department management. This committee would meet frequently throughout the crisis to ensure that the plan is executed.

Funding sources and uses

We primarily fund our balance sheet through core customer deposits, long-term debt and shareholders' equity. A substantial portion of our balance sheet is >>>match funded and requires no unsecured funding. Match funded balance sheet items consist of assets and liabilities with close to equal liquidity durations and values so that the liquidity and funding generated or required by the positions are substantially equivalent. Cash and due from banks is highly liquid. A significant part of our assets, principally unencumbered trading assets that support the securities business, is comprised of securities inventories and collateralized receivables, which fluctuate and are generally liquid. These liquid assets are available to settle short-term liabilities. These assets include our buffer of CHF 176 billion of cash, securities accepted under central bank facilities and other highly liquid unencumbered securities, which can be monetized in a time frame consistent with our short-term stress assumptions. Our buffer increased 17% compared to

CHF 150 billion as of the end of 2010, primarily reflecting increased cash. Loans, which comprise the largest component of our illiquid assets, are funded by our core customer deposits, with an excess coverage of 22% as of the end of 2011, down from 25% as of the end of 2010, mainly driven by additional loans in Private Banking. We fund other illiquid assets, including real estate, private equity and other long-term investments and a >>>haircut for the illiquid portion of securities, with long-term debt and equity, where we try to maintain a substantial funding buffer.

> Refer to the chart "Balance sheet funding structure" and "Balance sheet, off-balance sheet and other contractual obligations" for further information.

Our core customer deposits totaled CHF 278 billion as of the end of 2011, an increase of 5% compared to CHF 266 billion as of the end of 2010, reflecting deposit inflows. Core customer deposits are from clients with whom we have a broad and longstanding relationship. Core customer deposits exclude deposits from banks and certificates of deposit. We place a priority on maintaining and growing customer deposits, as they have proved to be a stable and resilient source of funding even in difficult market conditions. Our core customer deposit funding is supplemented by the issuance of long-term debt. We were able to execute the 2011 funding plan despite difficult market conditions in the earlier part of the year and pre-funded a portion of our expected 2012 funding needs.

Treasury is responsible for the development, execution and regular updating of our funding plan. The plan reflects projected business growth, development of the balance sheet, future funding needs and maturity profiles as well as the effects of changing market conditions.

Interest expense on long-term debt, excluding structured notes, is monitored and managed relative to certain indices, such as the >>>London Interbank Offered Rate, that are relevant to the financial services industry. This approach to term funding best reflects the sensitivity of both our liabilities and our assets to changes in interest rates. Our average funding cost, which is allocated to the divisions, remained largely unchanged compared to the end of 2010.

We continually manage the impact of funding spreads through careful management of our liability maturity mix and opportunistic issuance of debt. The effect of funding spreads on interest expense depends on many factors, including the absolute level of the indices on which our funding is based.

We diversify our funding sources by issuing structured notes, which are debt securities on which the return is linked to commodities, stocks, indices or currencies or other assets. We generally hedge structured notes with positions in the underlying assets or >>>derivatives. Our liquidity planning includes settlement of structured notes. We had CHF 35.7 billion of structured notes outstanding as of the end of 2011 compared to CHF 38.0 billion as of the end of 2010, reflecting the continued change in client activity and risk aversion in 2011.

We also use collateralized financings, including >>>repurchase agreements and securities lending agreements. The level of our repurchase agreements fluctuates, reflecting market opportunities, client needs for highly liquid collateral, such as US treasuries and agency securities, and the impact of balance sheet and >>>risk-weighted asset (RWA) limits. In addition, matched book trades, under which securities are purchased under agreements to resell and are simultaneously sold under agreements to repurchase with comparable maturities, earn spreads, are relatively risk-free and are generally related to client activity.

Our primary source of liquidity is funding through consolidated entities. The funding through non-consolidated special purpose entities (SPEs) and asset securitization activity is immaterial.

Securities for funding and capital purposes are issued primarily by the Bank, our principal operating subsidiary and a US registrant. The Bank lends funds to its operating subsidiaries and affiliates on both a senior and subordinated basis, as needed; the latter typically to meet capital requirements, or as desired by management to support business initiatives.

Debt issuances and redemptions

Our capital markets debt includes senior and subordinated debt issued in US-registered offerings and medium-term note programs, euro market medium-term note programs, Australian dollar domestic medium-term note programs, a Samurai shelf registration statement in Japan and covered bond programs. As a global bank, we have access to multiple markets worldwide and our major funding centers are Zurich, New York, London and Tokyo.

We use a wide range of products and currencies to ensure that our funding is efficient and well diversified across markets and investor types. Substantially all of our unsecured senior debt is issued without financial covenants, such as adverse changes in our credit ratings, cash flows, results of operations or financial ratios, which could trigger an increase in our cost of financing or accelerate the maturity of the debt.

Our long-term debt of CHF 162.7 billion decreased CHF 11.1 billion from the end of 2010, primarily due to a decrease of CHF 7.2 billion in senior debt and a decrease of CHF 4.9 billion in non-recourse liabilities from consolidated variable interest entities (VIEs). The decrease in senior debt primarily reflected increased maturities, partly offset by new issuances. Short-term borrowings increased to CHF 26.1 billion from CHF 21.7 billion. The percentage of unsecured funding from long-term debt, excluding non-recourse debt associated with the consolidation of VIEs was 26% as of the end of 2011, a decrease from 28% as of the end of 2010.

Our covered bond funding is in the form of mortgage-backed loans funded by domestic covered bonds issued through Pfandbriefbank Schweizerischer Hypothekarinstitute, one of two institutions established by a 1930 act of the Swiss parliament to centralize the issuance of covered bonds, or from our own international covered bond program, which we launched in December 2010.

In 2011, we raised CHF 1.2 billion of domestic covered bonds, CHF 2.4 billion of international covered bonds and CHF 2.3 billion of senior debt securities, while CHF 1.7 billion of domestic covered bonds, CHF 10.3 billion of senior debt securities and CHF 1.1 billion of subordinated debt securities matured or were redeemed. As of December 31, 2011, we had CHF 11.6 billion covered bonds outstanding.

In the first quarter of 2012, we issued EUR 1.25 billion and USD 2.0 billion of covered bonds.

Credit Suisse has not participated in any government guaranteed debt issuance programs.

> Refer to “Capital issuances and redemptions” in Capital management for further information on capital issuances, including buffer capital notes.

The weighted average maturity of long-term debt was seven years (including certificates of deposit with a maturity of one year or longer, but excluding structured notes, and assuming callable securities are redeemed at final maturity or in 2030 for instruments without a stated final maturity).

> Refer to “Note 24 – Long-term debt” in V – Consolidated financial statements – Credit Suisse Group for further information.

Funds transfer pricing

We maintain an internal funds transfer pricing system based on market rates. Our funds transfer pricing system is designed to allocate to our businesses all funding costs in a way that incentivizes their efficient use of funding. Our funds transfer pricing system is an essential tool that allocates to the businesses the short-term and long-term costs of

funding their balance sheet usages and off-balance sheet contingencies and the costs associated with funding liquidity and balance sheet items, such as goodwill, which are beyond the control of individual businesses. This is of greater importance in a stressed capital markets environment where raising funds is more challenging and expensive. Under this system, our businesses are also credited to the extent they provide long-term stable funding.

Cash flows from operating, investing and financing activities

As a global financial institution, our cash flows are complex and interrelated and bear little relation to our net earnings and net assets. Consequently, we believe that traditional cash flow analysis is less meaningful in evaluating our liquidity position than the funding and liquidity policies described above. Cash flow analysis may, however, be helpful in highlighting certain macro trends in our business.

For the year ended December 31, 2011, net cash provided by operating activities of continuing operations was CHF 38.6 billion, primarily reflecting an increase in trading assets and liabilities, net, an increase in other liabilities and the 2011 income from continuing operations, partly offset by an increase in other assets and other, net adjustments. Our operating assets and liabilities vary significantly in the normal course of business due to the amount and timing of cash flows. Management believes cash flows from operations, available cash balances and short-term and long-term borrowings will be sufficient to fund our operating liquidity needs.

Our investing activities primarily include originating loans to be held-to-maturity, other receivables and the investment securities portfolio. For the year ended December 31, 2011, net cash of CHF 26.0 billion was used in investing activities from continuing operations, primarily due to the increase in loans and an increase in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions.

Our financing activities primarily include the issuance of debt and receipt of customer deposits. We pay annual dividends on our common shares. In 2011, net cash provided by financing activities of continuing operations was CHF 33.1 billion, mainly reflecting the issuances of long-term debt, the increase in due to banks and customer deposits, the sale of treasury shares in connection with market-making activities and an increase in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions, partly offset by repayments of long-term debt and the repurchase of treasury shares.

Credit ratings

Our access to the debt capital markets and our borrowing costs depend significantly on our credit ratings. Rating agencies take many factors into consideration in determining a company’s rating, including such factors as earnings performance, business mix, market position, ownership, financial strategy, level of capital, risk management policies and practices, management team and the broader outlook for the financial services industry. The rating agencies may raise, lower or withdraw their ratings, or publicly announce an intention to raise or lower their ratings, at any time.

Although retail and private bank deposits are generally less sensitive to changes in a bank’s credit ratings, the cost and availability of other sources of unsecured external funding is generally a function of credit ratings. Credit ratings are especially important to us when competing in certain markets and when seeking to engage in longer-term transactions, including >>>over-the-counter (OTC) derivative instruments.

A downgrade in credit ratings could reduce our access to capital markets, increase our borrowing costs, require us to post additional collateral or allow counterparties to terminate transactions under certain of our trading and collateralized financing and derivative contracts. This, in turn, could reduce our liquidity and negatively impact our operating results and financial position. Our liquidity barometer takes into consideration contingent events associated with a two notch downgrade in our credit ratings. The impact of a one, two and three-notch downgrade in the Bank’s

long-term debt ratings would result in additional collateral requirements or assumed termination payments under certain derivative instruments of CHF 1.8 billion, CHF 3.8 billion and CHF 4.5 billion, respectively, as of December 31, 2011, and would not be material to our liquidity and funding planning. As of the end of 2011, we were compliant with the requirements related to maintaining a specific credit rating under these derivative instruments.

> Refer to “Investor information” in the Appendix for further information on the Group and Bank credit ratings.

Capital management

Capital strategy

Credit Suisse considers a strong and efficient capital position to be a priority. Through our capital strategy, we continue to strengthen our capital position and optimize the use of >>>risk-weighted assets (RWA), particularly in light of emerging regulatory capital requirements.

We came through the financial crisis without direct government support and with limited dilution to shareholders. Total eligible capital under >>>Basel II was CHF 51.0 billion as of the end of 2011, compared to CHF 41.6 billion as of the end of 2007, an increase of 23%. Over the same period, the number of shares issued increased 5%. RWA under Basel II were CHF 210.4 billion as of the end of 2011, compared to CHF 323.6 billion as of the end of 2007. As a result of higher regulatory capital and lower RWA, we significantly improved our tier 1 ratio under Basel II to 18.1% as of the end of 2011, up from 10.0% in 2007.

The improvement of our regulatory capital position over the last few years has left us well positioned to meet the stricter capital requirements under >>>Basel III and the Swiss >>>“Too Big to Fail” framework. Based on our capital simulations, we expect a common equity tier 1 (CET1) ratio of 12.9% as of the beginning of 2013. To accelerate the build-up of our equity position, we decided to settle outstanding share-based compensation awards in 2011 and 2012 primarily through the issuance of shares out of conditional capital rather than buying shares in the market as in prior years. In our consolidated financial statements, own shares are recorded at cost and reported as treasury shares, resulting in a reduction in total shareholders’ equity. In addition, our Board of Directors will propose a distribution of CHF 0.75 per share against reserves from capital contributions to the shareholders for 2011 at the Annual General Meeting (AGM) on April 27, 2012, which shareholders can elect to receive either as a cash payment or, subject to any legal restrictions applicable in shareholders’ home jurisdictions, in the form of Group shares. Both measures preserve common equity and thus help to meet regulatory requirements.

> Refer to “Compensation” in IV – Corporate Governance and Compensation for further information on the capital impact of our compensation practices.

Capital management framework

The overall capital needs of Credit Suisse reflect management’s regulatory and credit rating objectives as well as our underlying risks. Our framework considers the capital needed to absorb losses, both realized and unrealized, while remaining a strongly capitalized institution. Multi-year projections and capital plans are prepared for the Group and its major subsidiaries and reviewed throughout the year with its regulators. These plans are subjected to various stress tests, reflecting both macroeconomic and specific risk scenarios. Capital contingency plans are developed in connection with these stress tests to ensure that possible mitigating actions are consistent with both the amount of capital at risk and the market conditions for accessing additional capital.

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating).

> Refer to "Economic capital and position risk" in Risk Management for further information on economic capital.

Regulatory capital

Overview

There continue to be substantial changes to the regulatory environment under which Credit Suisse operates, bringing ever more conservative standards of measurement and increases in mandatory capital ratios.

Since 2008, we have operated under the international capital adequacy standards known as Basel II set forth by the BCBS as implemented by FINMA, with some additional requirements for large Swiss banks known as "Swiss Finish". Basel II provided the framework for measuring capital adequacy and the minimum standards to be applied by local regulators, affecting the measurement of both RWA and total eligible capital. Operating under Basel II as implemented by FINMA led to significantly higher RWA and lower total eligible capital.

The Basel II framework is based on three pillars, which are viewed as mutually reinforcing:

– Pillar 1: Minimum Capital Requirements – requires an institution to hold sufficient capital to cover its credit, market and operational risks.

– Pillar 2: Supervisory Review Process – discusses the role of supervisors in ensuring that institutions have in place a proper process for assessing and maintaining their capital ratios above the minimum requirements.

– Pillar 3: Market Discipline – sets out disclosure requirements, especially for those institutions seeking approval to use their own internal models to calculate their capital requirements.

Information required under Pillar 3 relating to capital adequacy is available at *www.credit-suisse.com/pillar3*.

Basel II described a range of options for determining capital requirements in order to provide banks and supervisors the ability to select approaches that are most appropriate for their operations and their financial market infrastructure. In general, Credit Suisse has adopted the most advanced approaches, which align with the way that risk is internally managed and provide the greatest risk sensitivity.

For measuring credit risk, we received approval from FINMA to use the >>>advanced internal ratings-based approach (A-IRB). Under the A-IRB for measuring credit risk, risk weights are determined by using internal risk parameters for >>>probability of default (PD), >>>loss given default (LGD) and transactional maturity. The exposure at default is either derived from balance sheet values or by using models.

Non-counterparty risk arises from holdings of premises and equipment, real estate and investments in real estate entities.

For calculating the capital requirements for market risk, the >>>internal models approach, the standardized measurement method and the standardized approach are used.

Under Basel II, operational risk is included in RWA and we received approval from FINMA to use the >>>advanced measurement approach (AMA). Under the AMA for measuring operational risk, we identified key scenarios that describe our major operational risks using an event model.

In January 2011, as required by FINMA, Credit Suisse implemented BCBS's "Revisions to the Basel II market risk framework" (>>>Basel II.5) for FINMA regulatory capital purposes. As a result, throughout 2011, we reported total eligible capital, RWA and capital ratios to FINMA on a Basel II.5 basis. However, our financial disclosures generally have been prepared under Basel II standards because the BCBS did not require the implementation of Basel II.5 for the Bank for International Settlements (BIS) purposes until December 31, 2011.

Our implementation of Basel II.5 led to lower eligible capital and higher RWA. These revisions included an >>>incremental risk charge for default and migration risk and a >>>stressed Value-at-Risk (VaR) framework. The incremental risk charge is a regulatory capital charge for default and migration risk on positions in the trading books and is intended to complement additional standards being applied to the >>>VaR modeling framework, including >>>stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking into account a one-year observation period relating to significant financial stress and helps reduce the procyclicality of the minimum capital requirements for market risk. In addition to changes in the calculation of RWA, Basel II.5 requires additional deductions to capital including increased amounts for tranches of certain securitized assets. As a result, we had an increase in RWA and an additional deduction for securitization tranches with low ratings held in trading books mainly related to the Investment Banking securitized products business.

FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital for every >>>regulatory VaR >>>backtesting exception over four in the prior rolling 12-month period. For the purposes of this measurement, backtesting exceptions are calculated using a subset of actual daily trading revenues that includes only the impact of daily movements in financial market variables such as interest rates, equity prices and foreign exchange rates on the previous night's positions. In 2011, the market risk capital multiplier remained at FINMA and BIS minimum levels and we did not experience an increase in market risk capital as a result of the multiplier.

> Refer to "Regulatory capital developments and proposals" for further information on recent developments, including Basel III and Swiss "Too Big to Fail".

Capital structure – Basel II and Basel II.5

Total eligible capital as defined under Basel II and Basel II.5 as implemented by FINMA is outlined in the following text.

> Refer to the chart "Capital structure – Basel II/II.5 "Swiss Finish"" for further information.

Tier 1 capital

BIS tier 1 capital consists of total shareholders' equity, qualifying noncontrolling interests and hybrid tier 1 capital instruments.

Qualifying noncontrolling interests include common shares in majority-owned and consolidated banking and finance subsidiaries held by third parties as well as participation securities of the Bank issued to a third-party SPE (tier 1 capital securities). The third-party SPE issued perpetual, non-cumulative notes secured by the tier 1 capital securities of the Bank and preferred securities issued by a subsidiary of the Group that are guaranteed on a subordinated basis by the Bank. Payments of dividends on the tier 1 capital securities and preferred securities are subject to adequacy of distributable profits, no regulatory prohibition on payments on the tier 1 capital securities or the preferred securities and compliance with capital adequacy and liquidity requirements. The redemption of the tier 1 capital securities or the preferred securities is subject to capital adequacy, solvency requirements and prior approval of FINMA.

Hybrid tier 1 capital instruments include preferred securities, which are issued by SPEs, and capital notes issued directly by the Bank. These hybrid tier 1 instruments are unsecured, perpetual, non-cumulative, deeply subordinated instruments senior only to common shares and qualifying noncontrolling interests. We are obligated to pay interest or dividends on hybrid tier 1 instruments only if we pay dividends on common shares and qualifying noncontrolling interests. These hybrid tier 1 instruments are risk-bearing on a comparable basis with common shares and qualifying noncontrolling interests and can, up to a 15% limit, have step-ups in the coupon in conjunction with call options only after a minimum of five years from the issue date. Payment of interest or dividends on these instruments is subject to adequacy of distributable profits, compliance with capital adequacy requirements and solvency. The redemption of these instruments is subject to capital adequacy, solvency requirements and prior approval of FINMA.

Hybrid tier 1 instruments are subject to a limit of 50% of tier 1 capital. The following categories and maximum values determine the extent to which these hybrid tier 1 instruments can be attributed to tier 1 capital:

– A maximum of 15% of tier 1 capital can be in the form of "innovative instruments" that either have a fixed maturity or an incentive to repay, such as a step-up in the coupon if the instrument is not redeemed when callable.

– A maximum of 35% of tier 1 capital, less the instruments subject to the 15% limit, can be in the form of other hybrid tier 1 instruments that have no fixed maturity and no incentive for repayment.

– A maximum of 50% of tier 1 capital, less the instruments subject to the 15% and 35% limits, can be in the form of instruments that include a predefined mechanism that converts them into tier 1 capital, such as mandatory convertible bonds convertible into common shares.

To derive tier 1 capital, certain deductions are made from total shareholders' equity as follows:

– goodwill and other intangible assets;

– participations in insurance entities, investments in certain bank and finance entities, and certain securitization exposures (equally deducted from tier 1 and tier 2 capital); and

– other adjustments, including cumulative >>>fair value adjustments on Credit Suisse debt, net of tax, anticipated but not yet declared dividends, the net long position in own treasury shares in the trading book and an adjustment for the accounting treatment of pension plans.

Tier 2 capital

Tier 2 capital consists of upper and lower tier 2 instruments. Upper tier 2 instruments are unsecured, perpetual, subordinated instruments that are senior only to tier 1 instruments. Interest payments are deferrable, but we are obligated to pay interest (including deferred interest) on these upper tier 2 instruments if we pay dividends on tier 1 capital or on redemption. These upper tier 2 instruments can have moderate step-ups in conjunction with call options only after a minimum of five years from the issue date. The redemption of these instruments is subject to solvency. Upper tier 2 capital also includes any excess in eligible provisions over expected losses (up to a maximum amount of 0.6% of the risk-weighted positions) for exposures subject to the credit risk A-IRB.

Lower tier 2 instruments are unsecured, subordinated instruments that are senior only to tier 1 instruments and upper tier 2 instruments and have a maturity on issuance of at least five years. Lower tier 2 capital eligibility is subject to regulatory amortization over the five years prior to redemption.

Regulatory capital – Group

Basel II

Our tier 1 ratio under Basel II was 18.1% as of the end of 2011, compared to 17.2% as of the end of 2010, reflecting stable tier 1 capital and lower RWA. Our core tier 1 ratio under Basel II was 12.9% as of the end of 2011, compared to 12.2% as of the end of 2010 reflecting higher core tier 1 capital and lower RWA. Our total capital ratio under Basel II was 24.2% as of the end of 2011 compared to 21.9% as of the end of 2010.

Tier 1 capital under Basel II was CHF 38.0 billion as of the end of 2011 compared to CHF 37.7 billion as of the end of 2010. The increase was driven by net income (excluding the impact of fair value gains/(losses) on Credit Suisse debt, net of tax) and the impact of share-based compensation, partially offset by the dividend accrual, changes in redeemable noncontrolling interests, the call of a EUR 400 million hybrid tier 1 instrument and the foreign exchange translation impact. Tier 2 capital under Basel II was CHF 13.0 billion as of the end of 2011 compared to CHF 10.0 billion as of the end of 2010, primarily due to the issuance of USD 2.0 billion of buffer capital notes, a higher benefit from excess provisions and lower fair value gains resulting from hedge accounting, offset by the regulatory amortization of lower tier 2 instruments. Total eligible capital under Basel II as of the end of 2011 was CHF 51.0 billion compared to CHF 47.8 billion as of the end of 2010.

RWA under Basel II decreased CHF 8.3 billion to CHF 210.4 billion as of the end of 2011, reflecting a material decrease in market risk and a decrease in credit risk, partially offset by an increase in operational risk. Market risk decreased following the implementation of significant VaR methodology changes, partly offset by increased risk from market volatility and widening credit spreads. The decrease in credit risk was driven by decreases in Investment Banking, partially offset by increases in Private Banking. The Investment Banking decrease resulted from a reduction in counterparty exposures and related hedges in the early part of the year followed by more significant counterparty risk decreases in the fourth quarter of 2011. Private Banking credit risk increased steadily through the year reflecting higher exposures together with increases resulting from changes in parameters. Operational risk increased following the update of scenario parameters to recognize higher litigation risks.

> Refer to “Market risk” in Risk management for further information regarding market risk and the VaR methodology.

BIS statistics

				Group				Bank
	Basel II.5[1]	Basel II	Basel II	Basel II % change	Basel II.5[1]	Basel II	Basel II	Basel II % change
end of	2011	2011	2010	11 / 10	2011	2011	2010	11 / 10
Eligible capital (CHF million)								
Total shareholders' equity	33,674	33,674	33,282	1	27,502	27,502	27,783	(1)
Goodwill and intangible assets	(8,876)	(8,876)	(9,320)	(5)	(7,735)	(7,735)	(8,166)	(5)
Qualifying noncontrolling interests	3,365	3,365	3,350	0	4,476	4,476	4,373	2
Capital deductions 50% from tier 1	(2,274)	(1,089)	(1,088)	0	(2,224)	(1,039)	(1,037)	0
Other adjustments	67[2]	67[2]	403	(83)	552	552	1,768	(69)
Core tier 1 capital	**25,956**	**27,141**	**26,627**	2	**22,571**	**23,756**	**24,721**	(4)
	10,888[4]	10,888	11,098	(2)	10,888[4]	10,888	10,589	3

Hybrid tier 1 capital instruments [3]								
Tier 1 capital	**36,844**	**38,029**	**37,725**	1	**33,459**	**34,644**	**35,310**	(2)
Upper tier 2	1,841	1,841	1,128	63	1,900	1,900	1,713	11
Lower tier 2	12,243	12,243	10,034	22	13,493	13,493	11,583	16
Capital deductions 50% from tier 2	(2,274)	(1,089)	(1,088)	0	(2,224)	(1,039)	(1,037)	0
Tier 2 capital	**11,810**	**12,995**	**10,074**	29	**13,169**	**14,354**	**12,259**	17
Total eligible capital	**48,654**	**51,024**	**47,799**	7	**46,628**	**48,998**	**47,569**	3
Risk-weighted assets (CHF million)								
Credit risk	157,237	155,352	158,735	(2)	147,224	145,338	147,516	(1)
Market risk	40,609	11,170	18,925	(41)	39,810	10,371	18,008	(42)
Non-counterparty risk	7,819	7,819	7,380	6	7,274	7,274	6,819	7
Operational risk	36,088	36,088	33,662	7	36,088	36,088	33,663	7
Risk-weighted assets	**241,753**	**210,429**	**218,702**	(4)	**230,396**	**199,071**	**206,006**	(3)
Capital ratios (%)								
Core tier 1 ratio	10.7	12.9	12.2	–	9.8	11.9	12.0	–
Tier 1 ratio	15.2	18.1	17.2	–	14.5	17.4	17.1	–
Total capital ratio	20.1	24.2	21.9	–	20.2	24.6	23.1	–

1 For BIS reporting purposes, Basel II.5 was effective December 31, 2011. 2 Includes cumulative fair value adjustments of CHF (2.6) billion on own vanilla debt and structured notes, net of tax, the 2011 dividend accrual on Group shares of CHF (0.5) billion (representing a capital distribution of CHF 0.75 per share of which 50% is assumed to be distributed in shares) and an adjustment for the accounting treatment of pension plans of CHF 2.9 billion. 3 Non-cumulative perpetual preferred securities and capital notes. FINMA has advised that the Group and the Bank may continue to include as tier 1 capital CHF 0.6 billion and CHF 3.2 billion, respectively, in 2011 (2010: CHF 1.1 billion and CHF 3.1 billion, respectively) of equity from special purpose entities that are deconsolidated under US GAAP. 4 FINMA has advised that a maximum of 35% of tier 1 capital can be in the form of hybrid capital instruments, which will be phased out under Basel III. Under Basel II.5, hybrid tier 1 capital represented 27.8% and 30.5% of the Group's and the Bank's adjusted tier 1 capital, respectively, as of the end of 2011.

As of the end of 2011, we had CHF 3.4 billion of qualifying noncontrolling interests, of which CHF 3.2 billion were core tier 1 capital securities secured by participation securities issued by the Bank. In addition, we had CHF 10.9 billion of hybrid tier 1 capital instruments, of which CHF 2.5 billion were innovative instruments. The hybrid tier 1 capital instruments included USD 3.45 billion 11% tier 1 buffer capital notes and CHF 2.5 billion 10% tier 1 buffer capital notes that will be purchased or exchanged for tier 1 capital notes no earlier than October 23, 2013, the first call date of the tier 1 capital notes.

> Refer to "Capital issuances and redemptions" for further information.

Tier 1 capital movement

end of	2011	2010	% change 11 / 10
Tier 1 capital (CHF million)			
Balance at beginning of period - Basel II	**37,725**	**36,207**	4
Net income	1,953	5,098	(62)
Adjustments for fair value gains/(losses) reversed for regulatory purposes, net of tax	(1,415)	466	–
Foreign exchange impact on tier 1 capital	(361)	(2,799)	(87)
Other [1]	127	(1,247)	–
Balance at end of period - Basel II	**38,029**	**37,725**	1
Basel II.5 incremental impact	(1,185)	–	–
Balance at end of period - Basel II.5	**36,844**	–	–

1 Reflects the issuance and redemption of tier 1 capital, a dividend accrual, the effect of share-based compensation and the change in regulatory deductions.

Implementation of Basel II.5

The transition from Basel II to Basel II.5 as of the end of 2011 reduced our tier 1 capital by CHF 1.2 billion due to the additional deduction for securitization tranches with low ratings held in trading books, primarily relating to the Investment Banking securitized product business, of which 50% is allocated to tier 1 capital. The implementation of Basel II.5 also increased our RWA by CHF 31.3 billion due to the new default and migration risk and stressed VaR framework, primarily relating to the Investment Banking securitized products business and primarily reflected in market risk.

Our tier 1 ratio under Basel II.5 was 15.2% as of the end of 2011 compared to 14.2% as of the end of 2010. Our core tier 1 ratio under Basel II.5 was 10.7% as of the end of 2011 compared to 9.7% as of the end of 2010. The improvement in the core tier 1 ratio in 2011 versus 2010 was 100 basis points under Basel II.5 compared to 70 basis points under Basel II. The more pronounced benefit under Basel II.5 was due to reduced trading book mortgage securitization deductions in Investment Banking that improved core tier 1 capital and lowered RWA due to lower risk exposures reflected in decreased stressed VaR and trading book securitization calculations.

Tier 1 capital under Basel II.5 was CHF 36.8 billion as of the end of 2011, an increase of CHF 1.6 billion compared to CHF 35.2 billion as of the end of 2010. RWA under Basel II.5 were CHF 241.8 billion as of the end of 2011, a decrease of CHF 5.9 billion compared to CHF 247.7 billion as of the end of 2010.

Risk-weighted assets by division

	Basel II.5	Basel II	Basel II	Basel II % change
end of	2011	2011	2010	11 / 10

Risk-weighted assets by division (CHF million)				
Private Banking	73,260	73,252	63,588	15
Investment Banking	144,147	112,993	131,233	(14)
Asset Management	12,030	12,030	13,544	(11)
Corporate Center	12,316	12,154	10,337	18
Risk-weighted assets	**241,753**	**210,429**	**218,702**	(4)

For management purposes, the Group allocates to the divisions risk-weighted asset equivalents related to regulatory capital and certain intangible asset deductions from Group tier 1 capital.

The "Risk-weighted assets – Basel II.5" chart illustrates the balance sheet positions and off-balance sheet exposures that translate into market, credit, operational and non-counterparty-risk RWA. Market risk RWA reflect the capital requirements of potential changes in the fair values of financial instruments in response to market movements inherent in both the balance sheet and the off-balance sheet items. Credit risk RWA reflect the capital requirements for the possibility of a loss being incurred as the result of a borrower or counterparty failing to meet its financial obligations or as a result of a deterioration in the credit quality of the borrower or counterparty. Operational risk RWA reflect the capital requirements for the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-counterparty-risk RWA primarily reflect the capital requirements for our premises and equipment. It is not the nominal size, but the nature (including >>>risk mitigation such as collateral or hedges) of the balance sheet positions or off-balance sheet exposures that determines the RWA.

Regulatory capital – Bank

Basel II

The Bank's tier 1 ratio under Basel II was 17.4% as of the end of 2011, an increase from 17.1% as of the end of 2010. The increase in the tier 1 ratio under Basel II reflected a slight decrease in tier 1 capital and a decrease in RWA. The Bank's core tier 1 ratio under Basel II was 11.9% as of the end of 2011, compared to 12.0% as of the end of 2010. The Bank's total capital ratio under Basel II was 24.6% as of the end of 2011, compared to 23.1% as of the end of 2010, primarily reflecting the stronger capital base and a decrease in RWA.

The Bank's total eligible capital under Basel II increased from CHF 47.6 billion as of the end of 2010 to CHF 49.0 billion as of the end of 2011.

RWA under Basel II decreased CHF 6.9 billion to CHF 199.1 billion as of the end of 2011 and the Bank's tier 1 capital under Basel II decreased from CHF 35.3 billion as of the end of 2010 to CHF 34.6 billion as of the end of 2011.

The business of the Bank is substantially the same as the business of the Group. The trends for the Bank under Basel II are consistent with those for the Group.

Implementation of Basel II.5

The transition from Basel II to Basel II.5 as of the end of 2011 reduced the Bank's tier 1 capital by CHF 1.2 billion due to the additional deduction for securitization tranches with low ratings held in trading books, primarily relating to the Investment Banking securitized product business, of which 50% is allocated to tier 1 capital. The implementation of Basel II.5 also increased the Bank's RWA by CHF 31.3 billion due to the new default and migration risk and stressed

VaR framework, primarily relating to the Investment Banking securitized products business and primarily reflected in market risk.

The Bank's tier 1 ratio and core tier 1 ratio under Basel II.5 were 14.5% and 9.8% as of the end of 2011, respectively.

Leverage ratios

			Group				Bank	
	Basel II.5	Basel II	Basel II	Basel II % change	Basel II.5	Basel II	Basel II	Basel II % change
end of	2011	2011	2010	11 / 10	2011	2011	2010	11 / 10
Tier 1 capital (CHF billion)								
Tier 1 capital	**36.8**	**38.0**	**37.7**	1	**33.5**	**34.6**	**35.3**	(2)
Adjusted average assets (CHF billion) [1]								
Average assets	1,038	1,038	1,065	(3)	1,012	1,012	1,041	(3)
Adjustments:								
Assets from Swiss lending activities [2]	(145)	(145)	(139)	4	(119)	(119)	(115)	3
Cash and balances with central banks	(81)	(81)	(40)	103	(80)	(80)	(39)	105
Other	(15)	(15)	(28)	(46)	(13)	(13)	(27)	(52)
Adjusted average assets	**797**	**797**	**858**	(7)	**800**	**800**	**860**	(7)
Leverage ratio (%)								
Leverage ratio	**4.6**	**4.8**	**4.4**	9	**4.2**	**4.3**	**4.1**	5

1 Calculated as the average of the month-end values for the previous three calendar months. 2 Excludes Swiss interbank lending.

Leverage ratios

The capital levels of the Group and the Bank are subject to qualitative judgments by regulators, including FINMA, about the components of capital, risk weightings and other factors. In November 2008, FINMA issued a decree that defined new capital adequacy and leverage ratio requirements, with compliance to be phased in by 2013. The new capital adequacy target included in this decree 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 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 this leverage ratio. The adjustments include assets from Swiss lending activities (excluding Swiss interbank lending), cash and balances with central banks, certain Swiss franc >>>reverse repurchase agreements and certain other assets, such as goodwill and intangible assets that are excluded in determining regulatory tier 1 capital. FINMA has indicated that it expects the appropriate size of the additional capital buffer will be impacted by market conditions, but the intention is to ensure it can accommodate the procyclical aspects

of this measurement tool.

The leverage ratios for the Group and Bank as of the end of 2011 were 4.6% and 4.2%, respectively, calculated using Basel II.5 tier 1 capital.

The leverage ratios for the Group and Bank as of the end of 2011 were 4.8% and 4.3%, respectively, compared to 4.4% and 4.1% as of the end of 2010, calculated using Basel II tier 1 capital. The increase in the Basel II leverage ratios reflected lower adjusted average assets and slightly higher tier 1 capital. The lower adjusted average assets reflected significant decreases in Investment Banking assets that were partially offset by higher Private Banking assets.

> Refer to the table “Leverage ratios” for further information.

Capital issuances and redemptions

In February 2011, we entered into definitive agreements with affiliates and related parties of Qatar Investment Authority (QIA) and The Olayan Group (the Investors) to issue Tier 1 Buffer Capital Notes (Tier 1 BCNs). Under the agreements, the Investors will purchase USD 3.45 billion Tier 1 BCNs and CHF 2.5 billion Tier 1 BCNs either for cash or in exchange for their holdings of USD 3.45 billion 11% Tier 1 Capital Notes and CHF 2.5 billion 10% Tier 1 Capital Notes issued in 2008 (Tier 1 Capital Notes). The purchase or exchange will occur no earlier than October 23, 2013, the first call date of the Tier 1 Capital Notes, and is subject to the implementation of Swiss regulations requiring us to maintain buffer capital, confirmation from our primary regulator FINMA that the Tier 1 BCNs will be eligible buffer capital and additional tier 1 capital, as well as receipt of all required consents and approvals from our regulators and shareholders, including approval of additional conditional capital or conversion capital. We will therefore not receive any cash or Tier 1 Capital Notes for the Tier 1 BCNs from the Investors before such time. We worked closely with FINMA in structuring the terms of the Tier 1 BCNs so as to ensure they will qualify as contingent convertible buffer capital. In addition to the Tier 1 Capital Notes, QIA and The Olayan Group have significant holdings of our shares and other financial products. The Tier 1 BCNs will be converted into our ordinary shares if our reported CET1 ratio, as determined under BCBS regulations as the end of any calendar quarter, falls below 7% (or any lower applicable minimum threshold), unless FINMA, at our request, has agreed on or prior to the publication of our quarterly results that actions, circumstances or events have restored, or will imminently restore, the ratio to above the applicable threshold. The conversion price will be the higher of a floor price of USD 20/CHF 20 per share (subject to customary adjustments) or the daily volume weighted average sale price of our ordinary shares over a five day period preceding the notice of conversion. The Tier 1 BCNs will also be converted if FINMA determines that we require public sector capital support to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances. The Tier 1 BCNs are deeply subordinated, perpetual and callable by us five years from the purchase or exchange (i.e., no earlier than 2018) and in certain other circumstances with FINMA approval. Interest is payable on the USD 3.45 billion Tier 1 BCNs and CHF 2.5 billion Tier 1 BCNs at fixed rates of 9.5% and 9%, respectively, and will reset after the first call date. Interest payments will generally be discretionary (unless triggered), subject to suspension in certain circumstances and non-cumulative.

In February 2011, we issued USD 2 billion 7.875% Tier 2 Buffer Capital Notes due 2041 (Tier 2 BCNs). The Tier 2 BCNs are subordinated notes and may be redeemed by the issuer at any time from August 2016. The initial coupon is reset every five years from August 2016. Interest payments will not be discretionary or deferrable. The Tier 2 BCNs will be converted into our ordinary shares if, prior to Basel III, our core tier 1 ratio falls below 7% or, under Basel III, our CET1 ratio falls below 7%. The conversion price will be the higher of a floor price of USD 20 per share (subject to customary adjustments) or the daily volume weighted average sale price of our ordinary shares over a 30-day period preceding the notice of conversion. The Tier 2 BCNs will also be converted if FINMA determines that we require public sector capital support to prevent us from becoming insolvent, bankrupt or unable to pay a material amount of our debts, or other similar circumstances.

In 2011, the Bank called and redeemed a EUR 400 million of hybrid tier 1 capital instrument.

In March 2012, we announced a tender offer to repurchase certain outstanding tier 1 and tier 2 securities up to an aggregate cash equivalent amount of CHF 4.75 billion.

In March 2012, we announced an issuance of CHF 750 million, 7.125% tier 2 buffer capital notes due in 2022. The tier 2 buffer capital notes will be converted into ordinary Group shares if, prior to Basel III, our core tier 1 ratio falls below 7% or, under Basel III, our CET1 ratio falls below 7%. The tier 2 buffer capital notes may be redeemed by the issuer in March 2017.

Capital

			Group			Bank
end of	2011	2010	% change	2011	2010	% change
Shareholders' equity (CHF million)						
Common shares	49	47	4	4,400	4,400	0
Additional paid-in capital	21,796	23,026	(5)	23,170	24,026	(4)
Retained earnings	27,053	25,316	7	10,870	10,068	8
Treasury shares, at cost	(90)	(552)	(84)	–	–	–
Accumulated other comprehensive income/(loss)	(15,134)	(14,555)	4	(10,938)	(10,711)	2
Total shareholders' equity	**33,674**	**33,282**	1	**27,502**	**27,783**	(1)
Goodwill	(8,591)	(8,585)	0	(7,456)	(7,450)	0
Other intangible assets	(288)	(312)	(8)	(280)	(304)	(8)
Tangible shareholders' equity [1]	**24,795**	**24,385**	2	**19,766**	**20,029**	(1)
Shares outstanding (million)						
Common shares issued	1,224.3	1,186.1	3	44.0	44.0	0
Treasury shares	(4.0)	(12.2)	(67)	–	–	–
Shares outstanding	**1,220.3**	**1,173.9**	4	**44.0**	**44.0**	0
Par value (CHF)						
Par value	0.04	0.04	0	100.00	100.00	0
Book value per share (CHF)						
Total book value per share	**27.59**	**28.35**	(3)	**625.05**	**631.43**	(1)
Goodwill per share	(7.04)	(7.31)	(4)	(169.45)	(169.32)	0
Other intangible assets per share	(0.23)	(0.27)	(15)	(6.37)	(6.91)	(8)
Tangible book value per share [1]	**20.32**	**20.77**	(2)	**449.23**	**455.20**	(1)

1 Management believes that tangible shareholders' equity and tangible book value per share, both non-GAAP financial measures, are meaningful as they are measures used and relied upon by industry analysts and investors to assess valuations and capital adequacy.

Shareholders’ equity

Group

Our total shareholders’ equity remained stable at CHF 33.7 billion as of the end of 2011 compared to the end of 2010. Total shareholders’ equity was impacted by net income in 2011, the effect of share-based compensation and the issuance of common shares related to the issuance of CHF 350 million of mandatory convertible securities by Credit Suisse Group Finance (Guernsey) Ltd., partially offset by a cash dividend in 2011, an actuarial pension adjustment, changes in redeemable noncontrolling interests and the impact of foreign exchange-related movements on cumulative translation adjustments.

> Refer to the “Consolidated statements of changes in equity” in V – Consolidated financial statements – Credit Suisse Group for further information on the Group’s total shareholders’ equity.

Bank

The Bank’s total shareholder’s equity remained stable at CHF 27.5 billion as of the end of 2011 compared to the end of 2010. Total shareholder’s equity was impacted by net income in 2011 and an actuarial pension adjustment, partially offset by the effect of changes in redeemable noncontrolling interests, the impact of foreign exchange-related movements on cumulative translation adjustments, share-based compensation and cash dividends paid in 2011.

Regulatory capital developments and proposals

In December 2010, the BCBS issued the Basel III framework, with higher minimum capital requirements and new conservation and countercyclical buffers, revised risk-based capital measures, a leverage ratio and liquidity standards. The framework was designed to strengthen the resilience of the banking sector. 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 January 1, 2019.

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 will need to implement the rules, and stricter or different requirements may be adopted by any G-20 nation.

Under Basel III, the minimum 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 carryforwards, 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 new capital conservation buffer will be phased in from January 1, 2016 through January 1, 2019.

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 systemic-wide risk.

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 no longer qualify as non-common equity tier 1 capital 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.

In November 2011, the BCBS issued final rules for Global Systemically Important Banks (G-SIBs), outlining a methodology for assessing whether a banking institution should be regarded as a G-SIB and determining additional capital requirements between 1% and 2.5% (with a possible additional 1%) of CET1. The additional requirements for G-SIBs will be phased in with the capital conservation and countercyclical buffers of Basel III from January 1, 2016 through year-end 2018. The Financial Stability Board has identified us as a G-SIB.

> Refer to the chart “Comparison of capital requirements frameworks” for further information on the new capital conservation buffer.
> Refer to the table “BCBS Basel III phase-in arrangements” for further information on the phase out of capital instruments.

BCBS Basel III phase-in arrangements

January 1	2013	2014	2015	2016	2017	2018	2019
Basel III phase-in arrangements							
Minimum common equity capital ratio	3.5% [1]	4.0% [1]	4.5%	4.5%	4.5%	4.5%	4.5%
Capital conservation buffer				0.625% [1]	1.25% [1]	1.875% [1]	2.5%
Minimum common equity plus capital conservation buffer	3.5% [1]	4.0% [1]	4.5% [1]	5.125% [1]	5.75% [1]	6.375% [1]	7.0%
Phase-in deductions from common equity tier 1 [2]		20.0% [1]	40.0% [1]	60.0% [1]	80.0% [1]	100.0%	100.0%
Minimum tier 1 capital	4.5% [1]	5.5% [1]	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum total capital	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Minimum total capital plus conservation buffer	8.0%	8.0%	8.0%	8.625% [1]	9.25% [1]	9.875% [1]	10.5%
Capital instruments that no longer qualify as non-core tier 1 capital or tier 2 capital	Phased out over ten-year horizon beginning 2013						

Source: BCBS.
1 Indicates transition period. 2 Includes amounts exceeding the limit for deferred tax assets and participations in financial institutions.

In September 2011, the Swiss Parliament passed the "Too Big to Fail" legislation relating to big banks. The legislation became effective March 1, 2012. The legislation includes capital and liquidity requirements and rules regarding risk diversification and emergency plans designed to maintain systemically important functions even in the event of threatened insolvency. The legislation on capital requirements builds on Basel III, but goes beyond its minimum standards, requiring the Group and the Bank to have common equity of at least 10% of RWA and contingent capital or other qualifying capital of another 9% of RWA by January 1, 2019.

Draft implementing ordinances further detailing the requirements of the "Too Big to Fail" legislation were submitted by the Federal government for public comment in December 2011. The "Too Big to Fail" ordinances implementing the legislation must be adopted by the Federal Council and approved by the Swiss Parliament. The ordinances implementing the legislation are expected to be completed in 2012. The new requirements are to be gradually implemented through the end of 2018. One such draft ordinance includes a provision whereby Swiss banks which qualify as a systemically important financial institution would be required to comply with certain leverage ratio requirements effective January 1, 2013, which is earlier than required under Basel III.

In November 2011, the Swiss Federal Department of Finance initiated hearings to introduce a variable countercyclical capital buffer for all banks, in line with Basel III, in order to strengthen the banking sector's resilience towards the associated risks during periods of excess credit growth. The countercyclical capital buffer is expected to consist of a maximum of 2.5% of RWA and would be activated and subsequently deactivated by the Federal Council upon request of the SNB after consultation with FINMA. The Swiss Federal Department of Finance has proposed that this countercyclical buffer be implemented in 2012.

Credit Suisse believes that it can meet the new requirements within the prescribed time frames by building capital through earnings and by issuing contingent capital or other qualifying instruments.

Basel III Common Equity Tier 1 (CET1) ratio simulation

As Basel III will not be implemented before January 1, 2013, we have calculated our Basel III RWA for purposes of this report in accordance with the current proposed requirements and our current interpretation of such requirements, including relevant assumptions. Changes in the actual implementation of Basel III would result in different numbers from those shown in this report.

We estimate the RWA increase due to Basel III on January 1, 2013 to be CHF 97 billion. We expect substantially all of the Basel III RWA increase to be in the securitized products, rates, credit and equity derivatives businesses in Investment Banking. We expect to reduce Basel III RWA by approximately CHF 56 billion primarily in rates, securitized products, credit, emerging markets and exit businesses in Investment Banking. The RWA reduction reflects our evolving strategy, including the RWA reduction in fixed income.

> Refer to "Evolution of our strategy" in I – Information on the company – Strategy for further information on the Group's strategy.

In addition to the consensus net income and the dividend assumption for 2012, the CET1 ratio simulation assumes a CHF 2.6 billion benefit from the expected settlement of share-based compensation with shares issued from conditional

capital and from other expected movements and deductions in regulatory capital in 2012. Within these parameters, we estimate that our CET1 ratio as of January 1, 2013 will be approximately 12.9%. The following presentation is consistent with the phase-in requirements of Basel III.

CET1 ratio simulation

Capital development (CHF billion)	
Total shareholders' equity – December 31, 2011	33.7
Regulatory deductions:	
Fair value own debt [1]	(2.6)
Dividend accrual [2]	(0.5)
CET1 capital – December 31, 2011	**30.6**
Consensus net income 2012 [3]	3.8
Dividend assumption 2012 [4]	(0.5)
Share-based compensation and other impacts	2.6
CET1 capital – January 1, 2013	**36.5**
Risk-weighted assets (RWA) development (CHF billion)	
RWA (Basel II.5) – December 31, 2011	242
Estimated Basel III changes	97
RWA (Basel III before reduction)	339
Reduction of RWA	(56)
RWA (Basel III) – January 1, 2013 [5]	**283**
Capital ratio (%)	
CET1 ratio – January 1, 2013	**12.9** [6]

1 Fair value own debt represents the fair value changes from movements in spreads on our own vanilla debt and structured notes, net of tax. 2 Represents the proposal of the Board of Directors to the Annual General Meeting on April 27, 2012, to be paid out of reserves from capital contributions. 3 Bloomberg consensus net income estimate is not endorsed or verified and is used solely for illustrative purposes. Actual net income may differ significantly. 4 Assumed to be the same as the dividend accrual in 2011 and is used solely for illustrative purposes. Actual dividends may differ significantly. 5 Under our strategic business plan, business growth will require reallocation of capital, because we are targeting no gross increase in risk-weighted assets. 6 Does not reflect the impact of the tender offer, announced in March 2012, to repurchase certain outstanding tier 1 and tier 2 securities up to an aggregate cash equivalent amount of CHF 4.75 billion.

For the years 2014 – 2018, there will be a five-year (20% per annum) phase in of goodwill and other Basel III capital deductions (e.g., deferred tax assets and participations in financial institutions). Assuming a fully phased in CHF 8.9 billion of goodwill and CHF 7.6 billion of other capital deductions, we estimate that our CET1 ratio as of January 1, 2013 will be approximately 7.1%.

Share repurchases

The Swiss Code of Obligations limits a corporation's ability to hold or repurchase its own shares. We may only repurchase shares if we have sufficient free reserves to pay the purchase price, and if the aggregate nominal value of the repurchased shares does not exceed 10% of our nominal share capital. Furthermore, we must create a special reserve in our parent company financial statements in the amount of the purchase price of the acquired shares. In our consolidated financial statements, own shares are recorded at cost and reported as treasury shares, resulting in a reduction in total shareholders' equity. Shares repurchased by us do not carry any voting rights at shareholders' meetings.

We purchased 366.8 million common shares and sold or re-issued 368.0 million common shares in 2011, predominantly for market-making purposes and facilitating customer orders. As of December 31, 2011, the Group held 4.0 million treasury shares.

> Refer to "Impact of share-based compensation on shareholders' equity" in IV – Corporate Governance and Compensation – Compensation for further information.

Purchases and sales of treasury shares

In million, except where indicated	Number of shares	Average price per share in CHF
2011		
January	26.3	41.32
February	31.4	43.36
March	48.0	40.17
April	34.9	39.61
May	32.0	36.64
June	22.0	33.63
July	28.9	30.08
August	33.7	23.58
September	32.7	21.71
October	21.3	24.57
November	21.4	21.93
December	34.2	22.01
Total purchase of treasury shares	**366.8**[1]	–
Total sale of treasury shares	**368.0**	–

1 Predominantly for market-making purposes and facilitating customer orders.

Dividends and dividend policy

Under the Swiss Code of Obligations, dividends may be paid out only if and to the extent the corporation has

distributable profits from previous business years, or if the free reserves of the corporation are sufficient to allow distribution of a dividend. In addition, at least 5% of the annual net profits must be retained and booked as general legal reserves for so long as these reserves amount to less than 20% of the paid-in share capital. Our reserves currently exceed this 20% threshold. Furthermore, dividends may be paid out only after shareholder approval at the AGM. The Board of Directors may propose that a dividend be paid out, but cannot itself set the dividend. The auditors must confirm that the dividend proposal of the Board of Directors conforms to statutory law. In practice, the shareholders usually approve the dividend proposal of the Board of Directors. Dividends are usually due and payable after the shareholders' resolution relating to the allocation of profits has been passed. Under the Swiss Code of Obligations, the statute of limitations in respect of claiming the payment of dividends that have been declared is five years.

Our dividend payment policy seeks to provide investors with a stable and efficient form of capital distribution relative to earnings. Dividend payments made in 2011, for 2010, were comprised of a cash distribution of CHF 1.30 per share against reserves from capital contributions.

Our Board of Directors will propose a distribution of CHF 0.75 per share against reserves from capital contributions to the shareholders for 2011 at the AGM on April 27, 2012. The distribution is subject to shareholder approval at the AGM. Due to a change in Swiss tax law that came into force in January 2011, the distribution will be free of Swiss withholding tax and will not be subject to income tax for Swiss resident individuals holding the shares as a private investment. Subject to any legal restrictions applicable in their home jurisdiction, shareholders will be entitled to elect to either receive a cash distribution in the amount of CHF 0.75 per share or to receive new shares of the Group at a subscription ratio to be determined by the Board of Directors. The subscription ratio will be based on an issue price of the new shares equivalent to approximately 92% of the average opening price and closing price of the Group shares on the SIX Swiss Exchange during a period of five trading days following the AGM, less the distribution of CHF 0.75 per share. The ex-dividend date has been set to May 9, 2012.

Reflecting our holding company structure, the Group is not an operating company and holds investments in subsidiaries. It is therefore reliant on the dividends of its subsidiaries to pay shareholder dividends and service its long-term debt. The subsidiaries of the Group are generally subject to legal restrictions on the amount of dividends they can pay. The amount of dividends paid by operating subsidiaries is determined after consideration of the expectations for future results and growth of the operating businesses.

> Refer to "Regulatory capital developments and proposals" for information on possible dividend restrictions under the Basel III regulatory capital framework.
> Refer to "Proposed distribution against reserves from capital contributions" in VI – Parent company financial statements – Credit Suisse Group – Proposed appropriation of retained earnings and capital distributions for further information on dividends.

Dividend per ordinary share

end of	USD[1]	CHF
Dividend per ordinary share		
2010	1.48	1.30
2009	1.78	2.00
2008	0.10	0.10
2007	2.40	2.50
2006[2]	2.20	2.70

1 Represents the distribution on each American depositary share. For further information, refer to www.credit-suisse.com/dividend. 2 Distribution consisted of a dividend of CHF 2.24 (USD 1.82) and a par value reduction of CHF 0.46 (USD 0.38)

as approved on May 4, 2007 for the financial year 2006.

Foreign exchange exposure and interest rate management

Foreign exchange risk associated with investments in branches, subsidiaries and affiliates is managed within defined parameters that create a balance between the interests of stability of capital adequacy ratios and the preservation of Swiss franc shareholders' equity. The decisions regarding these parameters are taken by CARMC and are regularly reviewed.

Foreign exchange risk associated with the nonfunctional currency net assets of branches and subsidiaries is managed through a combination of forward and backward looking hedging activity, which is aimed at reducing the foreign exchange rate induced volatility of reported earnings.

Interest rate risk inherent in banking book activities, such as lending and deposit taking, is transferred from the divisions to Treasury, which centrally manages the interest rate exposures. Treasury also develops and maintains the models needed to determine interest rate risks of products that do not have a defined maturity, such as demand and savings accounts. For this purpose, a replicating methodology is applied in close coordination with Risk Management to maximize stability and sustainability of spread revenues at the divisions. Further, Treasury manages the interest exposure of the Bank's equity to targets agreed with senior management.

Risk management

The prudent taking of risk in line with our strategic priorities is fundamental to our business as a leading global bank. In 2011, we continued to prudently manage our risk profile to meet the challenges of a volatile market environment and changing regulatory framework. We strengthened our risk management function, improved our risk management approaches and methodologies and continued to invest significantly in our IT infrastructure. We continued to review our risk appetite framework which establishes key principles for managing our risks to ensure an appropriate balance of return and assumed risk, stability of earnings and capital levels we seek to maintain. Overall position risk increased 2%, average risk management VaR for our trading books decreased 26% and our impaired loans decreased 8%.

Key risk developments in 2011

Government leaders and regulators continued to focus on reform of the financial services industry, including capital, leverage and liquidity requirements, changes in compensation practices and systemic risk. The >>>G-20 and national governments pledged to increase regulation and improve coordination of oversight of banks and financial institutions.

> Refer to "Regulatory capital developments and proposals" in Treasury management for further information on our current regulatory framework on capital, leverage and liquidity, including certain expected changes to this framework.
> Refer to "Regulation and supervision" in I – Information on the company for information on other regulatory developments and proposals.
> Refer to "New risk measurement models" in Market risk for further information on the risk management measures implemented under the Basel II.5 framework.

> Refer to “VaR” in Market risk for further information on the revised VaR methodology implemented in June 2011 for risk management VaR and regulatory VaR.

These and other changes in regulatory requirements will continue to have an impact on our business mix, posing restrictions on some businesses. We are evolving our divisional business models in response to these requirements. We expect complex risk management techniques and measures in the proposed regulatory framework to result in increased costs and resource requirements.

In Investment Banking, our risk profile will be reduced as we focus on downscaling or exiting businesses that generate low returns or have no clear competitive advantage (e.g., >>>commercial mortgage-backed securities (CMBS) origination) and significantly reducing >>>Basel III risk-weighted assets in our fixed income business. Under the specific implications of the new regulatory requirements, we expect the cost of holding credit exposure in the trading book will rise, particularly for securitization positions and credit trading, which will continue to increase the attractiveness of client-focused intermediation businesses over origination and warehousing activities. The Basel III credit risk charge on >>>OTC derivative transactions will become a more significant contributor to >>>risk-weighted assets. In addition, we expect higher capital requirements for OTC derivatives to increase the incentives to move such exposures to centralized exchange counterparties.

The risk profile in Private Banking increased slightly and Asset Management’s risk profile remained relatively stable in 2011. While Private Banking and Asset Management are evolving their business strategies, we do not currently expect those changes to significantly increase their risk profiles. Nevertheless, changes in strategic approach do affect risks inherent in a business.

The past year has seen an industry focus on adherence to suitability and appropriateness requirements, focusing on investor protection and increasing the transparency of financial products and services. Suitability and appropriateness of investments for our clients are under continuous review.

Reputational risk has also been a major focus during the year and we have revised our business approach, including with respect to some emerging market countries, certain industries, transactions with politically exposed persons and sovereign wealth funds.

> Refer to “Reputational risk” for further information on reputational risk issues.

Risk management oversight

Risk governance

Fundamental to our business as a leading global bank is the prudent taking of risk in line with our strategic priorities. The primary objectives of risk management are to protect our financial strength and reputation, while ensuring that capital is well deployed to support business activities and grow shareholder value. Our risk management framework is based on transparency, management accountability and independent oversight. Risk management is an integral part of our business planning process with strong involvement of senior management and the Board of Directors (Board).

To meet the challenges of a volatile market environment and changing regulatory frameworks, we work to continuously strengthen our risk function, which is independent of, but closely interacts with the front office functions to ensure the appropriate flow of information and strong controls. In 2011, we continued to strengthen our control culture and systems and invested significantly in our risk infrastructure, processes and risk measurement and tools. We have implemented comprehensive risk management processes and sophisticated control systems, and we work to limit the impact of negative developments by carefully managing concentrations of risks. Further, the business mix of

Private Banking, Investment Banking and Asset Management provides a certain amount of risk diversification.

Risk organization

Risks arise in all of our business activities and cannot be eliminated completely, however, we manage risk in our internal control environment. Our risk management organization reflects the specific nature of the various risks to ensure that risks are managed within limits set in a transparent and timely manner. At the level of the Board, including through its committees, this includes the following responsibilities:

– Board: responsible to shareholders for the strategic direction, supervision and control of the Group and for defining our overall tolerance for risk in the form of a risk appetite statement;

– Risk Committee: responsible for assisting the Board in fulfilling its oversight responsibilities by providing guidance regarding risk governance and the development of the risk profile and capital adequacy, including the regular review of major risk exposures and the approval of overall risk limits; and

– Audit Committee: responsible for assisting the Board in fulfilling its oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. Additionally, the Audit Committee is responsible for monitoring the independence and the performance of the internal and external auditors.

Overall risk limits are set by the Board and its Risk Committee. On a monthly basis, senior management through CARMC reviews risk exposures, concentration risks and risk-related activities. CARMC is responsible for supervising and directing our risk profile on a consolidated basis, recommending risk limits to the Board and its Risk Committee, and for establishing and allocating risk limits among the various businesses. CARMC meetings focus on the following three areas on a rotating basis: asset and liability management/liquidity, market and credit risk and operational risk/legal and compliance.

Committees have been established at a senior management level to further support the risk management function. The Risk Processes & Standards Committee is responsible for establishing and approving standards regarding risk management and risk measurement, including methodology and parameters. The Credit Portfolio & Provisions Review Committee reviews the quality of the credit portfolio with a focus on the development of impaired assets and the assessment of related provisions and valuation allowances. The Reputational Risk & Sustainability Committee sets policies, and reviews processes and significant cases relating to reputational risks and sustainability issues. There are also divisional risk management committees.

The risk committees are further supported by Treasury, which is responsible for the management of our balance sheet, capital management, liquidity and related hedging policies.

The risk management function reports to the CRO, who is independent of the business and is a member of the Executive Board. In 2011, the function covered:

– Strategic Risk Management (SRM)

– Risk Analytics and Reporting (RAR)

– Credit Risk Management (CRM)

– Bank Operational Risk Oversight (BORO)

– Business Continuity Management

– Reputational Risk Management

The risk management function is responsible for providing risk management oversight and establishing an organizational basis to manage all risk management matters through four primary risk functions: SRM assesses the Group's overall risk profile on a strategic basis, recommending corrective action where necessary, and is also responsible for market risk management including measurement and limits; RAR is responsible for risk analytics, reporting, systems implementation and policies; CRM is responsible for approving credit limits, monitoring and managing individual exposures, and assessing and managing the quality of credit portfolios and allowances; and BORO acts as the central hub for the divisional operational risk functions. The risk management function also addresses critical risk areas such as business continuity and reputational risk management.

Risk types

Within our risk framework, we have defined the following types of risk:

Management risks:

– Strategy risk: outcome of strategic decisions or developments; and

– Reputational risk: damage to our standing in the market.

Chosen risks:

– Market risk: changes in market factors such as prices, volatilities and correlations;

– Credit risk: changes in the creditworthiness of other entities; and

– Expense risk: difference between expenses and revenues in a severe market event.

Consequential risks:

– Operational risk: inadequate or failed internal processes, people and systems, or external events; and

– Liquidity risk: inability to fund assets or meet obligations at a reasonable price.

Management risks are difficult to quantify. While management of strategy risk is addressed at the Board and Executive Board level, a process has been implemented to globally capture and manage reputational risk. Chosen risks are, in general, highly quantifiable, but are challenging in complexity and scale, especially when aggregated across all positions and types of financial instruments. Additionally, the traditional boundaries between market risks and credit risk have become blurred. For operational risk management, we have primarily set up processes on Group, divisional and regional levels. Liquidity management is centralized with Treasury.

Information required under Pillar 3 of the >>>Basel II framework related to risk is available on our website at *www.credit-suisse.com/pillar3*.

Risk appetite and risk limits

We have a risk appetite framework that establishes key principles for managing our risks to ensure an appropriate balance of return and assumed risk, stability of earnings and capital levels we seek to maintain. The key aspect of our risk appetite framework is a sound system of integrated risk limits to control overall risk taking capacity and serve as an essential decision making tool for senior management. Our risk appetite framework is guided by the following general principles:

– Managing the business to a target credit rating

– Meeting regulatory requirements and expectations

– Ensuring capital adequacy

– Maintaining low exposure to stress events

– Maintaining stability of earnings

– Sustaining a stable shareholder dividend

– Ensuring sound management of liquidity and funding risk

Risk appetite is annually reviewed and determined by the Board, taking into account strategic and business planning, and enforced by a detailed limit framework of portfolio and position limits at both Group and business division levels. The following chart gives an overview of the Group's risk appetite framework reflecting selected Group-wide and division-specific quantitative limits and qualitative restrictions.

A sound system of risk limits is fundamental to effective risk management. The limits define our maximum balance sheet and off-balance sheet exposure given the market environment, business strategy and financial resources available to absorb losses.

We use an economic capital limit structure to manage overall risk taking. The overall risk limits for the Group are set by the Board and its Risk Committee and are binding. Any excess of these limits will result in immediate notification to the Chairman of the Board's Risk Committee and the CEO of the Group, and written notification to the full Board at its next meeting. Following notification, the CRO can approve positions that exceed the Board limits by no more than an approved percentage with any such approval being reported to the full Board. Positions that exceed the Board limits by more than such approved percentage can only be approved by the CRO and the full Board acting jointly. In 2011 and 2010, no Board limits were exceeded.

In the context of the overall risk appetite of the Group, as defined by the limits set by the Board and its Risk Committee, CARMC is responsible for setting divisional risk limits and more specific limits deemed necessary to control the concentration of risk within individual lines of business. For this purpose, CARMC uses a detailed framework of more than 100 individual risk limits designed to control risk taking at a granular level by individual businesses and in the aggregate. Limit measures used include VaR, economic capital, risk exposure, risk sensitivity and scenario analysis. The framework encompasses specific limits on a large number of different product and risk type concentrations. For example, there are consolidated controls over trading exposures, the mismatch of interest-earning assets and interest-bearing liabilities, private equity and seed money and emerging market country exposures. Risk limits allocated to lower organizational levels within the businesses also include a system of individual counterparty

credit limits. CARMC limits are binding and generally set at a tight level to ensure that any meaningful increase in risk exposures is promptly escalated. The head of SRM for the relevant division or certain other members of senior management have the authority to temporarily increase the CARMC limits by an approved percentage for a period not to exceed 90 days. Any CARMC limit excess is subject to a formal escalation procedure and must be remediated or expressly approved by senior management. Senior management approval is valid for a standard period of ten days (or fewer than ten days for certain limit types) and approval has to be renewed for additional standard periods if an excess is not remediated within the initial standard period. The majority of these limits are monitored on a daily basis. Limits for which the inherent calculation time is longer are monitored on a weekly basis. A smaller sub-set of limits relating to exposures for which the risk profile changes more infrequently (for example, those relating to illiquid investments) is monitored on a monthly basis. In 2011, 93% of CARMC limit excesses were resolved within the approved standard period.

Economic capital and position risk

Overview

Economic capital is used as a consistent and comprehensive tool for risk management, capital management and performance measurement. It is our core Group-wide risk management tool for measuring and reporting all quantifiable risks. Economic capital measures risks in terms of economic realities rather than regulatory or accounting rules and is the estimated capital needed to remain solvent and in business, even under extreme market, business and operational conditions, given our target financial strength (our long-term credit rating). It also provides a common terminology for risk across the Group, which increases risk transparency and improves knowledge sharing. The development and use of economic capital methodologies and models have evolved over time without a standardized approach within the industry, therefore comparisons across firms may not be meaningful.

Under Pillar 2 of the Basel II framework (also referred to as the Supervisory Review Process), banks are required to implement a robust and comprehensive framework for assessing capital adequacy, defining internal capital targets and ensuring that these capital targets are consistent with their overall risk profile and the current operating environment. Our economic capital framework has an important role under Pillar 2, as it represents our internal view of the amount of capital required to support our business activities.

Economic capital is calculated separately for >>>position risk, operational risk and other risks. These three risks are used to determine our utilized economic capital and are defined as follows:

– Position risk: the level of unexpected loss in economic value on our portfolio of positions over a one-year horizon which is exceeded with a given small probability (1% for risk management purposes; 0.03% for capital management purposes). Position risk is used to assess, monitor and report risk exposures throughout the Group;

– Operational risk: the level of loss resulting from inadequate or failed internal processes, people and systems or from external events over a one-year horizon which is exceeded with a given small probability (0.03%). Estimating this type of economic capital is inherently more subjective and reflects quantitative tools and senior management judgment; and

– Other risks: the risks not captured by the above, which primarily includes expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital and risk on real estate held for own use. Expense risk is defined as the difference between expenses and revenues in a severe market event, exclusive of the elements captured by position risk and operational risk. Pension risk is defined as the potential under-funding of our pension obligations in an extreme event.

We regularly review our economic capital methodology in order to ensure that the model remains relevant as markets and business strategies evolve. In 2011, we made a number of enhancements to the position risk methodology for risk management purposes, including in international lending & counterparty exposures and fixed income trading. For international lending & counterparty exposures, we enhanced the calculation of >>>fair value loan exposures. For fixed income trading, we refined the methodology relating to traded credit exposures to increase the granularity of our spread shocks to cover market sectors and improve yield curve risk modeling. Prior-period balances have been restated for methodology changes in order to show meaningful trends. The total impact of 2011 methodology changes on position risk as of December 31, 2010 was an increase of CHF 306 million, or 3%.

For utilized economic capital used for capital management purposes, within other risks we adjusted our approach for aggregating the risks associated with our defined benefit pension plans. Within economic capital resources, we refined our economic adjustments methodology for anticipated dividends. Prior period balances have been restated for 2011 methodology changes in order to show meaningful trends. The total impact of methodology changes on utilized economic capital and economic capital resources for the Group as of December 31, 2010 was an increase of CHF 674 million, or 2%, and a decrease of CHF 311 million, or 1%, respectively.

In response to the 2008 financial crisis, regulators have introduced changes to the regulatory capital framework through the implementation of >>>Basel II.5 and Basel III. Often, in response to economic realities, we modify our economic capital model in advance of regulatory changes. For example, recent requirements, such as capital charges equivalent to IRC and credit valuation adjustments (CVA), have been an integral part of our economic capital model for several years. We continually review our model so that it reflects risks measured in terms of potential loss of economic value.

> Refer to “Regulation and supervision” in I – Information on the company and “Regulatory capital developments and proposals” in Treasury – Capital management for further information.

Group position risk

			end of	% change	
	2011	2010	2009	11 / 10	10 / 09
Position risk (CHF million)					
Fixed income trading [1]	2,813	2,658	3,220	6	(17)
Equity trading & investments	2,322	2,399	2,874	(3)	(17)
Private banking corporate & retail lending	2,182	2,072	2,284	5	(9)
International lending & counterparty exposures	4,572	4,230	4,396	8	(4)
Emerging markets country event risk	860	632	512	36	23
Real estate & structured assets [2]	2,111	2,597	2,454	(19)	6
Simple sum across risk categories	**14,860**	**14,588**	**15,740**	2	(7)
Diversification benefit [3]	(2,670)	(2,631)	(2,785)	1	(6)
Position risk (99% confidence level for risk management purposes)	**12,190**	**11,957**	**12,955**	2	(8)

Prior balances have been restated for methodology changes in order to show meaningful trends.
1 This category comprises fixed income trading, foreign exchange and commodity exposures. 2 This category comprises commercial and residential real estate (including RMBS and CMBS), ABS exposure, real estate acquired at auction and real estate fund investments. 3 Reflects the net difference between the sum of the position risk categories and the position risk on the total portfolio.

Key position risk trends

Compared to 2010, position risk for risk management purposes increased 2%, primarily due to higher corporate banking and leveraged finance loan risk in international lending & counterparty exposures, higher exposures in Asia and Eastern Europe in emerging markets country event risk and higher interest rate exposures in fixed income trading. We also had higher commercial loans exposure in private banking corporate & retail lending. These increases were partially offset by lower >>>residential mortgage-backed securities (RMBS) exposure in real estate & structured assets and lower private equity exposure in equity trading & investments.

As part of our overall risk management, we hold a portfolio of hedges. Hedges are impacted by market movements, similar to other trading securities, and may result in gains or losses on the hedges which offset losses or gains on the portfolios they were designated to hedge. Due to the varying nature and structure of hedges, these gains or losses may not wholly offset the losses or gains on the portfolio.

Economic capital

	Group			Bank[1]		
end of	2011	2010	% change	2011	2010	% change
Economic capital resources (CHF million)						
Tier 1 capital[2]	36,844	37,725	–	33,459	35,310	–
Economic adjustments[3]	2,417	2,912	–	2,179	1,491	–
Economic capital resources	**39,261**	**40,637**	(3)	**35,638**	**36,801**	(3)
Utilized economic capital (CHF million)						
Position risk (99.97% confidence level)	21,721	21,262	2	21,020	20,584	2
Operational risk	3,128	2,936	7	3,128	2,936	7
Other risks[4]	8,591	5,773	49	6,805	4,796	42
Utilized economic capital	**33,440**	**29,971**	12	**30,953**	**28,316**	9

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.
1 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 2 2011 reported

under Basel II.5. Prior period was reported under Basel II and is therefore not comparable. 3 Primarily includes securitization adjustments, anticipated dividends and unrealized gains on owned real estate. Economic adjustments are made to tier 1 capital to enable comparison between capital utilization and resources under the Basel framework. 4 Includes owned real estate risk, expense risk, pension risk, foreign exchange risk between economic capital resources and utilized economic capital, interest rate risk on treasury positions, diversification benefit and an estimate for the impacts of certain methodology changes planned for 2012.

Economic capital by segment

in / end of	2011	2010	% change
Utilized economic capital by segment (CHF million)			
Private Banking	7,357	6,477	14
Investment Banking	20,851	19,073	9
Asset Management	3,314	3,345	(1)
Corporate Center [1]	1,922	1,092	76
Utilized economic capital - Group [2]	**33,440**	**29,971**	12
Utilized economic capital - Bank [3]	**30,953**	**28,316**	9
Average utilized economic capital by segment (CHF million)			
Private Banking	6,940	6,589	5
Investment Banking	19,917	20,735	(4)
Asset Management	3,359	3,539	(5)
Corporate Center [1]	1,269	1,113	14
Average utilized economic capital - Group [4]	**31,473**	**31,958**	(2)
Average utilized economic capital - Bank [3]	**29,646**	**30,248**	(2)

Prior economic capital balances have been restated for methodology changes in order to show meaningful trends.
1 Includes primarily expense risk diversification benefits from the divisions, expense risk and foreign exchange risk between economic capital resources and utilized economic capital. 2 Includes a diversification benefit of CHF 4 million and CHF 16 million as of December 31, 2011 and 2010, respectively. 3 The major difference between economic capital of the Group and the Bank relates to the risks within Clariden Leu, Neue Aargauer Bank, BANK-now and Corporate Center. These risks include position and other risks. 4 Includes a diversification benefit of CHF 12 million and CHF 18 million as of December 31, 2011 and 2010, respectively.

Utilized economic capital trends

Over the course of 2011, our utilized economic capital increased 12%, mainly due to increased expense risk, increased pension risk associated with Credit Suisse defined benefit pension plans, increased foreign exchange risk between utilized economic capital and economic capital resources, and increased position risk. The increases were partially offset by higher economic benefits in relation to our deferred shared-based compensation awards.

For Private Banking, utilized economic capital increased 14%, due to higher pension risk associated with Credit Suisse defined benefit pension plans, increased operational risk and higher position risk for private banking corporate & retail lending.

For Investment Banking, utilized economic capital increased 9%, largely due to increased expense risk, increased pension risk associated with Credit Suisse defined benefit pension plans, and increased position risk. The increases were partially offset by higher economic benefits in relation to our deferred shared-based compensation awards.

For Asset Management, utilized economic capital decreased 1%, primarily due to lower operational risk, partially offset by increased expense risk.

Corporate Center utilized economic capital increased 76% due to higher foreign exchange risk between utilized economic capital and economic capital resources, and higher expense risk.

Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility. We define our market risk as potential changes in the fair value of financial instruments in response to market movements. A typical transaction may be exposed to a number of different market risks.

We devote considerable resources to ensure that market risk is comprehensively captured, accurately modeled and reported, and effectively managed. Trading and non-trading portfolios are managed at various organizational levels, from the overall risk positions at the Group level down to specific portfolios. We use market risk measurement and management methods designed to meet or exceed industry standards. These include general tools capable of calculating comparable exposures across our many activities and focused tools that can specifically model unique characteristics of certain instruments or portfolios. The tools are used for internal market risk management, internal market risk reporting and external disclosure purposes. Our principal market risk measurement methodologies are VaR and scenario analysis. Additionally, our market risk exposures are reflected in our economic capital calculations. The risk management techniques and policies are regularly reviewed to ensure they remain appropriate.

New risk measurement models

We implemented new risk measurement models, including an >>>incremental risk charge (IRC) and >>>stressed VaR, to meet the Basel II.5 market risk framework for FINMA regulatory capital purposes effective January 1, 2011. The IRC is a regulatory capital charge for default and migration risk on positions in the trading books and intended to complement additional standards being applied to the VaR modeling framework, including stressed VaR. Stressed VaR replicates a VaR calculation on the Group's current portfolio taking into account a one-year observation period relating to significant financial stress and helps reduce the pro-cyclicality of the minimum capital requirements for market risk.

VaR

VaR measures the potential loss in fair value of financial instruments due to adverse market movements over a defined time horizon at a specified confidence level. VaR as a concept is applicable for all financial risk types with valid regular price histories. Positions are aggregated by risk type rather than by product. For example, interest rate risk includes risk arising from interest rate, foreign exchange, equity and commodity options, money market and swap transactions and bonds. The use of VaR allows the comparison of risk in different businesses, such as fixed income and equity, and also provides a means of aggregating and netting a variety of positions within a portfolio to reflect actual correlations and offsets between different assets.

Historical financial market rates, prices and volatilities serve as the basis for the statistical VaR model underlying the potential loss estimation. We use a one-day holding period and a confidence level of 98% to model the risk in our trading portfolios for internal risk management purposes and a ten-day holding period and a confidence level of 99% for regulatory capital purposes. These assumptions are compliant with the standards published by the BCBS and other related international standards for market risk management. For some purposes, such as >>>backtesting, disclosure and benchmarking with competitors, the resulting VaR figures are calculated based on a one-day holding period level or scaled down from a longer holding period.

We use a historical simulation model for the majority of risk types and businesses within our trading portfolios. The model is based on the profit and loss distribution resulting from historical changes in market rates, prices and volatilities applied to evaluate the portfolio.

We use the same VaR model for risk management and regulatory capital purposes, except for the confidence level and holding period used. We regularly review our VaR model to ensure that it remains appropriate given evolving market conditions and the composition of our trading portfolio. As part of the ongoing review to improve risk management approaches and methodologies, we implemented a significantly revised VaR methodology for both >>>risk management VaR and >>>regulatory VaR in the second quarter of 2011. We believe these changes make VaR a more useful risk management tool and improve the responsiveness of the model to market volatility. We have approval from FINMA to use this revised VaR methodology for both risk management and regulatory capital purposes. We have restated risk management VaR for prior periods to show meaningful trends. The methodology changes were implemented in June 2011 and are fully reflected in risk management VaR. For regulatory VaR, these methodology changes have been reflected from implementation only. The revisions to the VaR methodology included:

– Historical dataset changed to two years (from three years);

– Exponential weighting to give emphasis to more recent market data and volatility (previously: equal weighting of market data and the use of scaled VaR);

– Expected shortfall calculation based on average losses (previously: losses from a single event);

– One-day holding period for risk management VaR (from a ten-day holding period adjusted to one day, with regulatory VaR continuing to be based on a ten-day holding period); and

– Confidence level changed to 98% for risk management VaR (from 99%, with regulatory VaR continuing to be based on a 99% confidence level).

In addition, we also made asset-class methodology changes, including changing the non-investment grade model to a spread-based rather than a price-based model to better capture issuer-specific basis and maturity risk and modifying the traded loans model to better capture basis risk. We also implemented a single stock volatility model to better capture equity exposures. Additionally, we enhanced the VaR methodology for non-agency RMBS exposures to reflect the risk of assets traded on a price-basis instead of a spread-basis and to better capture non-linear effects and basis risk.

We have approval from FINMA, as well as from certain other regulators of our subsidiaries, to use our regulatory VaR model in the calculation of trading book market risk capital requirements. We continue to receive regulatory approval for ongoing enhancements to the methodology, and the model is subject to regular reviews by regulators.

For risk management VaR, we use a one-day holding period and a 98% confidence level. This means there is a 1-in-50 chance of incurring a daily mark-to-market trading loss at least as large as the reported VaR. For regulatory VaR, we present one-day, 99% VaR, which is a ten-day VaR adjusted to a one-day holding period. In order to show the aggregate market risk in our trading books, the chart entitled "Daily risk management VaR" shows the trading-related market risk on a consolidated basis.

The VaR model uses assumptions and estimates that we believe are reasonable, but VaR only quantifies the potential loss on a portfolio under normal market conditions. Other risk measures, such as scenario analysis, are used to estimate losses associated with unusually severe market movements. The main assumptions and limitations of VaR as a risk measure are:

– VaR relies on historical data to estimate future changes in market conditions, which may not capture all potential future outcomes, particularly where there are significant changes in market conditions, such as increases in volatilities;

– Although VaR captures the relationships between risk factors, these relationships may be affected by stressed market conditions;

– VaR provides an estimate of losses at a 98% confidence level for internal risk management and 99% confidence level for regulatory capital purposes, which means that it does not provide any information on the size of losses that could occur beyond that confidence level;

– VaR is based on either a one-day (for internal risk management, backtesting and disclosure purposes) or a ten-day (for regulatory capital purposes) holding period. This assumes that risks can be either sold or hedged over the holding period, which may not be possible for all types of exposure, particularly during periods of market illiquidity or turbulence; and

– VaR is calculated using positions held at the end of each business day and does not include intra-day exposures.

Scenario analysis

Stress testing complements other risk measures by capturing the Group's exposure to unlikely but plausible events, which can be expressed through a range of significant moves across multiple financial markets. Key scenarios include significant movements in credit spreads, interest rates, equity and commodity prices and foreign exchange rates, as well as adverse changes in counterparty default and recovery rates. The majority of scenario analysis calculations performed are specifically tailored toward the risk profile within particular businesses, and limits are established if they are considered the most appropriate control. In addition, to identify areas of risk concentration and potential vulnerability to stress events at Group level, we use a set of scenarios, which are consistently applied across all businesses and assess the impact of significant, simultaneous movements across a broad range of markets and asset classes.

Stress testing is a fundamental element of the Group risk control framework. Stress testing results are monitored against limits, used in risk appetite discussions and strategic business planning, and support our internal capital adequacy assessment. Stress test scenarios are conducted on a regular basis and the results, trend information and supporting analysis are reported on to the Board, senior management and the business divisions.

The Group's stress testing framework is comprehensive and governed through a dedicated steering committee. Scenarios can be defined with reference to historic events or based on forward looking, hypothetical events that could impact the Group's positions, capital, or profitability. The scenarios are reviewed and updated regularly as markets and business strategies evolve, and new scenarios are designed by the risk management function in collaboration with our global research function and the business divisions.

Trading portfolios

Risk measurement and management
We assume market risk in our trading portfolios primarily through the trading activities of the Investment Banking division. Our other divisions also engage in trading activities, but to a much lesser extent.

For the purposes of this disclosure, VaR is used to quantify market risk in the trading portfolio, which includes those financial instruments treated as part of the trading book for regulatory capital purposes. This classification of assets as trading is done for purposes of analyzing our market risk exposure, not for financial statement purposes.

We are active in most of the principal trading markets of the world, using the majority of common trading and hedging products, including >>>derivatives such as swaps, futures, options and structured products (some of which are customized transactions using combinations of derivatives and executed to meet specific client or proprietary needs). As a result of our broad participation in products and markets, our trading strategies are correspondingly diverse and exposures are generally spread across a range of risks and locations.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (CHF)

						Risk management VaR (98%)	Regulatory VaR (99%)
in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversi-fication benefit	Total	Total
2011 (CHF million)							
Average	73	13	10	23	(44)	75	94
Minimum	54	5	2	14	+	54	49
Maximum	99	25	26	47	+	107	161
End of period	73	12	4	25	(40)	74	79
2010 (CHF million)							
Average	102	18	22	27	(67)	102	142
Minimum	78	6	10	15	+	68	103
Maximum	127	43	32	50	+	142	205
End of period	90	21	18	25	(63)	91	124
2009 (CHF million)							
Average	150	21	25	31	(83)	144	143

Minimum	94	6	16	17	+	85	80
Maximum	245	63	40	60	+	237	269
End of period	104	12	18	32	(71)	95	131

Excludes risks associated with counterparty and own credit exposures. In June 2011, we made significant changes to our VaR methodology. Risk management VaR for periods prior to implementation has been restated in order to show meaningful trends. For regulatory VaR, these methodology changes have been reflected from implementation only.
1 As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

One-day, 98% risk management VaR and one-day, 99% regulatory VaR (USD)

						Risk management VaR (98%)	Regulatory VaR (99%)
in / end of	Interest rate & credit spread	Foreign exchange	Commodity	Equity	Diversi-fication benefit	Total	Total
2011 (USD million)							
Average	82	14	11	26	(48)	85	105
Minimum	64	6	2	15	+	65	55
Maximum	107	29	29	51	+	117	177
End of period	77	13	4	27	(42)	79	84
2010 (USD million)							
Average	91	16	20	24	(60)	91	136
Minimum	68	6	9	14	+	64	95
Maximum	111	38	28	44	+	124	210
End of period	78	18	16	22	(54)	80	132
2009 (USD million)							
Average	137	19	23	29	(77)	131	128
Minimum	93	6	13	17	+	83	78
Maximum	217	54	38	52	+	210	226
End of period	100	11	17	31	(67)	92	126

Excludes risks associated with counterparty and own credit exposures. In June 2011, we made significant changes to our VaR methodology. Risk management VaR for periods prior to implementation has been restated in order to show meaningful trends. For regulatory VaR, these methodology changes have been reflected from implementation only.
1 As the maximum and minimum occur on different days for different risk types, it is not meaningful to calculate a portfolio diversification benefit.

Development of trading portfolio risks

The tables entitled "One-day, 98% risk management VaR and one-day, 99% regulatory VaR" show our trading-related market risk exposure, as measured by one-day, 98% risk management VaR and 99% regulatory VaR. VaR has been calculated using a two-year historical dataset. As we measure trading book VaR for internal risk management purposes using the US dollar as the base currency, the VaR figures were translated into Swiss francs using daily foreign exchange translation rates. VaR estimates are computed separately for each risk type and for the whole portfolio using the historical simulation methodology. The diversification benefit reflects the net difference between the sum of the 98th percentile loss for risk management VaR and the 99th percentile loss for regulatory VaR, respectively, for each individual risk type and for the total portfolio.

We manage VaR in US dollars, as substantially all market risk relates to Investment Banking.

Average risk management VaR in 2011 decreased 7% from 2010 to USD 85 million. The decrease reflected risk reductions across fixed income, particularly in credit and securitized products, amid lower market liquidity and continued low client activity. This was partially offset by increased market volatility, widening credit spreads and reduced diversification benefit.

Period-end risk management VaR as of December 31, 2011 was stable at USD 79 million compared to December 31, 2010.

Various techniques are used to assess the accuracy of the VaR model used for trading portfolios, including backtesting. We present backtesting using actual daily trading revenues. Actual daily trading revenues are compared with regulatory 99% VaR calculated using a one-day holding period. A backtesting exception occurs when the trading loss exceeds the daily VaR estimate. We had no such backtesting exceptions in 2011, 2010 and 2009. FINMA, in line with BIS requirements, uses a multiplier to impose an increase in market risk capital for every regulatory VaR exception over four in the prior rolling 12-month period calculated using a subset of actual daily trading revenues.

> Refer to "Capital management" in Treasury management for further information on the use of our regulatory VaR model in the calculation of trading book market risk capital requirements.

The histogram entitled "Actual daily trading revenues" compares the actual trading revenues for 2011 with those for 2010 and 2009. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities. During 2011, we had 34 days of trading losses with six trading losses exceeding CHF 25 million, compared to six days of trading losses in 2010 with none of the trading losses exceeding CHF 25 million.

Banking portfolios

Risk measurement and management

The market risks associated with our non-trading portfolios primarily relate to asset and liability mismatch exposures, equity instrument participations and investments in bonds and money market instruments. All of our businesses and the Corporate Center have non-trading portfolios that carry some market risks.

The market risks associated with the non-trading portfolios are measured, monitored and limited using several tools, including economic capital, scenario analysis, sensitivity analysis and VaR. For the purpose of this disclosure, the aggregated market risks associated with our non-trading portfolios are measured using sensitivity analysis. The sensitivity analysis for the non-trading activities measures the amount of potential change in economic value resulting

from specified hypothetical shocks to market factors. It is not a measure for the potential impact on reported earnings in the current period, since the non-trading activities generally are not marked to market through earnings.

Development of non-trading portfolio risks

We assume non-trading interest rate risks through interest rate-sensitive positions originated by Private Banking and risk-transferred to Treasury, money market and funding activities by Treasury, and the deployment of our consolidated equity as well as other activities, including market making and trading activities involving banking book positions at the divisions, primarily Investment Banking. Savings accounts and many other retail banking products have no contractual maturity date or direct market-linked interest rate and are risk-transferred from Private Banking to Treasury on a pooled basis using replicating portfolios (approximating the re-pricing behavior of the underlying product). Treasury and certain other areas of the Group running interest rate risk positions actively manage the positions within approved limits.

The impact of a one basis point parallel increase in yield curves on the fair value of interest rate-sensitive non-trading book positions would have been an increase of CHF 6.6 million as of December 31, 2011, compared to an increase of CHF 8.5 million as of December 31, 2010. The decrease from 2010 was mainly due to the aging of capital instruments, market movements in the value of these instruments and an enhancement of the model for capturing interest rate risk on capital instruments. This was partially offset by the issuance of buffer capital notes in the first quarter of 2011 and a methodology enhancement relating to non-interest-bearing assets and liabilities.

One-basis-point parallel increase in yield curves by currency – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2011 (CHF million)						
Fair value impact of a one-basis-point parallel increase in yield curves	0.4	4.8	1.1	0.1	0.2	6.6
2010 (CHF million)						
Fair value impact of a one-basis-point parallel increase in yield curves	0.1	7.8	0.1	0.1	0.4	8.5

Non-trading interest rate risk is also assessed using other measures including the potential value change resulting from a significant change in yield curves. The following table shows the impact of immediate 100 basis points and 200 basis points moves in the yield curves (as interest rates are currently very low, the downward changes are capped to ensure that the resulting interest rates remain non-negative).

Interest rate sensitivity – non-trading positions

end of	CHF	USD	EUR	GBP	Other	Total
2011 (CHF million)						
Increase(+)/decrease(–) in interest rates						
+200 basis points	98	948	194	15	47	1,302
+100 basis points	44	477	101	7	25	654
–100 basis points	(1)	(487)	(110)	(6)	(23)	(627)

–200 basis points	31	(813)	(137)	(3)	(45)	(967)
2010 (CHF million)						
Increase(+)/decrease(–) in interest rates						
+200 basis points	27	1,574	4	18	83	1,706
+100 basis points	11	784	5	9	42	851
–100 basis points	22	(729)	(13)	(6)	(38)	(764)
–200 basis points	20	(1,375)	(30)	(6)	(71)	(1,462)

As of December 31, 2011, the fair value impact of an adverse 200-basis-point move in yield curves was a loss of CHF 1.0 billion compared to a loss of CHF 1.5 billion as of December 31, 2010. This risk is monitored on a daily basis. The monthly analysis of the potential impact resulting from a significant change in yield curves indicated that as of the end of 2011 and 2010, the fair value impact of an adverse 200 basis point move in yield curves and adverse interest rate moves, calibrated to a 1-year holding period with a 99% confidence level in relation to the total eligible regulatory capital, was significantly below the 20% threshold used by regulators to identify banks that potentially run excessive levels of non-trading interest rate risk.

Our non-trading equity portfolio includes positions in private equity, hedge funds, strategic investments and other instruments managed by Investment Banking. These positions may not be strongly correlated with general equity markets. Equity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 10% decline in the equity markets of developed nations and a 20% decline in the equity markets of emerging market nations. The estimated impact of this scenario would be a decrease of CHF 626 million in the value of the non-trading portfolio as of December 31, 2011, compared to a decrease of CHF 731 million in the value of the non-trading portfolio as of December 31, 2010.

Commodity risk on non-trading positions is measured using sensitivity analysis that estimates the potential change in value resulting from a 20% weakening in commodity prices. The estimated impact of this scenario would be a decrease of CHF 4 million in the value of the non-trading portfolio as of December 31, 2011, compared to a decrease of CHF 11 million as of December 31, 2010.

> Refer to “Foreign exchange exposure and interest rate management” in Treasury management for more information.

Credit and debit valuation adjustments

VaR excludes the impact of changes in both counterparty and our own credit spreads on derivative products. The estimated sensitivity to a one basis point increase in credit spreads (counterparty and our own) on derivatives in Investment Banking was a CHF 0.1 million loss as of December 31, 2011, including the impact of hedges. In addition, the estimated sensitivity to a one basis point increase in our own credit spreads on our fair valued structured notes was a CHF 6.6 million gain as of December 31, 2011, including the impact of hedges.

Credit risk

Credit risk is the possibility of a loss being incurred by us as the result of a borrower or counterparty failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counterparty. In the event of

a customer default, a bank generally incurs a loss equal to the amount owed by the debtor, less any recoveries from foreclosure, liquidation of collateral, or the restructuring of the debtor company. A change in the credit quality of a counterparty has an impact on the valuation of assets eligible for fair value measurement, with valuation changes recorded in the consolidated statements of operations.

Selected European credit risk exposures

The scope of our disclosure of European credit risk exposure includes all countries of the EU which are rated below AA or its equivalent by at least one of the three major rating agencies and where our gross exposure exceeds our quantitative threshold of EUR 0.5 billion. We believe this external rating is a useful measure in determining the financial ability of countries to meet their financial obligations, including giving an indication of vulnerability to adverse business, financial and economic conditions.

The basis for the presentation of the country exposure is our internal risk domicile view. The risk domicile view is based on the domicile of the legal counterparty, i.e., it may include exposure to a legal entity domiciled in the reported country where its parent is located outside of the country.

The credit risk exposure in the table is presented on a risk-based view. We present our credit risk exposure and related >>>risk mitigation for the following distinct categories:

– *Gross credit risk exposure* includes the principal amount of loans drawn, letters of credit issued and undrawn portions of committed facilities, the >>>positive replacement value (PRV) of derivative instruments after consideration of legally enforceable >>>netting agreements, the notional value of investments in money market funds and the market values of securities financing transactions and the debt cash trading portfolio (short-term securities) netted at issuer level.

– *Risk mitigation* includes >>>credit default swaps (CDS) and other hedges, guarantees, insurance and collateral (primarily cash, securities and, to a lesser extent, real estate, mainly for Private Banking exposure to corporates & other). Collateral values applied for the calculation of the net exposure are determined in accordance with our risk management policies and reflect applicable margining considerations.

– *Net credit risk exposure* represents gross credit risk exposure net of risk mitigation.

– *Inventory* represents the long inventory positions in trading and non-trading physical debt and synthetic positions, each at market value, all netted at issuer level. Physical debt are non-derivative debt positions (e.g., bonds), and synthetic positions are created through OTC contracts (e.g., CDS and >>>total return swaps).

Our credit risk exposure to these European countries is managed as part of our risk management process. The Group makes use of country limits and performs scenario analyses on a regular basis, which include analyses on our indirect sovereign credit risk exposures from our exposures to selected European financial institutions.

Selected European credit risk exposures

	Gross credit risk exposure	Risk mitigation		Net credit risk exposure	Inventory	Total credit risk exposure	
December 31, 2011		CDS	Other[1]			Gross	Net
Greece (EUR billion)							

Sovereigns	0.2	0.1	0.0	0.1	0.0	0.2	0.1
Financial institutions	0.1	0.0	0.1	0.0	0.0	0.1	0.0
Corporates & other	0.5	0.0	0.4	0.1	0.0	0.5	0.1
Total	**0.8**	**0.1**	**0.5**	**0.2**	**0.0**	**0.8**	**0.2**
Ireland (EUR billion)							
Sovereigns	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	1.7	0.0	1.4	0.3	0.1	1.8	0.4
Corporates & other	0.8	0.0	0.5	0.3	0.1	0.9	0.4
Total	**2.5**	**0.0**	**1.9**	**0.6**	**0.2**	**2.7**	**0.8**
Italy (EUR billion)							
Sovereigns	3.5	2.6	0.4	0.5	0.0	3.5	0.5
Financial institutions	2.0	0.0	1.7	0.3	0.7	2.7	1.0
Corporates & other	2.3	0.3	1.2	0.8	0.2	2.5	1.0
Total	**7.8**	**2.9**	**3.3**	**1.6**	**0.9**	**8.7**	**2.5**
Portugal (EUR billion)							
Sovereigns	0.1	0.1	0.0	0.0	0.0	0.1	0.0
Financial institutions	0.2	0.0	0.2	0.0	0.0	0.2	0.0
Corporates & other	0.2	0.0	0.1	0.1	0.0	0.2	0.1
Total	**0.5**	**0.1**	**0.3**	**0.1**	**0.0**	**0.5**	**0.1**
Spain (EUR billion)							
Sovereigns	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial institutions	1.6	0.0	1.2	0.4	0.5	2.1	0.9
Corporates & other	1.7	0.2	0.8	0.7	0.2	1.9	0.9
Total	**3.3**	**0.2**	**2.0**	**1.1**	**0.7**	**4.0**	**1.8**
Total (EUR billion)							
Sovereigns	3.8	2.8	0.4	0.6	0.0	3.8	0.6
Financial institutions	5.6	0.0	4.6	1.0	1.3	6.9	2.3
Corporates & other	5.5	0.5	3.0	2.0	0.5	6.0	2.5
Total	**14.9**	**3.3**	**8.0**	**3.6**	**1.8**	**16.7**	**5.4**

1 Includes other hedges (derivative instruments), guarantees, insurance and collateral.

On a gross basis, before taking into account risk mitigation, our risk-based sovereign credit risk exposure to Greece, Ireland, Italy, Portugal and Spain as of December 31, 2011 was EUR 3.8 billion. Our net exposure to these sovereigns was EUR 0.6 billion. Our sovereign bond holdings in these countries were entirely offset by short positions in such bonds. Our non-sovereign risk-based credit risk exposure in these countries as of December 31, 2011 included net exposure to financial institutions of EUR 2.3 billion and to corporates and other counterparties of EUR 2.5 billion. A significant majority of the purchased credit protection is transacted with banks outside of the disclosed countries; otherwise such credit risk is reflected in the gross and net exposure to each relevant country.

During the first two months of 2012, the sovereign debt rating of the countries listed in the table were affected as follows: Standard & Poor's lowered the long-term rating by two notches for Italy to BBB+ from A, for Portugal to BB from BBB- and for Spain to A from AA-. Fitch lowered Italy's rating to A- from A+ and Spain to A from AA-, and Moody's downgraded Italy to A3 from A2, Portugal to Ba3 from Ba2 and Spain to A3 from A1. The rating changes did not have a significant impact on the Group's financial condition, result of operations, liquidity or capital resources.

Sources of credit risk

Our credit risk is concentrated in Private Banking and Investment Banking. Credit risk exists within lending products, commitments and letters of credit, and results from counterparty exposure arising from derivatives, foreign exchange and other transactions.

Credit risk management approach

Effective credit risk management is a structured process to assess, quantify, measure, monitor and manage risk on a consistent basis. This requires careful consideration of proposed extensions of credit, the setting of specific limits, monitoring during the life of the exposure, active use of credit mitigation tools and a disciplined approach to recognizing credit impairment.

Our credit risk management framework covers virtually all of the Group's credit exposure and includes the following core components:

– individual counterparty rating systems;

– transaction rating systems;

– a counterparty credit limit system;

– country concentration limits;

– risk-based pricing methodologies;

– active credit portfolio management; and

– a credit risk provisioning methodology.

We employ a set of credit ratings for the purpose of internally rating counterparties to whom we are exposed to credit risk as the contractual party, including with respect to loans, loan commitments, securities financings or OTC derivative contracts. Credit ratings are intended to reflect the risk of default of each counterparty. Ratings are assigned based on internally developed rating models and processes, which are subject to governance and internally independent validation procedures.

Our internal ratings may differ from a counterparty's external ratings, if one is available. Internal ratings are reviewed at least annually. For the calculation of internal risk estimates and risk-weighted assets, a >>>PD is assigned to each facility. For corporate & institutional counterparties excluding corporates managed on the Swiss platform, the PD is determined by the internal credit rating. For these client segments, internal ratings are based on the analysis and evaluation of both quantitative and qualitative factors. The specific factors analyzed are dependent on the type of counterparty. The analysis emphasizes a forward-looking approach, concentrating on economic trends and financial

fundamentals. Credit officers make use of peer analysis, industry comparisons, external ratings and research, and the judgment of credit experts. The PD for each rating is calibrated based on historic default experience, using external data from Standard & Poor's, and backtested to ensure consistency with internal experience. For corporates managed on the Swiss platform and consumer loans, the PD is calculated directly by proprietary statistical rating models, which are based on internally compiled data comprising both quantitative factors (primarily loan-to-value ratio and the borrower's income level for mortgage lending and balance sheet information for corporates) and qualitative factors (e.g., credit histories from credit reporting bureaus). In this case, an equivalent rating is assigned for reporting purposes, based on the PD band associated with each rating.

We assign an estimate of expected loss in the event of a counterparty default based on the structure of each transaction. The counterparty credit rating is used in combination with credit (or credit equivalent) exposure and the LGD assumption to estimate the potential credit loss. LGD represents the expected loss on a transaction should default occur and takes into account structure, collateral, seniority of the claim and, in certain areas, the type of counterparty. We use credit risk estimates consistently for the purposes of approval, establishment and monitoring of credit limits and credit portfolio management, credit policy, management reporting, risk-adjusted performance measurement, economic capital measurement and allocation and financial accounting. This approach also allows us to price transactions involving credit risk more accurately, based on risk/return estimates. The overall internal credit rating system has been approved by FINMA for application under the Basel II >>>A-IRB approach.

Credit limits are used to manage individual counterparty credit risk. A system of limits is also established to address concentration risk in the portfolio, including a comprehensive set of country limits and limits for certain products. In addition, credit risk concentration is regularly supervised by credit and risk management committees, taking current market conditions and trend analysis into consideration. A rigorous credit quality review process provides an early identification of possible changes in the creditworthiness of clients and includes regular asset and collateral quality reviews, business and financial statement analysis, and relevant economic and industry studies. Regularly updated watch lists and review meetings are used for the identification of counterparties that could be subject to adverse changes in creditworthiness.

Our regular review of the creditworthiness of clients and counterparties does not depend on the accounting treatment of the asset or commitment. We regularly review the appropriateness of allowances for credit losses. Changes in the credit quality of counterparties of loans held at fair value are reflected in valuation changes recorded in revenues, and therefore are not part of the impaired loans balance. Impaired transactions are further classified as potential problem exposure, non-performing exposure or non-interest-earning exposure, and the exposures are generally managed within credit recovery units. The Credit Portfolio and Provisions Review Committee regularly determines the adequacy of allowances.

Risk mitigation

We actively manage our credit exposure utilizing credit hedges, collateral and guarantees. Collateral is security in the form of an asset, such as cash and marketable securities, which serves to mitigate the inherent risk of credit loss and to improve recoveries in the event of a default.

The policies and processes for collateral valuation and management are driven by:

– legal documentation that is agreed with our counterparties; and

– an internally independent collateral management function.

For our trading portfolio, the valuation of the collateral portfolio is performed as per the availability of independent market data, generally daily for traded products. Exceptions are governed by the calculation frequency described in the legal documentation. The management of collateral is standardized and centralized to ensure complete coverage of traded products.

Credit risk overview

All transactions that are exposed to potential losses due to a counterparty failing to meet an obligation are subject to credit risk exposure measurement and management. The following table represents credit risk from loans, loan commitments and certain other contingent liabilities, loans held-for-sale, traded loans and derivative instruments before consideration of risk mitigation such as cash collateral and marketable securities or credit hedges.

Credit risk

end of	2011	2010	% change
Credit risk (CHF million)			
Balance sheet			
Gross loans	234,357	219,891	7
of which reported at fair value	20,694	18,552	12
Loans held-for-sale	20,457	24,925	(18)
Traded loans	3,581	4,346	(18)
Derivative instruments [1]	56,254	50,477	11
Total balance sheet	**314,649**	**299,639**	5
Off-balance sheet			
Loan commitments [2]	220,560	209,553	5
Credit guarantees and similar instruments	7,348	7,408	(1)
Irrevocable commitments under documentary credits	5,687	4,551	25
Total off-balance sheet	**233,595**	**221,512**	5
Total credit risk	**548,244**	**521,151**	5

Before risk mitigation, for example, collateral, credit hedges.
1 Positive replacement value after netting agreements. 2 Includes CHF 138,051 million and CHF 136,533 million at the end of 2011 and 2010, respectively, of unused credit limits which were revocable at our sole discretion upon notice to the client.

Loans and loan commitments

Loans which we have the intention and ability to hold to maturity are valued at amortized cost less any allowance for loan losses. Loan commitments include irrevocable credit facilities for Investment Banking and Private Banking and, additionally in Private Banking, unused credit limits that can be revoked at our sole discretion upon notice to the client. Loans and loan commitments for which the fair value option is elected are reported at fair value with changes in fair value reported in trading revenues.

Loans and loan commitments

end of	2011	2010	% change

Loans and loan commitments (CHF million)			
Gross loans	234,357	219,891	7
of which Private Banking	197,017	183,664	7
of which Investment Banking	37,329	36,235	3
Loan commitments	220,560	209,553	5
Total loans and loan commitments	**454,917**	**429,444**	6
of which Private Banking	343,721	326,870	5
of which Investment Banking	111,069	102,467	8

The Private Banking portfolio consists primarily of mortgages and loans collateralized by marketable securities that can be readily liquidated. In Investment Banking, we manage credit exposures primarily with credit hedges and monetizable collateral. Credit hedges represent the notional exposure that has been transferred to other market counterparties, generally through the use of CDS and credit insurance contracts.

The following tables illustrate the effects of risk mitigation through cash collateral, marketable securities and credit hedges on a combined exposure of loans and loan commitments.

Loans and loan commitments - Private Banking

end of		2011			2010	
Internal ratings	Gross exposure	Cash collateral and marketable securities	Net exposure	Gross exposure	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)						
AAA	2,515	(79)	2,436	1,603	(78)	1,525
AA	7,465	(521)	6,944	6,879	(509)	6,370
A	21,279	(1,022)	20,257	18,582	(1,006)	17,576
BBB	234,578	(133,475)	101,103	223,681	(129,985)	93,696
BB	71,345	(7,716)	63,629	69,275	(6,219)	63,056
B	4,833	(460)	4,373	5,055	(331)	4,724
CCC	429	(2)	427	371	0	371
D	1,277	(162)	1,115	1,424	(173)	1,251
Total loans and loan commitments	**343,721**	**(143,437)**	**200,284**[1]	**326,870**	**(138,301)**	**188,569**[1]

Includes irrevocable credit facilities and unused credit limits which can be revoked at our sole discretion upon notice to the client.

1 In addition, we have a synthetic collateralized loan portfolio, the Clock Finance transaction, which effectively transfers the first loss credit risk on a CHF 4.8 billion portfolio of originated loans within Corporate & Institutional Clients to capital market investors.

Loans and loan commitments - Investment Banking

end of	2011				2010			
Internal ratings	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure	Gross exposure	Credit hedges	Cash collateral and marketable securities	Net exposure
Risk mitigation (CHF million)								
AAA	8,758	(90)	(869)	7,799	8,240	0	(124)	8,116
AA	12,331	(3,228)	(4)	9,099	8,691	(2,070)	0	6,621
A	22,560	(6,773)	(779)	15,008	19,237	(4,183)	0	15,054
BBB	31,289	(9,586)	(673)	21,030	24,239	(6,937)	(189)	17,113
BB	15,156	(2,452)	(474)	12,230	20,903	(2,469)	(2,084)	16,350
B	17,289	(1,738)	(890)	14,661	17,383	(1,316)	(135)	15,932
CCC	1,869	(359)	(1)	1,509	1,906	(350)	(9)	1,547
CC	64	0	(21)	43	286	(59)	0	227
C	241	(113)	(62)	66	246	(96)	0	150
D	1,512	(190)	(19)	1,303	1,336	(291)	0	1,045
Total loans and loan commitments	**111,069**	**(24,529)**	**(3,792)**	**82,748**	**102,467**	**(17,771)**	**(2,541)**	**82,155**

Includes undrawn irrevocable credit facilities.

Loss given default

The Private Banking LGD measurement takes into account collateral pledged against the exposure and guarantees received, with the exposure adjusted for risk mitigation. The concentration in BBB and BB rated counterparties with low LGD exposure largely reflects the Private Banking residential mortgage business, which is highly collateralized. In Investment Banking, the LGD measurement is primarily determined by the seniority ranking of the exposure, with the exposure adjusted for risk mitigation and guarantees received. The LGD measurement system is validated by an internally independent function on a regular basis and has been approved by the regulatory authorities for application in the Basel II A-IRB approach. The tables below present our loans, net of risk mitigation, across LGD buckets for Private Banking and Investment Banking.

Loans - Private Banking

end of 2011			Loss given default buckets					
Internal ratings	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	1,213	1,211	368	141	405	290	1	6

AA	3,818	3,777	742	1,118	1,610	287	11	9
A	17,405	17,071	5,610	7,674	3,105	603	33	46
BBB	112,061	78,304	22,426	32,335	18,722	4,102	249	470
BB	56,577	52,409	8,096	20,781	16,851	3,835	1,228	1,618
B	4,351	3,953	720	1,271	1,253	547	161	1
CCC	427	425	3	361	34	27	0	0
D	1,165	1,113	110	267	468	160	68	40
Total loans	**197,017**	**158,263**	**38,075**	**63,948**	**42,448**	**9,851**	**1,751**	**2,190**

Loans - Investment Banking

end of 2011			Loss given default buckets					
Internal ratings	Funded gross exposure	Funded net exposure	0-10%	11-20%	21-40%	41-60%	61-80%	81-100%
Loss given default (CHF million)								
AAA	3,846	3,744	0	0	2,675	1,069	0	0
AA	1,611	1,140	0	0	630	510	0	0
A	3,935	2,924	0	0	1,659	1,265	0	0
BBB	9,515	4,854	431	0	794	3,566	63	0
BB	8,530	6,300	55	11	3,827	2,369	38	0
B	7,111	5,281	10	40	1,985	3,046	200	0
CCC	989	635	0	9	465	152	9	0
CC	62	41	0	0	0	41	0	0
C	237	62	4	0	44	14	0	0
D	1,493	1,303	97	0	252	954	0	0
Total loans	**37,329**	**26,284**	**597**	**60**	**12,331**	**12,986**	**310**	**0**

Loans

Compared to the end of 2010, gross loans increased 7% to CHF 234.4 billion. In Private Banking, gross loans increased 7% to CHF 197.0 billion, primarily due to increases in consumer loans and commercial and industrial loans. In Investment Banking, gross loans increased slightly to CHF 37.3 billion, primarily due to increases in loans to financial institutions and commercial and industrial loans.

> Refer to “Note 18 – Loans, allowance for loan losses and credit quality” in V – Consolidated financial statements – Credit Suisse Group.

Impaired loans
Gross impaired loans decreased CHF 145 million to CHF 1.7 billion in 2011. Total non-performing and non-interest-earning loans decreased CHF 281 million across Investment Banking and Private Banking to CHF 1.0 billion. Total other impaired loans increased CHF 136 million to CHF 0.7 billion, as an increase of potential problem loans in Private Banking, driven by isolated cases in both Corporate & Institutional Clients and Wealth Management Clients, was partially offset by a decrease in potential problem loans and restructured loans in Investment Banking.

> Refer to “Impaired loans” in V – Consolidated financial statements – Credit Suisse Group – Note 18 – Loans, allowance for loan losses and credit quality for information on categories of impaired loans.

Allowance for loan losses
We maintain valuation allowances on loans valued at amortized cost, which we consider a reasonable estimate of losses inherent in the existing credit portfolio. We provide for loan losses based on a regular and detailed analysis of all counterparties, taking collateral value into consideration. If uncertainty exists as to the repayment of either principal or interest, a valuation allowance is either created or adjusted accordingly. The allowance for loan losses is revalued by Group credit risk management at least annually or more frequently depending on the risk profile of the borrower or credit relevant events.

Allowance for inherent loan losses
In accordance with accounting principles generally accepted in the US (US GAAP), an inherent loss allowance is estimated for all loans not specifically identified as impaired and that, on a portfolio basis, are considered to contain inherent losses. Inherent losses in the Private Banking lending portfolio are determined based on current internal risk ratings, collateral and exposure structure, applying historical default and loss experience in the ratings and loss parameters. In Investment Banking, loans are segregated by risk, industry or country rating in order to estimate inherent losses. Inherent losses on loans are estimated based on historical loss and recovery experience and recorded in allowance for loan losses. A provision for inherent losses on off-balance sheet lending-related exposure, such as contingent liabilities and irrevocable commitments, is also determined, using a methodology similar to that used for the loan portfolio.

Provision for credit losses
Net provision for credit losses charged to the consolidated statements of operations in 2011 were CHF 187 million, compared to net releases of CHF 79 million in 2010. In Private Banking, the net provision for credit losses in 2011 was CHF 110 million, compared to CHF 18 million in 2010. In Investment Banking, the net provision for credit losses in 2011 was CHF 77 million, compared to net releases of CHF 97 million in 2010. In Investment Banking the change reflected higher provisions, mainly relating to a guarantee provided to a third-party bank, and lower releases and recoveries.

Loans

	Private Banking		Investment Banking		Credit Suisse[1]	
end of	2011	2010	2011	2010	2011	2010
Loans (CHF million)						
Mortgages	88,255	84,625	0	0	88,255	84,625
Loans collateralized by securities	26,461	24,552	0	0	26,461	24,552
Consumer finance	6,031	5,026	664	682	6,695	5,708
Consumer	120,747	114,203	664	682	121,411	114,885
Real estate	23,287	21,209	1,898	2,153	25,185	23,362

Commercial and industrial loans	44,620	39,812	15,367	14,861	59,998	54,673
Financial institutions	7,085	7,309	18,288	17,463	25,373	24,764
Governments and public institutions	1,278	1,131	1,112	1,076	2,390	2,207
Corporate & institutional	76,270[2]	69,461[2]	36,665	35,553	112,946	105,006
Gross loans	**197,017**	**183,664**	**37,329**	**36,235**	**234,357**	**219,891**
of which reported at fair value	402	–	20,292	18,552	20,694	18,552
Net (unearned income) / deferred expenses	(6)	(2)	(28)	(30)	(34)	(32)
Allowance for loan losses [3]	(743)	(782)	(167)	(235)	(910)	(1,017)
Net loans	**196,268**	**182,880**	**37,134**	**35,970**	**233,413**	**218,842**
Impaired loans (CHF million)						
Non-performing loans	602	626	156	335	758	961
Non-interest-earning loans	230	321	32	19	262	340
Total non-performing and non-interest-earning loans	832	947	188	354	1,020	1,301
Restructured loans	5	4	13	48	18	52
Potential problem loans	603	397	77	113	680	510
Total other impaired loans	608	401	90	161	698	562
Gross impaired loans [3]	**1,440**	**1,348**	**278**	**515**	**1,718**	**1,863**
of which loans with a specific allowance	1,286	1,164	261	487	1,547	1,651
of which loans without a specific allowance	154	184	17	28	171	212
Allowance for loan losses (CHF million)						
Balance at beginning of period [3]	**782**	**937**	**235**	**458**	**1,017**	**1,395**
Net movements recognized in statements of operations	113	26	28	(119)	141	(93)
Gross write-offs	(194)	(202)	(105)	(92)	(299)	(294)
Recoveries	36	40	5	23	41	63
Net write-offs	(158)	(162)	(100)	(69)	(258)	(231)
Provisions for interest	5	2	9	0	14	2
Foreign currency translation impact and other adjustments, net	1	(21)	(5)	(35)	(4)	(56)
Balance at end of period [3]	**743**	**782**	**167**	**235**	**910**	**1,017**
of which individually evaluated for impairment	544	585	106	164	650	749

of which collectively evaluated for impairment	199	197	61	71	260	268
Loan metrics (%)						
Total non-performing and non-interest-earning loans / Gross loans [4]	0.4	0.5	1.1	2.0	0.5	0.6
Gross impaired loans / Gross loans [4]	0.7	0.7	1.6	2.9	0.8	0.9
Allowance for loan losses / Total non-performing and non-interest-earning loans [3]	89.3	82.6	88.8	66.4	89.2	78.2
Allowance for loan losses / Gross impaired loans [3]	51.6	58.0	60.1	45.6	53.0	54.6

1 Includes Asset Management and Corporate Center. 2 Includes loans secured by financial collateral and mortgages. The value of financial collateral and mortgages, considered up to the amount of the related loans, was CHF 62,036 million and CHF 55,124 million as of December 31, 2011 and 2010, respectively. 3 Impaired loans and allowance for loan losses are only based on loans which are not carried at fair value. 4 Excludes loans carried at fair value.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

>>>Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency swaps and CDS, interest rate and foreign exchange options, foreign exchange forward contracts, and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. >>>PRV constitute an asset, while >>>negative replacement values (NRV) constitute a liability. Fair value does not indicate future gains or losses, but rather premiums paid or received for a derivative instrument at inception, if applicable, and unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis, or other pricing models as appropriate.

Forwards and futures

We enter into forward purchase and sale contracts for mortgage-backed securities, foreign currencies and commitments to buy or sell commercial and residential mortgages. In addition, we enter into futures contracts on equity-based indices and other financial instruments, as well as options on futures contracts. These contracts are typically entered into to meet the needs of customers, for trading and for hedging purposes.

On forward contracts, we are exposed to counterparty credit risk. To mitigate this credit risk, we limit transactions by counterparty, regularly review credit limits and adhere to internally established credit extension policies.

For futures contracts and options on futures contracts, the change in the market value is settled with a clearing broker in cash each day. As a result, our credit risk with the clearing broker is limited to the net positive change in the market value for a single day.

Swaps

Our swap agreements consist primarily of interest rate swaps, CDS, currency and equity swaps. We enter into swap agreements for trading and risk management purposes. Interest rate swaps are contractual agreements to exchange interest rate payments based on agreed upon notional amounts and maturities. CDS are contractual agreements in which the buyer of the swap pays a periodic fee in return for a contingent payment by the seller of the swap following a credit event of a reference entity. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. Currency swaps are contractual agreements to exchange payments in different currencies based on agreed notional amounts and currency pairs. Equity swaps are contractual agreements to receive the appreciation or depreciation in value based on a specific strike price on an equity instrument in exchange for paying another rate, which is usually based on an index or interest rate movements.

Options

We write options specifically designed to meet the needs of customers and for trading purposes. These written options do not expose us to the credit risk of the customer because, if exercised, we and not our counterparty are obligated to perform. At the beginning of the contract period, we receive a cash premium. During the contract period, we bear the risk of unfavorable changes in the value of the financial instruments underlying the options. To manage this market risk, we purchase or sell cash or derivative financial instruments. Such purchases and sales may include debt and equity securities, forward and futures contracts, swaps and options.

We also purchase options to meet customer needs, for trading purposes and for hedging purposes. For purchased options, we obtain the right to buy or sell the underlying instrument at a fixed price on or before a specified date. During the contract period, our risk is limited to the premium paid. The underlying instruments for these options typically include fixed income and equity securities, foreign currencies and interest rate instruments or indices. Counterparties to these option contracts are regularly reviewed in order to assess creditworthiness.

The table below illustrates how credit risk on derivatives receivables is reduced by the use of legally enforceable netting agreements and collateral agreements. Netting agreements allow us to net balances from derivative assets and liabilities transacted with the same counterparty when the netting agreements are legally enforceable and there is intent to settle net with the counterparty. Replacement values are disclosed net of such agreements in the consolidated balance sheets. Collateral agreements are entered into with certain counterparties based upon the nature of the counterparty and/or the transaction and require the placement of cash or securities with us.

Derivative instruments by maturity

				2011				2010
end of / due within	Less than 1 year	1 to 5 years	More than 5 years	Positive replace-ment value	Less than 1 year	1 to 5 years	More than 5 years	Positive replace-ment value
Derivative instruments (CHF billion)								

Interest rate products	40.6	208.6	483.0	732.2	38.9	175.0	269.0	482.9
Foreign exchange products	40.6	20.7	14.9	76.2	44.2	25.0	15.8	85.0
Precious metals products	1.5	0.8	0.0	2.3	1.6	0.8	0.0	2.4
Equity/index-related products	9.2	7.2	4.8	21.2	7.2	9.3	3.8	20.3
Credit derivatives	4.5	34.9	23.9	63.3	4.5	26.0	19.0	49.5
Other products	4.9	3.9	2.6	11.4	9.6	7.6	2.1	19.3
OTC derivative instruments	**101.3**	**276.1**	**529.2**	**906.6**	**106.0**	**243.7**	**309.7**	**659.4**
Exchange-traded derivative instruments				22.5				22.4
Netting agreements [1]				(872.9)				(631.4)
Total derivative instruments				**56.2**				**50.4**
of which recorded in trading assets				52.5				47.7
of which recorded in other assets				3.7				2.7

1 Taking into account legally enforceable netting agreements.

Derivative transactions exposed to credit risk are subject to a credit request and approval process, ongoing credit and counterparty monitoring and a credit quality review process. The following table represents the rating split of our credit exposure from derivative instruments.

Derivative instruments by counterparty credit rating

end of	2011	2010
Derivative instruments (CHF billion)		
AAA	6.0	5.5
AA	9.6	11.9
A	18.3	15.3
BBB	11.8	7.9
BB or lower	8.0	8.2
OTC derivative instruments	**53.7**	**48.8**
Exchange-traded derivative instruments [1]	2.5	1.6
Total derivative instruments [1]	**56.2**	**50.4**

1 Taking into account legally enforceable netting agreements.

Derivative instruments by maturity and by counterparty credit rating for the Bank are not materially different, neither in absolute amounts nor in terms of movements, from the information for the Group presented above.

Derivative instruments are categorized as exposures from trading activities (trading) and those qualifying for hedge accounting (hedging). Trading includes activities relating to market making, positioning and arbitrage. It also includes economic hedges where the Group enters into derivative contracts for its own risk management purposes, but where the contracts do not qualify for hedge accounting under US GAAP. Hedging includes contracts that qualify for hedge accounting under US GAAP, such as fair value hedges, cash flow hedges and net investment hedges.

> Refer to “Note 30 – Derivatives and hedging activities” in V – Consolidated financial statements – Credit Suisse Group for further information on derivatives, including an overview of derivatives by products categorized for trading and hedging purposes.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. Our primary aim is the early identification, recording, assessment, monitoring, prevention and mitigation of operational risks, as well as timely and meaningful management reporting. Where appropriate, we transfer operational risks to third-party insurance companies.

Operational risk is inherent in most aspects of our activities and is comprised of a large number of disparate risks. While market and credit risk are often chosen for the prospect of gain, operational risk is normally accepted as a necessary consequence of doing business. In comparison to market or credit risk, the sources of operational risk are difficult to identify comprehensively and the amount of risk is also inherently difficult to measure. We believe that effective management of operational risk requires a common firm-wide framework with ownership residing with the management responsible for the relevant business process.

Under this framework, each individual business area takes responsibility for its operational risks and the provision of adequate resources and procedures for the management of those risks. Businesses are supported by designated operational risk functions at the divisional and Group levels.

The central BORO team within the risk management function focuses on the coordination of consistent policy, tools and practices throughout the firm for the management, measurement, monitoring and reporting of relevant operational risks. This team is also responsible for the overall operational risk framework, measurement methodology and capital calculations.

Business divisions and Shared Services specialist operational risk teams are responsible for the implementation of the operational risk management framework, tools, reporting and methodologies within their areas as well as working with management on any operational risk issues that arise.

Operational risk issues, metrics and exposures are discussed at the quarterly CARMC meetings covering operational risk and at divisional risk management committees, which have senior staff representatives from all the relevant functions. We utilize a number of firm-wide tools for the management and reporting of operational risk. These include risk and control self-assessments, scenario analysis, key risk indicator reporting and the collection, reporting and analysis of internal and external loss data. Knowledge and experience are shared throughout the Group to maintain a coordinated approach.

We have employed the same methodology to calculate economic capital for operational risk since 2000, and have approval from FINMA to use a similar methodology for the >>>advanced measurement approach (AMA) under the >>>Basel II Accord. The economic capital/AMA methodology is based upon the identification of a number of key risk scenarios that describe the major operational risks that we face. Groups of senior staff review each scenario and discuss the likelihood of occurrence and the potential severity of loss. Internal and external loss data, along with certain business environment and internal control factors, such as self-assessment results and key risk indicators, are considered as part of this process. Based on the output from these meetings, we enter the scenario parameters into an operational risk model that generates a loss distribution from which the level of capital required to cover operational risk is determined. Insurance mitigation is included in the capital assessment where appropriate, by considering the level of insurance coverage for each scenario and incorporating >>>haircuts as appropriate.

Reputational risk

Our policy is to avoid any transaction or service that brings with it the risk of a potentially unacceptable level of damage to our reputation.

Reputational risk may arise from a variety of sources, including the nature or purpose of a proposed transaction or service, the identity or activity of a controversial potential client, the regulatory or political climate in which the business will be transacted, and the potentially controversial environmental or social impacts of a transaction or significant public attention surrounding the transaction itself. Where the presence of these or other factors gives rise to potential reputational risk, the relevant business proposal or service is required to be submitted through the globally standardized reputational risk review process. This involves a submission by an originator (any employee), endorsement by a business area head or designee, and its subsequent referral to one of the regional reputational risk approvers, each of whom is an experienced and high-ranked senior manager, independent of the business segments, who has authority to approve, reject, or impose conditions on our participation on the transaction or service. In order to inform our stakeholders about how we manage some of the environmental and social risks inherent to the banking business, we publish our Corporate Responsibility Report, in which we also describe our efforts to conduct our operations in a manner that is environmentally and socially responsible and broadly contributes to society. The governing bodies responsible for the oversight and active discussion of reputational risk and sustainability issues are the Reputational Risk & Sustainability Committee of the Executive Board on a global level and the Regional Reputational Risk Councils on a regional level.

Balance sheet, off-balance sheet and other contractual obligations

During 2011, we increased our balance sheet by 2%. The majority of our transactions are recorded on our balance sheet, however, we also enter into transactions that give rise to both on and off-balance sheet exposure.

Balance sheet summary

			end of	% change	
	2011	2010	2009	11 / 10	10 / 09
Assets (CHF million)					
Cash and due from banks	110,573	65,467	51,857	69	26
Central bank funds sold, securities purchased under	236,963	220,443	209,499	7	5

resale agreements and securities borrowing transactions					
Trading assets	279,553	324,704	332,238	(14)	(2)
Net loans	233,413	218,842	237,180	7	(8)
Brokerage receivables	43,446	38,769	41,960	12	(8)
All other assets	145,217	163,780	158,693	(11)	3
Total assets	**1,049,165**	**1,032,005**	**1,031,427**	2	0
Liabilities and equity (CHF million)					
Due to banks	40,147	37,493	36,214	7	4
Customer deposits	313,401	287,564	286,694	9	0
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	176,559	168,394	191,687	5	(12)
Trading liabilities	127,760	133,997	133,481	(5)	0
Long-term debt	162,655	173,752	159,365	(6)	9
Brokerage payables	68,034	61,746	58,965	10	5
All other liabilities	119,524	126,044	116,693	(5)	8
Total liabilities	**1,008,080**	**988,990**	**983,099**	2	1
Total shareholders' equity	**33,674**	**33,282**	**37,517**	1	(11)
Noncontrolling interests	7,411	9,733	10,811	(24)	(10)
Total equity	**41,085**	**43,015**	**48,328**	(4)	(11)
Total liabilities and equity	**1,049,165**	**1,032,005**	**1,031,427**	2	0

Balance sheet

Total assets were CHF 1,049.2 billion as of the end of 2011, up CHF 17.2 billion, or 2%, from the end of 2010. Excluding the foreign exchange translation impact, total assets increased CHF 15.4 billion.

In Swiss francs, an increase of CHF 45.1 billion, or 69%, in cash and due from banks mainly reflected an increase in central bank holdings. There was an increase of CHF 16.5 billion, or 7%, in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions, mainly due to increases in resale agreements including resale agreements collateralized by government securities. Net loans increased CHF 14.6 billion, or 7%, primarily from higher commercial and industrial loans across the Group, higher consumer and real estate loans in Private Banking and higher loans to financial institutions in Investment Banking. Brokerage receivables increased CHF 4.7 billion, or 12%, reflecting client-flow business. Trading assets decreased CHF 45.2 billion, or 14%, driven by decreases in equity and debt securities reflecting the challenging equity markets and the European sovereign debt crisis. All other assets decreased CHF 18.6 billion, or 11%, including decreases of CHF 12.0 billion, or 28%, in securities received as collateral, CHF 3.3 billion, or 20%, in other investments, CHF 3.2 billion, or 39%, in investment

securities and CHF 1.3 billion, or 2%, in other assets.

Total liabilities were CHF 1,008.1 billion as of the end of 2011, up CHF 19.1 billion, or 2%, from the end of 2010. Excluding the foreign exchange translation impact, total liabilities increased CHF 17.5 billion.

In Swiss francs, an increase of CHF 25.8 billion, or 9%, in customer deposits was primarily due to increases in certificates of deposit and time deposits. Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions increased CHF 8.2 billion, or 5%, mainly from increases in >>>repurchase agreements in the US. Brokerage payables increased CHF 6.3 billion, or 10%, reflecting increases in customer margin balance, open cash trades and prime brokerage. Due to banks increased CHF 2.7 billion, or 7%, primarily due to an increase in interest-bearing deposits from banks, including central banks. Long-term debt decreased CHF 11.1 billion, or 6%, primarily due to decreases of CHF 7.2 billion in senior debt and CHF 4.9 billion in non-recourse liabilities from consolidated VIEs. Trading liabilities decreased CHF 6.2 billion, or 5%, reflecting a decrease in short positions. All other liabilities decreased CHF 6.5 billion, or 5%, including a decrease of CHF 12.0 billion in obligation to return securities received as collateral, partly offset by an increase of CHF 4.4 billion in short-term borrowings.

> Refer to “Liquidity and funding management” and “Capital management” in Treasury management for more information, including our funding of the balance sheet and the leverage ratio.

Off-balance sheet

We enter into off-balance sheet arrangements in the normal course of business. Off-balance sheet arrangements are transactions or other contractual arrangements with, or for the benefit of, an entity that is not consolidated. These transactions include derivative instruments, guarantees and similar arrangements, retained or contingent interests in assets transferred to an unconsolidated entity in connection with our involvement with SPEs, and obligations and liabilities (including contingent obligations and liabilities) under variable interests in unconsolidated entities that provide financing, liquidity, credit and other support.

Derivative instruments

We enter into derivative contracts in the normal course of business for market making, positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate, foreign exchange and credit risk.

>>>Derivatives are either privately negotiated OTC contracts or standard contracts transacted through regulated exchanges. The most frequently used derivative products include interest rate, cross-currency and >>>CDS, interest rate and foreign exchange options, foreign exchange forward contracts and foreign exchange and interest rate futures.

The replacement values of derivative instruments correspond to their fair values at the dates of the consolidated balance sheets and arise from transactions for the account of customers and for our own account. >>>PRV constitute an asset, while >>>NRV constitute a liability. Fair value does not indicate future gains or losses, but rather premiums paid or received for a derivative instrument at inception, if applicable, and unrealized gains and losses from marking to market all derivatives at a particular point in time. The fair values of derivatives are determined using various methodologies, primarily observable market prices where available and, in their absence, observable market parameters for instruments with similar characteristics and maturities, net present value analysis or other pricing models as appropriate.

> Refer to “Derivative instruments” in Risk management – Credit risk for further information.

> Refer to "Note 30 – Derivatives and hedging activities" in V – Consolidated financial statements – Credit Suisse Group for further information.

Guarantees and similar arrangements

In the ordinary course of business, guarantees and indemnifications are provided that contingently obligate us to make payments to a guaranteed or indemnified party based on changes in an asset, liability or equity security of the guaranteed or indemnified party. We may be contingently obligated to make payments to a guaranteed party based on another entity's failure to perform, or we may have an indirect guarantee of the indebtedness of others. Guarantees provided include, but are not limited to, customary indemnifications to purchasers in connection with the sale of assets or businesses; to investors in private equity funds sponsored by us regarding potential obligations of their employees to return amounts previously paid as carried interest; to investors in our securities and other arrangements to provide gross-up payments if there is a withholding or deduction because of a tax assessment or other governmental charge; and to counterparties in connection with securities lending arrangements.

In connection with the sale of assets or businesses, we sometimes provide the acquirer with certain indemnification provisions. These indemnification provisions vary by counterparty in scope and duration and depend upon the type of assets or businesses sold. They are designed to transfer the potential risk of certain unquantifiable and unknowable loss contingencies, such as litigation, tax or intellectual property matters, from the acquirer to the seller. We closely monitor all such contractual agreements in order to ensure that indemnification provisions are adequately provided for in our consolidated financial statements.

US GAAP requires disclosure of our maximum potential payment obligations under certain guarantees to the extent that it is possible to estimate them and requires recognition of a liability for the fair value of obligations undertaken for guarantees issued or amended after December 31, 2002.

> Refer to "Note 31 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for disclosure of our estimated maximum payment obligations under certain guarantees and related information.

Representations and warranties on residential mortgage loans sold

In connection with Investment Banking's sale of US residential mortgage loans, the Group has provided certain representations and warranties relating to the loans sold. The Group has provided these representations and warranties relating to sales of loans to: the US government-sponsored enterprises Fannie Mae and Freddie Mac; institutional investors, primarily banks; and non-agency, or private label, securitizations. The loans sold are primarily loans that the Group has purchased from other parties. The scope of representations and warranties, if any, depends on the transaction, but can include: ownership of the mortgage loans and legal capacity to sell the loans; loan-to-value ratios and other characteristics of the property, the borrower and the loan; validity of the liens securing the loans and absence of delinquent taxes or related liens; conformity to underwriting standards and completeness of documentation; and origination in compliance with law. If it is determined that representations and warranties were breached, the Group may be required to repurchase the related loans or indemnify the investors to make them whole for losses. Whether the Group will incur a loss in connection with repurchases and make whole payments depends on: the extent to which claims are made; the validity of such claims (including the likelihood and ability to enforce claims); whether the Group can successfully claim against parties that sold loans to the Group and made representations and warranties to the Group; the residential real estate market, including the number of defaults; and whether the obligations of the securitization vehicles were guaranteed or insured by third parties.

> Refer to "Representations and warranties on residential mortgage loans sold" in Note 31 – Guarantees and commitments in V – Consolidated financial statements – Credit Suisse Group for further information.

Involvement with special purpose entities

In the normal course of business, the Group enters into transactions with, and makes use of, SPEs. An SPE is an entity in the form of a trust or other legal structure designed to fulfill a specific limited need of the company that organized it and is generally structured to isolate the SPE's assets from creditors of other entities, including the Group. The principal uses of SPEs are to assist the Group and its clients in securitizing financial assets and creating investment products. The Group also uses SPEs for other client-driven activity, such as to facilitate financings, and Group tax or regulatory purposes.

As a normal part of our business, we engage in various transactions that include entities which are considered VIEs and are broadly grouped into three primary categories: >>>collateralized debt obligations, >>>CP conduits and financial intermediation. VIEs are SPEs that typically lack sufficient equity to finance their activities without additional subordinated financial support or are structured such that the holders of the voting rights do not substantively participate in the gains and losses of the entity. Such entities are required to be assessed for consolidation under US GAAP, compelling the primary beneficiary to consolidate the VIE. The primary beneficiary is the party that has the power to direct the activities that most significantly affect the economics of the VIE and potentially has significant benefits or losses in the VIE. We consolidate all VIEs where we are the primary beneficiary. VIEs may be sponsored by us, unrelated third parties or clients. Application of the accounting requirements for consolidation of VIEs, including ongoing reassessment of VIEs for possible consolidation, may require the exercise of significant management judgment.

Transactions with VIEs are generally executed to facilitate securitization activities or to meet specific client needs, such as providing liquidity or investing opportunities, and, as part of these activities, we may hold interests in the VIEs.

> Refer to "Note 32 – Transfers of financial assets and variable interest entities" in V – Consolidated financial statements – Credit Suisse Group for further information.

We have raised hybrid tier 1 capital through the issuance of trust preferred securities by SPEs that purchase subordinated debt securities issued by us. These SPEs have no assets or operations unrelated to the issuance, administration and repayment of the trust preferred securities and are not consolidated by us.

Contractual obligations and other commercial commitments

In connection with our operating activities, we enter into certain contractual obligations and commitments to fund certain assets. Total long-term obligations decreased CHF 11.4 billion in 2011 to CHF 168.3 billion, primarily reflecting the decrease in long-term debt of CHF 11.1 billion to CHF 162.7 billion.

> Refer to "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information on long-term debt and the related interest commitments.
> Refer to "Note 31 – Guarantees and commitments" in V – Consolidated financial statements – Credit Suisse Group for further information on commitments.

Short-term obligations increased CHF 33.0 billion in 2011 to CHF 575.5 billion, primarily reflecting the increase in customer deposits of CHF 25.8 billion to CHF 313.4 billion and an increase in brokerage payables of CHF 6.3 billion to CHF 68.0 billion.

Contractual obligations and other commercial commitments

					2011	2010
Payments due within	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total	Total
Long-term obligations (CHF million)						
Long-term debt [1]	25,346	46,607	28,313	62,389	162,655[2]	173,752[2]
Capital lease obligations	0	0	0	0	0	130
Operating lease obligations	601	1,020	793	2,145	4,559	4,490
Purchase obligations	460	452	133	50	1,095	1,307
Total long-term obligations [3]	**26,407**	**48,079**	**29,239**	**64,584**	**168,309**	**179,679**

1 Refer to "Debt issuance and redemptions" in Treasury management and "Note 24 – Long-term debt" in V – Consolidated financial statements – Credit Suisse Group for further information on long-term debt. 2 Includes non-recourse liabilities from consolidated VIEs of CHF 14,858 million and CHF 19,739 million as of December 31, 2011 and 2010, respectively. 3 Excludes total accrued benefit liability for pension and other post-retirement benefit plans of CHF 1,101 million and CHF 980 million as of December 31, 2011 and 2010, respectively, recorded in other liabilities in the consolidated balance sheets, as the accrued liability does not represent expected liquidity needs. Refer to "Note 29 – Pension and other post-retirement benefits" in V – Consolidated financial statements – Credit Suisse Group for further information on pension and other post-retirement benefits,

Short-term obligations

end of	2011	2010
Short-term obligations (CHF million)		
Due to banks	40,147	37,493
Customer deposits	313,401	287,564
Trading liabilities	127,760	133,997
Short-term borrowings	26,116	21,683
Brokerage payables	68,034	61,746
Total short-term obligations	**575,458**	**542,483**

Corporate Governance and Compensation

Corporate Governance

Compensation

Corporate Governance

Overview

Complying with rules and regulations

The Group's corporate governance complies with internationally accepted standards. We are committed to safeguarding the interests of our stakeholders and recognize the importance of good corporate governance. We know that transparent disclosure of our governance helps stakeholders assess the quality of the Group and our management and assists investors in their investment decisions.

We fully adhere to the principles set out in the Swiss Code of Best Practice for Corporate Governance, including its appendix stipulating recommendations on the process for setting compensation for the Board of Directors (Board) and the Executive Board. We also adapt our practices for developments in corporate governance principles and practices in jurisdictions outside Switzerland. As in the past few years, compensation practices at financial firms have remained a priority for regulators in 2011, resulting in additional requirements governing remuneration practices, policies and disclosures. These changes are reflected in our compensation disclosure.

> Refer to "Compensation" for further information.

In connection with our primary listing on the SIX Swiss Exchange (SIX), we are subject to the SIX Directive on Information Relating to Corporate Governance. Our shares are also listed on the New York Stock Exchange (NYSE) in the form of >>>American Depositary Shares (ADS). As a result, we are subject to certain US rules and regulations. Moreover, we adhere to the NYSE's Corporate Governance Listing Standards (NYSE standards), with a few exceptions where the rules are not applicable to foreign private issuers.

The following are the significant differences between our corporate governance standards and the corporate governance standards applicable to US domestic issuers listed on the NYSE:

– Approval of employee benefit plans: the NYSE standards require shareholder approval of the establishment of, and material revisions to, all equity compensation plans. We comply with Swiss law, which requires that shareholders approve the creation of conditional capital used to set aside shares for employee benefit plans and other equity compensation plans, but does not require shareholders to approve the terms of those plans.

– Risk assessment and risk management: the NYSE standards allocate to the Audit Committee responsibility for the discussion of guidelines and policies governing the process by which risk assessment and risk management is undertaken, while at the Group these duties are assumed by the Risk Committee. Whereas our Audit Committee members satisfy the NYSE independence requirements, our Risk Committee may include non-independent members.

– Independence of nominating and corporate governance committee: the NYSE standards require that all members of the nominating and corporate governance committee be independent, while the Group's Chairman's and Governance Committee may include non-independent members.

– Reporting: the NYSE standards require that certain board committees report specified information directly to shareholders, while under Swiss law only the Board reports directly to the shareholders and the committees submit their reports to the full Board.

– Appointment of the external auditor: the NYSE standards require the Audit Committee to be directly responsible for the appointment, compensation, retention and oversight of the external auditor unless there is a conflicting requirement under home country law. Under Swiss law, the appointment of the external auditor must be approved by our shareholders at the Annual General Meeting (AGM) based on the proposal of the Board, which receives the advice and recommendation of the Audit Committee.

Corporate governance framework

Our corporate governance policies and procedures are defined in a series of documents. The Board has adopted the Corporate Governance Guidelines, which form the basis of a sound corporate governance framework and refer to other documents that regulate certain aspects of corporate governance in greater detail. Our corporate governance documents, all of which are available on our website at *www.credit-suisse.com/governance*, include:

– Articles of Association (AoA): define the purpose of the business, the capital structure and the basic organizational framework. The AoA of the Group is dated February 8, 2012, and the AoA of the Bank is dated May 2, 2011.

– Code of Conduct: defines the Group's ethical values and professional standards that the Board and all employees are required to follow, including an emphasis that employees must adhere to all relevant laws, regulations, and policies in order to maintain and strengthen our reputation for integrity, fair dealing and measured risk taking. The Code of Conduct also implements requirements stipulated under the US Sarbanes-Oxley Act of 2002 (SOX) by including provisions on ethics for our Chief Executive Officer (CEO) and our principal financial and accounting officers and other persons performing similar functions. No waivers or exceptions are permissible under our Code of Conduct. Our Code of Conduct is available on our website at *www.credit-suisse.com/code* in nine languages.

– Organizational Guidelines and Regulations (OGR): define the responsibilities and sphere of authority of the various bodies within the Group, as well as the relevant reporting procedures.

– Corporate Governance Guidelines: summarize certain principles promoting the function of the Board and its committees and the effective governance of the Group.

– Board of Directors charter: outlines the organization and responsibilities of the Board.

– Board committee charters: define the organization and responsibilities of the committees.

– Compensation policy: revised during 2011 and approved by the Board in February 2012 to provide a foundation for the development of sound compensation plans and practices that support the Group's long-term strategic objectives. Our compensation policy is available on our website at *www.credit-suisse.com/compensation*.

Company

Credit Suisse Group AG (Group) and Credit Suisse AG (Bank) are registered as Swiss corporations in the Commercial Register of the Canton of Zurich under the registration numbers CH-020.3.906.075-9 (as of March 3, 1982) and CH-020.3.923.549-1 (as of April 27, 1883), respectively, and have their registered and main offices at Paradeplatz 8, 8001 Zurich, Switzerland. The Group and the Bank were incorporated on March 3, 1982 and July 5, 1856, respectively, with unlimited duration. The authorized representative in the US for the Group and the Bank is Credit Suisse (USA), Inc., 11 Madison Avenue, New York, New York, 10010. The business purpose of the Group, as set forth in Article 2 of its AoA, is to hold direct or indirect interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. The business purpose of the Bank, as

set forth in Article 2 of its AoA, is to operate as a bank, with all related banking, finance, consultancy, service and trading activities in Switzerland and abroad. The AoA of the Group and the Bank set forth their powers to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing and to acquire, mortgage and sell real estate properties both in Switzerland and abroad.

Our business consists of three operating divisions: Private Banking, Investment Banking and Asset Management. The three divisions are complemented by Shared Services and a regional management structure.

> Refer to "I – Information on the company" for further information on our structure.
> Refer to "II – Operating and financial review" for a detailed review of our operating results.
> Refer to "Note 38 – Significant subsidiaries and equity method investments" in V – Consolidated financial statements – Credit Suisse Group for a list of significant subsidiaries and associated entities.

The Group is listed on the SIX (Swiss Security Number 1213853), with a market capitalization of CHF 27,021 million as of December 31, 2011. No Group subsidiaries have shares listed on the SIX or any other stock exchange. Following a 2010 tender offer to acquire approximately 1.4% of the shares of Neue Aargauer Bank AG, the Group now owns 100% of the shares of Neue Aargauer Bank AG. As a result, Neue Aargauer Bank AG is no longer listed as a separate entity on the SIX.

The Swiss Code of Obligations requires directors and members of senior management to safeguard the interests of the corporation and, in connection with this requirement, imposes the duties of care and loyalty on directors and members of senior management. While Swiss law does not have a general provision on conflicts of interest, the duties of care and loyalty are generally understood to disqualify directors and members of senior management from participating in decisions that could directly affect them. Directors and members of senior management are personally liable to the corporation for any breach of these provisions.

Neither Swiss law nor our AoA restrict our power to borrow and raise funds in any way. The decision to borrow funds is passed by or under the direction of our Board, with no shareholders' resolution required.

Number of employees

end of	2011	2010	% change
Number of employees (full-time equivalents)			
Private Banking	25,200	25,600	(2)
Investment Banking	20,900	20,700	1
Asset Management	2,700	2,900	(7)
Corporate Center	900	900	0
Number of employees	**49,700**[1]	**50,100**	(1)
of which Switzerland	21,200	21,700	(2)
of which EMEA	9,200	9,200	0
of which Americas	11,700	12,100	(3)
of which Asia Pacific	7,600	7,100	7

1 Excludes 2,100 employees in connection with the cost-efficiency initiatives in 2011.

Employees

As of December 31, 2011, we had 49,700 employees worldwide, of which 21,200 were in Switzerland and 28,500 were abroad.

The number of employees decreased by 400, or 1%, compared to the end of 2010. This reflected reductions in headcount of 2,100 employees in connection with our cost-efficiency initiatives in the second half of 2011, primarily in Investment Banking and Private Banking, offset by seasonal graduate and apprentice recruitment, increases due to regulatory requirements and additional headcount from the acquisition of the PFS hedge fund administration business of ABN AMRO (formerly Fortis Bank Nederland) completed in the second quarter of 2011.

Our corporate titles include managing director, director, vice president, assistant vice president and non-officer staff. The majority of our employees do not belong to unions. We have not experienced any significant strikes, work stoppages or labor disputes in recent years. We consider our relations with our employees to be good.

Information policy

We are committed to an open and fair information policy with our shareholders and other stakeholders. Our Investor Relations and Corporate Communications departments are responsible for inquiries.

All Credit Suisse Group AG shareholders registered in our share register receive an invitation to our AGM including an order form to receive the annual report and other reports. Each registered shareholder also receives a quarterly shareholders' letter providing an overview of our performance in a short and concise format. In addition, we produce detailed quarterly reports on our financial performance, which shareholders can elect to receive.

All of these reports and other information can be accessed on our website at *www.credit-suisse.com/investors*.

Articles of Association

> Refer to "Shareholders" and "Additional information" for a summary of the material provisions of our AoA and the Swiss Code of Obligations as they relate to our shares.

The summaries do not purport to be complete and are qualified in their entirety by reference to the Swiss Code of Obligations and the AoA. The Group's and Bank's AoA are available on our website at *www.credit-suisse.com/articles*.

Indemnification

Neither our AoA nor Swiss statutory law contains provisions regarding the indemnification of directors and officers. According to general principles of Swiss employment law, an employer may, under certain circumstances, be required to indemnify an employee against losses and expenses incurred by such person in the execution of such person's duties under an employment agreement, unless the losses and expenses arise from the employee's gross negligence or willful misconduct. It is our policy to indemnify current and former directors and/or employees against certain losses and expenses in respect of service as our director or employee, one of our affiliates or another entity that we have approved, subject to specific conditions or exclusions. We maintain directors' and officers' insurance for our directors and officers.

Shareholders

Capital structure

Our total issued share capital as of December 31, 2011 was CHF 48,973,323 divided into 1,224,333,062 registered shares, with a nominal value of CHF 0.04 per Group share. Our shares are listed on the SIX and in the form of ADS on the NYSE.

> Refer to "Note 7 – Share capital, conditional and authorized capital of Credit Suisse Group" in VI – Parent company financial statements – Credit Suisse Group and our AoA (Articles 26, 26b-c and 27) for information on changes to share capital and authorized and conditional capital during the year.

Shareholder base

We have a broad shareholder base, with the majority of shares owned directly or indirectly by institutional investors outside Switzerland. Through the use of an external global market intelligence firm, we regularly gather additional information on the composition of our shareholder base including information on shares that are not registered in the share register. According to this data, our shareholder base as of December 31, 2011 was comprised of 10% private investors, 78% institutional investors and 12% other investors. The geographical break down of our institutional investors is as follows: 20% Switzerland, 9% other continental Europe, 14% the UK and Ireland, 40% the US and 17% the rest of the world.

As of December 31, 2011, 145,656 shareholders were listed in our share register. To the best of our knowledge, there are no agreements in place that could lead to a change in control of the Group. As of December 31, 2011, 48 million, or 3.9%, of the issued shares were in the form of ADS. Another 1 million, or 0.9%, of the issued shares were registered in the name of US domiciled shareholders (excluding nominees) as of December 31, 2011.

The information provided in the following tables reflects the distribution of Group shares as registered in our share register.

Distribution of Group shares in the share register

			2011				2010	
end of	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Distribution of Group shares								
Swiss	128,470	88	113,717,974	10	129,333	88	110,771,741	9
Foreign	12,057	8	12,442,468	1	12,096	8	11,852,180	1
Private investors	140,527	96	126,160,442	11	141,429	96	122,623,921	10
Swiss	4,426	3	143,700,242	12	4,645	3	133,663,669	11
Foreign	703	1	544,466,906	44	826	1	517,265,377	44
Institutional investors	5,129	4	688,167,148	56	5,471	4	650,929,046	55
	145,656	100	**814,327,590**	67	**146,900**	100	**773,552,967**	65

Shares registered in share register								
of which Switzerland	132,896	91	257,418,216	21	133,978	91	244,435,410	21
of which Europe	11,380	8	301,566,718	25	11,404	8	266,308,720	22
of which US	225	0	161,319,018	13	259	0	162,486,114	14
of which Other	1,155	1	94,023,638	8	1,259	1	100,322,723	8
Shares not registered in share register	**–**	–	**410,005,472**	33	**–**	–	**412,621,475**	35
Total shares issued	**–**	–	**1,224,333,062**	100	**–**	–	**1,186,174,442**	100

Distribution of institutional investors in share register by industry

			2011				2010	
end of	Number of shareholders	%	Number of shares	%	Number of shareholders	%	Number of shares	%
Institutional investors by industry								
Banks	43	0	17,406,303	1	44	0	2,149,606	0
Insurance companies	94	0	12,216,227	1	104	0	11,543,941	1
Pension funds	912	1	34,877,001	3	961	1	32,465,565	3
Investment trusts	339	0	72,892,153	6	400	0	71,096,802	6
Other trusts	847	1	7,306,944	1	856	1	6,277,961	1
Governmental institutions	32	0	3,968,027	0	12	0	5,964,710	1
Other [1]	2,645	2	168,443,544	14	2,877	2	169,526,525	14
Direct entries	**4,912**	4	**317,110,199**	26	**5,254**	4	**299,025,110**	25
Fiduciary holdings	**217**	0	**371,056,949**	30	**217**	0	**351,903,936**	30
Total institutional investors	**5,129**	4	**688,167,148**	56	**5,471**	4	**650,929,046**	55

1 Includes various other institutional investors for which a breakdown by industry type was not available.

Significant shareholders

Under the Swiss Federal Act of Stock Exchanges and Securities Trading (SESTA), anyone holding shares in a company listed on the SIX is required to notify the company and the SIX if their holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 331/3%, 50% or 662/3% of the voting rights entered into the commercial register, whether or not the voting rights can be exercised (that is, notifications must also include certain derivative holdings such as options or similar instruments). Following receipt of such notification, the company has the obligation to inform the public. In addition, pursuant to the Swiss Code of Obligations, a company must disclose in the notes to their annual consolidated financial statements the identity of any shareholders who own in excess of 5% of their shares. The following provides an overview of the holdings of our significant shareholders from the most recent disclosure notifications. In line with the SESTA requirements, the percentages indicated below were calculated in relation to the share capital reflected in the AoA at the time of the disclosure notification. The full text of all notifications can be found on our website at *www.credit-suisse.com/shareholders*.

> Refer to "Note 3 – Business developments" in V – Consolidated financial statements – Credit Suisse Group for further information on significant shareholders.

The Group also holds significant positions in its own shares, which are subject to the same disclosure requirements as significant external shareholders. These positions fluctuate and primarily reflect market making and satisfying obligations under our employee compensation plans. On December 31, 2011, we disclosed that our holdings amounted to 14.4%, of which 3.3% were purchase positions (0.5% registered shares and 2.8% share acquisition rights) and 11.1% were sales positions (disposal rights). Shares held by the Group have no voting rights.

Cross shareholdings

The Group has no cross shareholdings in excess of 5% of capital or voting rights with any other company.

Significant shareholders

	Group publication of notification	Approximate shareholding %
December 31, 2011		
The Olayan Group (registered entity – Crescent Holding GmbH)	February 2, 2010	6.6
Qatar Investment Authority (registered entity – Qatar Holding LLC)	April 30, 2011	6.2
Dodge & Cox	December 15, 2011	3.0
Franklin Resources, Inc.	December 15, 2011	3.0
December 31, 2010		
The Olayan Group (registered entity – Crescent Holding GmbH)	February 2, 2010	6.6
Qatar Investment Authority (registered entity – Qatar Holding Netherlands B.V.)	August 27, 2010	6.2

Black Rock Inc.	December 1, 2009	3.8
Koor Industries Ltd.	February 9, 2010	3.1
Capital Group Companies, Inc.	February 25, 2010	3.1
December 31, 2009		
Qatar Investment Authority (registered entity – Qatar Holding LLC)	October 22, 2008	9.9
The Olayan Group (registered entity – Crescent Holding GmbH)	September 25, 2009	6.6
Black Rock Inc.	December 1, 2009	3.8
Koor Industries Ltd.	February 9, 2010	3.1
Capital Group Companies, Inc.	February 25, 2010	3.1

Shareholder rights

We are fully committed to the principle of equal treatment of all shareholders and encourage shareholders to participate at our AGM. The following is a summary of shareholder rights at the Group. Refer to our AoA, which is available on our website at *www.credit-suisse.com/articles*.

Voting rights and transfer of shares
There is no limitation under Swiss law or the AoA on the right to own Group shares.

In principle, each share represents one vote at the AGM. Shares held by the Group have no voting rights. Shares for which a single shareholder or shareholder group can exercise voting rights may not exceed 2% of the total outstanding share capital, unless one of the exemptions discussed below applies. The restrictions on voting rights do not apply to:

– the exercise of voting rights by the Group proxy or by the independent proxy as designated by the Group or by persons acting as proxies for deposited shares;

– shares in respect of which the shareholder confirms to us that the shareholder has acquired the shares in the shareholder's name for the shareholder's own account and in respect of which the disclosure requirements in accordance with the SESTA and the relevant ordinances and regulations have been fulfilled; or

– shares that are registered in the name of a nominee, provided that this nominee is willing to furnish us on request the name, address and shareholding of the person(s) for whose account the nominee holds 0.5% or more of the total share capital and confirms to us that any applicable disclosure requirements under the SESTA have been fulfilled.

In order to execute voting rights, shares need to be registered in the share register directly or in the name of a nominee. In order to be registered in the share register, the purchaser must file a share registration form. The registration of

shares in the share register may be requested at any time. Failing such registration, the purchaser may not vote or participate in shareholders' meetings. However, each shareholder, whether registered in the share register or not, receives dividends or other distributions approved at the AGM. The transfer of shares is executed by a corresponding entry in the custody records of a bank or depositary institution following an assignment in writing by the selling shareholder and notification of such assignment to us by the transferor, the bank or the depositary institution.

Annual General Meeting
Under Swiss law, the AGM must be held within six months of the end of the fiscal year. Notice of an AGM, including agenda items and proposals submitted by the Board and by shareholders, must be published in the Swiss Official Commercial Gazette at least 20 days prior to the meeting.

Shares only qualify for voting at an AGM if they are entered into the share register with voting rights no later than three days prior to an AGM.

Convocation of shareholder meetings
The AGM is convened by the Board or, if necessary, by the statutory auditors, with 20 days' prior notice. The Board is further required to convene an extraordinary shareholders' meeting if so resolved at a shareholders' meeting or if so requested by shareholders holding in aggregate at least 10% of the nominal share capital. The request to call an extraordinary shareholders' meeting must be submitted in writing to the Board, and, at the same time, Group shares representing at least 10% of the nominal share capital must be deposited for safekeeping. The shares remain in safekeeping until the day after the extraordinary shareholders' meeting.

Request to place an item on the agenda
Shareholders holding shares with an aggregate nominal value of at least CHF 40,000 have the right to request that a specific item be placed on the agenda and voted upon at the next AGM. The request to include a particular item on the agenda, together with a relevant proposal, must be submitted in writing to the Board no later than 45 days before the meeting and, at the same time, Group shares with an aggregate nominal value of at least CHF 40,000 must be deposited for safekeeping. The shares remain in safekeeping until the day after the AGM.

Statutory quorums
The AGM may, in principle, pass resolutions without regard to the number of shareholders present at the meeting or represented by proxy. Resolutions and elections generally require the approval of a majority of the votes represented at the meeting, except as otherwise provided by mandatory provisions of law or by the AoA.

Shareholders' resolutions that require a vote by a majority of the votes represented include:

– amendments to the AoA, unless a supermajority is required;

– election of directors and statutory auditors;

– approval of the annual report and the statutory and consolidated accounts;

– discharging of the acts of the members of the Board and Executive Board; and

– determination of the appropriation of retained earnings.

A quorum of at least two thirds of the votes represented is required for resolutions on:

– change of the purpose of the company;

– creation of shares with increased voting powers;

– implementation of transfer restrictions on shares;

– authorized or conditional increase in the share capital;

– increase of capital by way of conversion of capital surplus or by contribution in kind;

– restriction or suspension of pre-emptive rights;

– change of location of the principal office; and

– dissolution of the company without liquidation.

A quorum of at least half of the total share capital and approval by at least three quarters of the votes represented is required for resolutions on:

– the conversion of registered shares into bearer shares;

– amendments to the AoA relating to registration and voting rights of nominee holders; and

– the dissolution of the company.

A quorum of at least half of the total share capital and the approval of at least seven eighths of the votes cast is required for amendments to provisions of the AoA relating to voting rights.

Say on pay

In accordance with the Swiss Code of Best Practice for Corporate Governance, the Group submits its remuneration report (contained in the Corporate Governance and Compensation section of the annual report) for a consultative vote by shareholders at the AGM.

Pre-emptive rights

Under Swiss law, any share issue, whether for cash or non-cash consideration or no consideration, is subject to the prior approval of the shareholders. Shareholders of a Swiss corporation have certain pre-emptive rights to subscribe for new issues of shares in proportion to the nominal amount of shares held. A resolution adopted at a shareholders' meeting with a supermajority may, however, limit or suspend pre-emptive rights in certain limited circumstances.

Notices

Notices to shareholders are made by publication in the Swiss Official Commercial Gazette. The Board may designate further means of communication for publishing notices to shareholders. Notices required under the listing rules of the SIX will either be published in two Swiss newspapers in German and French and sent to the SIX or otherwise communicated to the SIX in accordance with applicable listing rules. The SIX may disseminate the relevant information.

Board of Directors

Membership and qualifications

The AoA provide that the Board shall consist of a minimum of seven members. The Board currently consists of 14 members. We believe that the size of the Board must be such that the committees can be staffed with qualified members. At the same time, the Board must be small enough to ensure an effective and rapid decision-making process. The members are elected individually for a period of three years and are eligible for re-election. There is no requirement in the AoA for a staggered board. One year of office is understood to be the period of time from one ordinary AGM to the close of the next ordinary AGM. While the AoA do not provide for any age or term limitations, our OGR specify that the members of the Board shall generally retire at the ordinary AGM in the year in which they reach the age of 70 or after having served on the Board for 15 years. The Board may in certain circumstances propose to the shareholders to elect a particular Board member for a further term of a maximum of three years despite the respective Board member having reached the age or term limitation.

The Board has four committees: the Chairman's and Governance Committee, the Audit Committee, the Compensation Committee and the Risk Committee. The committee members are appointed by the Board for a term of one year. An overview of the Board and committee membership is shown in the following table. The composition of the Boards of the Group and the Bank is identical.

Members of Board and Board committees

	Board member since	Current term end	Independence	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
December 31, 2011							
Urs Rohner, Chairman	2009	2012	Not independent	Chairman	–	–	–
Peter Brabeck-Letmathe, Vice-Chairman	1997	2014	Independent	Member	–	–	–
Jassim Bin Hamad J.J. Al Thani	2010	2013	Not independent	–	–	–	–
Robert H. Benmosche	2010	2013	Independent	–	–	Member	–
Noreen Doyle	2004	2013	Independent	–	–	–	Member
Walter B. Kielholz	1999	2012	Independent	Member	–	Member	–
Andreas N. Koopmann	2009	2012	Independent	–	–	–	Member
Jean Lanier	2005	2014	Independent	–	Member	Member	–
Anton van Rossum	2005	2014	Independent	–	–	–	Member
Aziz R.D. Syriani	1998	2013	Independent	Member	–	Chairman	–
David W. Syz	2004	2013	Independent	–	Member	–	–
Richard E. Thornburgh	2006	2012	Independent	Member	Member	–	Chairman
John Tiner	2009	2012	Independent	Member	Chairman	–	Member

Peter F. Weibel	2004	2012	Independent	–	Member	–	–

As of the AGM on April 29, 2011, Hans-Ulrich Doerig stepped down as Chairman of the Board (Chairman) and was succeeded by Urs Rohner as full-time Chairman. The Board proposes the following candidates to be elected to the Board at the AGM on April 27, 2012: Ms. Iris Bohnet, Academic Dean and Professor of Public Policy at the Harvard Kennedy School, and Mr. Jean-Daniel Gerber, former State Secretary and Director of the Swiss State Secretariat for Economic Affairs. The Board also proposes the following members to be re-elected to the Board: Walter B. Kielholz, Andreas N. Koopmann, Urs Rohner, Richard E. Thornburgh and John Tiner. Peter F. Weibel, the former Audit Committee chairman, having reached the internal age limit, has decided to step down from the Board as of the 2012 AGM.

Board composition

The Chairman's and Governance Committee regularly considers the composition of the Board as a whole and in light of staffing requirements for the committees. The Chairman's and Governance Committee recruits and evaluates candidates for Board membership based on criteria it establishes. The Chairman's and Governance Committee may also retain outside consultants with respect to the identification and recruitment of potential new Board members. In assessing candidates, the Chairman's and Governance Committee considers the requisite skills and characteristics of Board members as well as the composition of the Board as a whole. Among other considerations, the Chairman's and Governance Committee takes into account independence, diversity, age, skills and management experience in the context of the needs of the Board to fulfill its responsibilities. The Chairman's and Governance Committee also considers other activities and commitments of an individual in order to be satisfied that a proposed member of the Board can devote enough time to a Board position at the Group. The background, skills and experience of our Board members are diverse and broad and include holding top management positions at financial services and industrial companies in Switzerland and abroad or having held leading positions in government and international organizations. The Board is composed of individuals with diverse experience, geographical origin and tenure.

To maintain a high degree of diversity and independence in the future, we have a succession planning process in place to identify potential candidates for the Board at an early stage. With this, we are well prepared when Board members rotate off the Board. Besides more formal criteria consistent with legal and regulatory requirements, we believe that other aspects including team dynamics and personal reputation of Board members play a critical role in ensuring the effective functioning of the Board. This is why we place utmost importance on the right mix of personalities who are also fully committed to making their blend of specific skills and experience available to the Board.

New members

Any newly appointed member participates in an orientation program to become familiar with our organizational structure, strategic plans, significant financial, accounting and risk issues and other important matters. The orientation program is designed to take into account the new Board member's individual background and level of experience in each specific area. Moreover, the program's focus is aligned with any committee memberships of the person concerned. Board members are encouraged to engage in continuing training. The Board and the committees of the Board regularly ask a specialist within the Group to speak about a specific topic to enhance the Board members' understanding of issues that already are or may become of particular importance to our business.

Meetings

In 2011, the Board held six full-day meetings in person and three additional meetings. In addition, the Board held a two-day strategy session. From time to time, the Board may also take certain decisions via circular resolution, unless a member asks that the matter be discussed in a meeting and not decided upon by way of written consent.

All members of the Board are expected to spend the necessary time outside these meetings needed to discharge their responsibilities appropriately. The Chairman calls the meeting with sufficient notice and prepares an agenda for each meeting. However, any other Board member has the right to call an extraordinary meeting, if deemed necessary. The Chairman has the discretion to invite members of management or others to attend the meetings. Generally, the members of the Executive Board attend part of the meetings to ensure effective interaction with the Board. The Board also holds separate private sessions without management being present. Minutes are kept of the proceedings and resolutions of the Board.

Meeting attendance

in 2011	Board of Directors	Chairman's and Governance Committee	Audit Committee	Compensation Committee	Risk Committee
Total number of meetings held	9	13	9	6	6
Number of members who missed no meetings	9	4	4	5	3
Number of members who missed one meeting	2	2	1	1	2
Number of members who missed two or more meetings	4	2	0	0	1
Meeting attendance, in %	89	92	98	96	88

Meeting attendance

The members of the Board are encouraged to attend all meetings of the Board and the committees on which they serve. The Chairman and the Vice-Chairman may attend committee meetings as guests without voting power. The meeting attendance statistics for the Board and committee meetings are shown in the "Meeting attendance" table.

Independence

The Board consists solely of directors who have no executive functions within the Group. As of December 31, 2011, 12 members of the Board were deemed independent, and two members, Urs Rohner and Jassim bin Hamad J.J. Al Thani, were deemed not independent. In its independence determination, the Board takes into account the factors set forth in the OGR, the committee charters and applicable laws and listing standards. Our independence standards are also periodically measured against other emerging best practice standards.

The Chairman's and Governance Committee performs an annual assessment of the independence of each Board member and reports its findings to the Board for the final determination of independence of each individual member. In general, a director is considered independent if the director:

– is not, and has not been for the prior three years, employed as an executive officer of the Group or any of its subsidiaries;

– is not, and has not been for the prior three years, an employee or affiliate of our external auditor; and

– does not maintain a material direct or indirect business relationship with the Group or any of its subsidiaries.

Moreover, a Board member is not considered independent if the Board member is, or has been at any time during the prior three years, part of an interlocking directorate in which a member of the Executive Board serves on the compensation committee of another company that employs the Board member. The length of tenure a Board member has served is not a criterion for independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital. Board members with immediate family members who would not qualify as independent are also not considered independent. Our definition of independence is in line with the Swiss Code of Best Practice for Corporate Governance and the NYSE definitions. In addition to measuring Board members against the independence criteria, the Chairman's and Governance Committee also considers whether other commitments of an individual Board member prevent the person from devoting enough time to his or her Board mandate.

Whether or not a relationship between the Group and a member of the Board is considered material depends in particular on the following factors:

– the volume and size of any transactions concluded in relation to the financial status and credit standing of the Board member concerned or the organization in which he or she is a partner, significant shareholder or executive officer;

– the terms and conditions applied to such transactions in comparison to those applied to transactions with counterparties of a similar credit standing;

– whether the transactions are subject to the same internal approval processes and procedures as transactions that are concluded with other counterparties;

– whether the transactions are performed in the ordinary course of business; and

– whether the transactions are structured in such a way and on such terms and conditions that the transaction could be concluded with a third party on comparable terms and conditions.

Urs Rohner was deemed not independent due to his former role as Chief Operating Officer (COO) and General Counsel of the Group until the AGM in April 2009. Jassim bin Hamad J.J. Al Thani, chairman of Qatar Investment Bank, was deemed not independent due to the scope of various business relationships between the Group and Qatar Investment Authority (QIA), a state-owned company that has close ties to the Al Thani family, and between the Group and the Al Thani family. The Group has deemed these various business relationships could constitute a material business relationship.

The Group is a global financial services provider. Many of the members of the Board or companies associated with them maintain banking relations with us. With the exception of the transactions described below, all relationships with members of the Board or such companies are in the ordinary course of business and are entered into on an arm's length basis.

> Refer to "Note 28 – Related parties" in V – Consolidated financial statements – Credit Suisse Group for further information on transactions with members of the Board.

In February 2011, we entered into definitive agreements with affiliates of QIA and The Olayan Group, which have significant holdings of Group shares, to issue Tier 1 Buffer Capital Notes for cash or in exchange for tier 1 capital notes issued in 2008. The purchase or exchange will occur no earlier than October 2013, the first call date of the Tier 1 Buffer Capital Notes. The Tier 1 Buffer Capital Notes will be converted into our ordinary shares if our reported common equity tier 1 ratio falls below 7%. The Group determined that this was a material transaction and deemed QIA and The Olayan Group to be related parties of Jassim bin Hamad J.J. Al Thani and Aziz R.D. Syriani, respectively, for purposes of evaluating the terms and corporate governance of the transaction. The Board (except for Jassim bin Hamad J.J. Al Thani and Aziz R.D. Syriani, who abstained from participating in the determination process) determined that the terms of the transaction, given its size, the nature of the contingent buffer capital, for which there was no established market, and the terms of the tier 1 capital notes issued in 2008 and held by QIA and The Olayan Group, were fair.

> Refer to "Capital issuances and redemptions" in III – Treasury, Risk, Balance sheet and Off-balance sheet – Treasury management – Capital management for further information about the terms of the transaction.

Chairman of the Board

The Chairman coordinates the work of the Board and its committees and ensures that the Board members are provided with the information relevant for performing their duties. The Chairman has no executive function within the Group. With the exception of the Chairman's and Governance Committee, the Chairman is not a member of any of the Board's standing committees. However, he may attend all or part of selected committee meetings, as well as the meetings of the Executive Board, as a guest without voting power. The Chairman is actively involved in developing the strategic business plans and objectives of the Group. Furthermore, he works closely with the CEO in establishing succession plans for key management positions.

The Chairman takes an active role in representing the Group to the general public, regulators, investors, industry associations and other stakeholders.

Board responsibilities

In accordance with the OGR, the Board delegates certain tasks to Board committees and delegates the management of the company and the preparation and implementation of Board resolutions to certain management bodies or executive officers to the extent permitted by law, in particular Article 716a and 716b of the Swiss Code of Obligations, and the AoA.

With responsibility for the overall direction, supervision and control of the company, the Board regularly assesses our competitive position and approves our strategic and financial plans. At each ordinary meeting, the Board receives a status report on our financial results, capital, funding and liquidity situation. In addition, the Board receives, on a monthly basis, management information packages, which provide detailed information on our performance and financial status, as well as quarterly risk reports outlining recent developments and outlook scenarios. Management also provides the Board members with regular updates on key issues and significant events, as deemed appropriate or requested. In order to appropriately discharge its responsibilities, the members of the Board have access to all information concerning the Group.

The Board also reviews and approves significant changes in our structure and organization and is actively involved in significant projects including acquisitions, divestitures, investments and other major projects. The Board and its committees are entitled, without consulting with management and at the Group's expense, to engage independent legal, financial or other advisors, as they deem appropriate, with respect to any matters within their authority. The Board performs a self-assessment once a year, where it reviews its own performance against the responsibilities listed in its charter and the Board's objectives and determines future objectives, including any special focus objectives, and a work plan for the coming year.

Board committees

At each Board meeting, the committee chairmen report to the Board about their activities. In addition, the minutes and documentation of the committee meetings are accessible to all Board members.

Chairman's and Governance Committee

The Chairman's and Governance Committee consists of the Chairman, the Vice-Chairman and the chairmen of the committees of the Board and other members appointed by the Board. It may include non-independent Board members.

The Chairman's and Governance Committee has its own charter, which has been approved by the Board. It generally meets on a monthly basis and the meetings are also attended by the CEO. It is at the Chairman's discretion to ask other members of management or specialists to attend a meeting.

The Chairman's and Governance Committee acts as an advisor to the Chairman and supports him in the preparation of the Board meetings. In addition, the Chairman's and Governance Committee is responsible for the development and review of corporate governance guidelines, which are then recommended to the Board for approval. At least once annually, the Chairman's and Governance Committee evaluates the independence of the Board members and reports its findings to the Board for final determination. The Chairman's and Governance Committee is also responsible for identifying, evaluating, recruiting and nominating new Board members in accordance with the Group's internal criteria, subject to applicable laws and regulations.

In addition, the Chairman's and Governance Committee guides the Board's annual performance assessment of the Chairman, the CEO and the members of the Executive Board. The Chairman does not participate in the discussion of his own performance. The Chairman's and Governance Committee proposes to the Board the appointment, promotion, dismissal or replacement of members of the Executive Board. The Chairman's and Governance Committee also reviews succession plans for senior executive positions in the Group with the Chairman and the CEO.

Audit Committee

The Audit Committee consists of not fewer than three members, all of whom must be independent. Our Audit Committee consists of five members, all of whom are independent.

The Audit Committee has its own charter, which has been approved by the Board. The members of the Audit Committee are subject to independence requirements in addition to those required of other Board members. None of the Audit Committee members may be an affiliated person of the Group or may, directly or indirectly, accept any consulting, advisory or other compensatory fees from us other than their regular compensation as members of the Board and its committees. The Audit Committee charter stipulates that all Audit Committee members must be financially literate. In addition, they may not serve on the Audit Committee of more than two other companies, unless the Board deems that such membership would not impair their ability to serve on our Audit Committee.

In addition, the US Securities and Exchange Commission (SEC) requires disclosure about whether a member of the Audit Committee is an audit committee financial expert within the meaning of SOX. The Board has determined that Peter F. Weibel and John Tiner are audit committee financial experts.

Pursuant to its charter, the Audit Committee holds meetings at least once each quarter, prior to the publication of our consolidated financial statements. Typically, the Audit Committee convenes for a number of additional meetings and conference calls throughout the year. The meetings are attended by management representatives, as appropriate, the Head of Internal Audit and senior representatives of the external auditor. At most Audit Committee meetings, a private session with Internal Audit and the external auditors is scheduled to provide them with an opportunity to discuss issues with the Audit Committee without management being present. The Head of Internal Audit reports directly to the Audit Committee chairman.

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight role by:

– monitoring and assessing the integrity of the consolidated financial statements as well as disclosures of the financial condition, results of operations and cash flows;

– monitoring processes designed to ensure an appropriate internal control system, including compliance with legal and regulatory requirements;

– monitoring the qualifications, independence and performance of the external auditors and of Internal Audit; and

– monitoring the adequacy of financial reporting processes and systems of internal accounting and financial controls.

The Audit Committee is regularly informed about significant projects aimed at further improving processes and receives regular updates on major litigation matters as well as significant regulatory and compliance matters. The Audit Committee also oversees the work of our external auditor and pre-approves the retention of, and fees paid to, the external auditor for all audit and non-audit services. For this purpose, it has developed and approved a policy that is designed to help ensure that the independence of the external auditor is maintained at all times. The policy limits the scope of services that the external auditor may provide to us or any of our subsidiaries to audit and certain permissible types of non-audit services, including audit-related services, tax services and other services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. The external auditor is required to report periodically to the Audit Committee about the scope of the services it has provided and the fees for the services it has performed to date. Furthermore, the Audit Committee has established procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, including a whistleblower hotline to provide the option to report complaints on a confidential, anonymous basis. The Audit Committee performs a self-assessment once a year where it critically reviews its own performance and determines objectives, including any special focus objectives, and a work plan for the coming year.

Compensation Committee

The Compensation Committee consists of not fewer than three members, all of whom must be independent. Our Compensation Committee consists of four members, all of whom are independent.

The Compensation Committee has its own charter, which has been approved by the Board. Pursuant to its charter, the Compensation Committee holds at least four meetings per year. Additional meetings may be scheduled at any time. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams and determining and/or recommending to the Board for approval the overall variable compensation pools and the compensation payable to the members of the Board, the Executive Board, the head of

Internal Audit and certain other members of senior management. Other duties and responsibilities of the Compensation Committee include reviewing the Group's compensation policy, newly established compensation plans or amendments to existing plans and recommending them to the Board for approval. The Compensation Committee chairman decides on the attendance of management or others at the committee meetings.

The Compensation Committee is assisted in its work by external legal counsel Nobel & Hug and an independent global compensation consulting firm, Johnson Associates, Inc. Johnson Associates does not provide other services to the Group other than assisting the Compensation Committee. The Compensation Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

> Refer to "Compensation governance" in Compensation – Objectives and governance for information on our compensation approach, principles and objectives.

Risk Committee

The Risk Committee consists of not fewer than three members. It may include non-independent members. Our Risk Committee consists of five members, all of whom are independent.

The Risk Committee has its own charter, which has been approved by the Board, and holds at least four meetings a year. In addition, the Risk Committee usually convenes for additional meetings throughout the year in order to appropriately discharge its responsibilities. The meetings are attended by management representatives, as appropriate.

The Risk Committee's main duties are to assist the Board in assessing the different types of risk to which we are exposed, as well as our risk management structure, organization and processes. The Risk Committee approves selected risk limits and makes recommendations to the Board regarding all of its risk-related responsibilities, including the review of major risk management and capital adequacy requirements. The Risk Committee performs a self-assessment once a year where it reviews its own performance against the responsibilities listed in the charter and the committee's objectives and determines any special focus objectives for the coming year.

Biographies of the Board members

Urs Rohner
Born 1959 Swiss Citizen

Urs Rohner has been the Chairman of the Board and the Chairman's and Governance Committee since the 2011 AGM. From 2009 until 2011, he was Vice-Chairman of the Board and a member of the Chairman's and Governance Committee and Risk Committee. He was a member of the Executive Boards of Credit Suisse Group and Credit Suisse from 2004 to 2009 and served as General Counsel of Credit Suisse Group from 2004 to 2009 and as COO and General Counsel of Credit Suisse from 2006 to 2009. His term as a Board member expires at the AGM in 2012. Due to his former executive function at Credit Suisse, the Board has determined that he is not independent under the Group's

independence standards. For further information, refer to Independence.

Mr. Rohner graduated with a degree in law from the University of Zurich in 1983. He was admitted to the bars of the canton of Zurich in 1986 and the state of New York in 1990. From 1983 to 1988, he was an attorney with the law firm Lenz & Stähelin in Zurich and, between 1988 and 1989, with Sullivan & Cromwell LLP in New York. From 1992 to 1999, he was a partner at Lenz & Stähelin. Between 2000 and 2004, Mr. Rohner served as Chairman of the Executive Board and CEO of ProSieben and ProSiebenSat.1 Media AG.

Mr. Rohner is the chairman of the Board of Trustees of the Credit Suisse Foundation and the Credit Suisse Research Institute and a board member of Economiesuisse, the European Financial Services Roundtable and the European Banking Group. He is the Co-Chair of the International Advisory Board of the Moscow International Finance Center and serves on the International Business Leaders Advisory Council of the Mayor of Beijing, the Institute of International Finance and the Institute International d'Etudes Bancaires. He is also the chairman of the Advisory Board of the University of Zurich's Department of Economics and a board member of the Zurich Opera House, the Alfred Escher Foundation and the Lucerne Festival.

Peter Brabeck-Letmathe
Born 1944 Austrian Citizen

Peter Brabeck-Letmathe has been Vice-Chairman of the Board since 2008, a function he also held from 2000 to 2005. He has been a member of the Board since 1997 and a member of the Chairman's and Governance Committee since 2008. He served on the Compensation Committee from 2008 until 2011. He also served from 2000 to 2005 on the Compensation Committee and from 2003 to 2005 on the Chairman's and Governance Committee. His term as a member of the Board expires at the AGM in 2014. The Board has determined him to be independent under the Group's independence standards.

Mr. Brabeck-Letmathe studied economics at the University of World Trade in Vienna. After graduating in 1968, he joined Nestlé SA's sales operations in Austria. His career at Nestlé SA includes a variety of assignments in several European countries as well as in Latin America. Since 1987, he has been based at Nestlé SA's headquarters in Vevey. Mr. Brabeck-Letmathe has been the Chairman of the Board of Directors of Nestlé SA since 2005. From 1997 to 2008, he was also the CEO of Nestlé SA.

Mr. Brabeck-Letmathe has been a member of the Boards of Directors of L'Oréal SA, Paris, since 1997, and Exxon Mobil Corporation and Delta Topco (Formula 1), both since 2010. He is also a member of the Foundation Board of the World Economic Forum and a member of the European Round Table of Industrialists.

Jassim Bin Hamad J.J.
Al Thani
Born 1982 Qatari Citizen

Jassim Bin Hamad J.J. Al Thani has been a member of the Board since 2010. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be not independent under the Group's independence standards. For further information, refer to Independence.

Since April 2005, Mr. Al Thani has been Chairman of the Board of Directors of Qatar Islamic Bank. He is also the Chairman of: QInvest, the first Islamic investment bank founded in Qatar; QIB (UK), an Islamic investment bank founded by the Qatar Islamic Bank in London; Damaan Islamic Insurance Co. (BEEMA); and Q-RE LLC, an insurance and reinsurance company. He is a member of the Board of Directors of Qatar Navigation Company, Qatar Insurance Company and ARCAPITA Bank, Bahrain, and the CEO of Al Mirqab Capital LLC, Qatar, a family enterprise.

Mr. Al Thani completed his studies in the State of Qatar and graduated as an Officer Cadet from the Royal Military Academy, Sandhurst, UK.

Robert H. Benmosche
Born 1944 US Citizen

Robert H. Benmosche has been a member of the Board since 2002 and a member of the Compensation Committee since 2003. In August 2009, Mr. Benmosche stepped down as a member of the Board as a result of his appointment as President and CEO of American International Group, Inc. (AIG). Changes in AIG's business made it possible for Mr. Benmosche to rejoin the Board in April 2010. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

Mr. Benmosche is the President and CEO of AIG, New York. He was the Chairman of the Board and the CEO of MetLife, Inc., New York, from the demutualization of the company in 2000, and of Metropolitan Life Insurance Company, New York, from 1998 until his retirement in 2006. Before joining MetLife in 1995, Mr. Benmosche was with PaineWebber, New York, for 13 years. He received a BA degree in Mathematics from Alfred University, New York, in 1966.

Noreen Doyle
Born 1949 Irish and US Citizen

Noreen Doyle has been a member of the Board since 2004 and a member of the Risk Committee since 2009. During 2007 and 2008, she served on the Audit Committee and, from 2004 to 2007, she served on the Risk Committee. Ms. Doyle also serves as a non-executive director on and chairs the audit committees for the boards of Credit Suisse International and Credit Suisse Securities Europe Limited, two of the Group's UK subsidiaries. Her term as a member of the Board expires at the AGM in 2013. The Board has determined her to be independent under the Group's independence standards.

Ms. Doyle was the First Vice President and Head of Banking of the European Bank for Reconstruction and Development (EBRD) from 2001 to 2005. She joined the EBRD in 1992 as Head of Syndications, was appointed Chief Credit Officer in 1994 and became Deputy Vice President of Risk Management in 1997. Prior to joining the EBRD, Ms. Doyle spent 18 years at Bankers Trust Company with assignments in Houston, New York and London.

Ms. Doyle received a BA in Mathematics from The College of Mount Saint Vincent, New York, in 1971, and an MBA from Dartmouth College, New Hampshire, in 1974.

Ms. Doyle currently serves on the Boards of Directors of the Newmont Mining Corporation, QinetiQ Group Plc., a UK-based defense technology and security company, and Rexam Plc, a global consumer packaging company, all since 2005. Moreover, she is a member of the Advisory Board of the Macquarie European Infrastructure Fund and the Macquarie Renaissance Infrastructure Fund.

Walter B. Kielholz
Born 1951 Swiss Citizen

Walter B. Kielholz has been a member of the Board since 1999, a member of the Compensation Committee since 2009 and a member of the Chairman's and Governance Committee since 2011. He served as Chairman of the Board and the Chairman's and Governance Committee from 2003 to 2009 and as Chairman of the Audit Committee from 1999 to 2002. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Kielholz studied business administration at the University of St. Gallen and graduated in 1976 with a degree in Business Finance and Accounting.

Mr. Kielholz's career began at the General Reinsurance Corporation, Zurich, in 1976. After working in the US, the UK and Italy, Mr. Kielholz assumed responsibility for the company's European marketing. In 1986, he joined Credit Suisse, responsible for client relations with large insurance groups in the Multinational Services department.

Mr. Kielholz joined Swiss Re, Zurich, in 1989. He became a member of Swiss Re's Executive Board in 1993 and was Swiss Re's CEO from 1997 to 2002. A Board member since 1998, he became the Executive Vice-Chairman of the Board of Directors of Swiss Re in 2003, Vice-Chairman in 2007 and since May 2009, he has served as the Chairman.

Mr. Kielholz is a Board of Directors member of the Geneva Association, the European Financial Roundtable and the Institute of International Finance. From 1998 to 2005, Mr. Kielholz was, and since 2009, is again a member of the International Business Leader Advisory Council and a member of the International Advisory Panel, advising the Monetary Authority of Singapore's financial section on reforms and strategies. In addition, Mr. Kielholz is a member and former Chairman of the Supervisory Board of Avenir Suisse and a Senior Advisor to the Credit Suisse Research Institute. Mr. Kielholz is a member of the Zurich Friends of the Arts, the Lucerne Festival Foundation Board and Chairman of the Zürcher Kunstgesellschaft (Zurich Art Society), which runs Zurich's Kunsthaus museum.

Andreas N. Koopmann
Born 1951 Swiss Citizen

Andreas N. Koopmann has been a member of the Board and the Risk Committee since the AGM in 2009. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

From 1982 to 2009, Mr. Koopmann held various leading positions at Bobst Group S.A., Lausanne, one of the world's leading suppliers of equipment and services to packaging manufacturers. He was a member of its Board of Directors, from 1998 to 2002, and Group CEO, from 1995 to May 2009.

Mr. Koopmann holds a Master's Degree in Mechanical Engineering from the Swiss Federal Institute of Technology in Zurich (1976) and an MBA from IMD in Lausanne, Switzerland (1978).

From 2010 until February 2012, Mr. Koopmann was the Chairman of the Board of Directors of Alstom (Suisse) SA. Since 2010, he has also been a member of the Board of Directors of Georg Fischer AG where he took over the presidency of the Board of Directors in March 2012. Since 2003, Mr. Koopmann has been a member of the Board of Directors of Nestlé SA, its first Vice-Chairman and a member of its Chairman's and Corporate Governance

Committee. Mr. Koopmann is also a member of the Board of Directors of the CSD Group, an engineering consultancy enterprise in Switzerland and served as the Vice-Chairman of Swissmem (until March 2012), the association of Swiss Mechanical and Electrical Engineering Industries. From 1995 to 1999, he served as a member of the Board of Directors of Credit Suisse First Boston. He was a member of Credit Suisse's Advisory Board from 1999 to 2007.

Jean Lanier
Born 1946 French Citizen

Jean Lanier has been a member of the Board and the Audit Committee since 2005. In 2011, he was appointed to the Compensation Committee. His term as a member of the Board expires at the AGM in 2014. The Board has determined him to be independent under the Group's independence standards.

Mr. Lanier is the former Chairman of the Managing Board and Group CEO of Euler Hermes, Paris. He also chaired boards of the principal subsidiaries of the group. He held these functions from 1998 until 2004. Prior to that, he was the COO and Managing Director of SFAC, which later became Euler Hermes SFAC, from 1990 to 1997, and of the Euler Group, from 1996 to 1998.

Mr. Lanier started his career at the Paribas Group in 1970, where he worked until 1983 and held, among others, the functions of Senior Vice President of the Paribas Group Finance division and Senior Executive for North America of the Paribas Group in New York. In 1983, he joined the Pargesa Group, where he held the positions of President of Lambert Brussells Capital Corporation in New York, from 1983 to 1989, and Managing Director of Pargesa, based in Paris and Geneva, from 1988 to 1990.

Mr. Lanier holds a Masters of Engineering from the Ecole Centrale des Arts et Manufactures, Paris, in 1969, and a Masters of Sciences in Operations Research and Finance from Cornell University, New York, in 1970.

Mr. Lanier is the Chairman of the Boards of Directors for Swiss RE Europe SA, Swiss RE International SE and Swiss RE Europe Holdings SA and also serves on their respective audit and risk committees. He is a Chevalier de la Légion d'Honneur in France and a Member of the Board of the Foundation "La Fondation Internationale de l'Arche."

Anton van Rossum
Born 1945 Dutch Citizen

Anton van Rossum has been a member of the Board since 2005 and a member of the Risk Committee since 2008. From 2005 to 2008, he served on the Compensation Committee. His term as a member of the Board expires at the AGM in 2014. The Board has determined him to be independent under the Group's independence standards.

Mr. van Rossum was the CEO of Fortis from 2000 to 2004. He was also a member of the Board of Directors of Fortis and chaired the boards of the principal subsidiaries of the group during this time.

Prior to that, Mr. van Rossum worked for 28 years with McKinsey and Company, where he led a number of top management consulting assignments with a focus on the banking and insurance sectors. He was elected Principal and a Director of the firm in 1979 and 1986, respectively.

Mr. van Rossum studied Economics and Business Administration at the Erasmus University in Rotterdam, where he obtained a Bachelor's degree in 1965 and a Master's degree in 1969.

Mr. van Rossum is a member of the Supervisory Board of Munich Re AG, an international re-insurance and primary insurance group, and chairs the Supervisory Board of Royal Vopak NV, Rotterdam, an international oil, chemicals and LNG storage group. In addition, he is a member of the Board of Directors of Solvay SA, Brussels, an international chemicals and plastics company, a member of the Supervisory Board of Rodamco Europe NV, Amsterdam, a commercial real estate investment group, and chairs the Supervisory Board of Erasmus University, Rotterdam. He also chairs the Board of Trustees of the Netherlands Economics Institute and sits on the boards of several cultural, philanthropic and educational institutions.

Aziz R.D. Syriani
Born 1942 Canadian Citizen

Aziz R.D. Syriani has been a member of the Board since 1998 and Chairman of the Compensation Committee since 2004. He has been a member of the Chairman's and Governance Committee since 2003 and served on the Audit Committee from 2003 to 2007. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

Mr. Syriani holds a degree in Law from the University of St. Joseph in Beirut (1965) and a Master of Laws degree from Harvard University, Massachusetts (1972). He has served as the President of The Olayan Group since 1978 and the CEO since 2002. The Olayan Group is a private multinational enterprise engaged in distribution, manufacturing and global investment and a significant shareholder of the Group.

Mr. Syriani has served on the Board of Directors of Occidental Petroleum Corporation, Los Angeles, since 1983, where he is currently the Lead Independent Director and Chairman of the Audit Committee, as well as a member of the Executive and the Corporate Governance Committees.

David W. Syz
Born 1944 Swiss Citizen

David W. Syz has been a member of the Board and the Audit Committee since 2004. His term as a member of the Board expires at the AGM in 2013. The Board has determined him to be independent under the Group's independence standards.

After completing his studies at the Law School of the University of Zurich and receiving a doctorate from the same university in 1972 and an MBA at INSEAD, Fontainebleau, in 1973, Mr. Syz started his career as Assistant to the Director at Union Bank of Switzerland in Zurich and subsequently held the equivalent position at Elektrowatt AG, Zurich. In 1975, he was appointed Head of Finance at Staefa Control System AG, Stäfa, and became Managing Director after four years. From 1982 to 1984, he was the CEO of Cerberus AG, Männedorf. In 1985, Mr. Syz returned to Elektrowatt AG as Director and Head of Industries and Electronics. In 1996, he was appointed CEO and Managing Director of Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen.

Appointed State Secretary in 1999, Mr. Syz took charge of the new State Secretariat for Economic Affairs, a function from which he retired in 2004.

Mr. Syz has been the Chairman of the Board of Directors of Huber & Suhner AG, Pfäffikon, since 2005, Vice-Chairman from 2004 to 2005, and the Chairman of the Board of Directors of ecodocs AG, Zollikon, since 2004. Moreover, he has been the Chairman of the Supervisory Board of the Climate Cent Foundation since 2005, an organization mandated with the implementation of the carbon dioxide reduction program according to the Kyoto

Protocol.

Richard E. Thornburgh
Born 1952 US Citizen

Richard E. Thornburgh has been a member of the Board and the Risk Committee since 2006 and the Chairman of the Risk Committee and a member of the Chairman's and Governance Committee and the Audit Committee since 2009 and 2011, respectively. His term as a member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards.

Mr. Thornburgh has been Vice-Chairman of Corsair Capital, New York, a private equity investment company since 2006.

Mr. Thornburgh received a BBA from the University of Cincinnati, Ohio, in 1974, and an MBA from the Harvard Business School, Massachusetts, in 1976, and then began his investment banking career in New York with The First Boston Corporation, a predecessor firm of Credit Suisse First Boston. In 1995, Mr. Thornburgh was appointed Chief Financial and Administrative Officer and a member of the Executive Board of Credit Suisse First Boston. In 1997, he was appointed a member of the Group Executive Board, where he served until 2005. From 1997 to 1999, Mr. Thornburgh was the CFO of Credit Suisse Group and, from 1999 to 2002, he was Vice-Chairman of the Executive Board of Credit Suisse First Boston. In addition, he performed the function of CFO of Credit Suisse First Boston from May 2000 through 2002. From 2003 to 2004, he was the CRO of Credit Suisse Group. In 2004, he was appointed Executive Vice-Chairman of Credit Suisse First Boston.

Mr. Thornburgh has also serves on the Boards of Directors of Reynolds American Inc. (RAI), Winston-Salem, and The McGraw-Hill Companies, New York, both since 2011, CapStar Bank, Nashville, since 2008, and New Star Financial Inc., Boston, since 2006. Furthermore, he serves on the Executive Committee of the University of Cincinnati Foundation and the Investment Committee of the University of Cincinnati.

John Tiner
Born 1957 British Citizen

John Tiner has been a member of the Board and the Audit Committee since the AGM in 2009. Since the AGM in 2011, he has chaired the Audit Committee and has also been a member of the Chairman's and Governance Committee and the Risk Committee. His term as member of the Board expires at the AGM in 2012. The Board has determined him to be independent under the Group's independence standards and a financial expert within the meaning of SOX.

Mr. Tiner is the CEO of Resolution Operations LLP, a privately owned advisory firm which provides services to Resolution Ltd., a company listed on the London Stock Exchange that acquires and restructures businesses in the life insurance, asset management, general insurance, banking and diversified general financial sectors to realize value for its shareholders. He has held this position since September 2008.

Mr. Tiner was previously CEO of the FSA, a position he held from 2003 to 2007. He initially joined the FSA in 2001 as Managing Director of the Consumer Insurance and Investment Directorate. While at the FSA, he was also a member of the Managing Board of the Committee of European Insurance and Occupational Pensions Regulators and Chairman of the Committee of European Securities Regulators – Standing Committee on Accounting and Auditing. Before joining the FSA, Mr. Tiner was a Managing Partner at Arthur Andersen and was responsible for its worldwide financial services practice.

Mr. Tiner is a member of the Boards of Directors of Lucida Plc, a UK-based insurance company, and of Friends Provident Holdings and Friends Provident Plc, a UK-based life and pension company, and a member of the Advisory Board of Corsair Capital, a private equity investment company. He is also a member of the Advisory Board of the Centre for Corporate Reputation and Visiting Fellow of Oxford University.

In recognition of his contribution to the financial services industry, Mr. Tiner was awarded the title of Commander of the British Empire in 2008 and was made an Honorary Doctor of Letters at his former college, Kingston University, in 2010.

Peter F. Weibel
Born 1942 Swiss Citizen

Peter F. Weibel has been a member of the Board and the Chairman's and Governance Committee and the Audit Committee since 2004 and he chaired the Audit Committee from 2004 until the AGM in 2011. Mr. Weibel has decided to step down as a member of the Board at the 2012 AGM due to having reached the internal age limit. The Board has determined him to be independent under the Group's independence standards and a financial expert within the meaning of SOX.

After completing his studies in Economics at the University of Zurich in 1968, including a doctorate in 1972, and after working as a consultant at IBM Switzerland for three years, Mr. Weibel joined the Central Accounting Department at UBS in 1975 and later became a Senior Vice President in its Corporate Banking division. In 1988, he was appointed CEO of Revisuisse, one of the predecessor companies of PricewaterhouseCoopers AG, Zurich, and served as a member of the PricewaterhouseCoopers Global Oversight Board from 1998 to 2001. He retired from his function as the CEO of PricewaterhouseCoopers AG, Zurich, in 2003.

Mr. Weibel is the Chairman of the Executive MBA program of the University of Zurich, a member of the Board of Directors of the Greater Zurich Area AG, serves on the Swiss Advisory Council and the Executive Committee of the American Swiss Foundation and is a member of the Senior Advisory Council of the Swiss-American Chamber of Commerce. He also serves on the Board of Directors of the Careum Foundation and chairs the Pestalozzi Foundation, the Braille without Borders Foundation (Switzerland) and the Zurich Art Festival.

Honorary Chairman of Credit Suisse Group

Rainer E. Gut

Born 1932
Swiss Citizen
Rainer E. Gut was appointed the Honorary Chairman of Credit Suisse Group in 2000, after he retired as Chairman, a position he has held since 1986. Mr. Gut was a member of the Board of Directors of Nestlé SA, Vevey, from 1981 to 2005, whereof Vice-Chairman from 1991 to 2000 and Chairman from 2000 to 2005.

As Honorary Chairman, Mr. Gut does not have any function in the governance of the Group and does not attend the meetings of the Board.

Secretaries of the Board

Pierre Schreiber

Joan E. Belzer

Executive Board

Members of the Executive Board

The Executive Board is responsible for the day-to-day operational management of the Group. It develops and implements the strategic business plans for the Group overall as well as for the principal businesses, subject to approval by the Board. It further reviews and coordinates significant initiatives, projects and business developments in the divisions, regions and in the Shared Services functions and establishes Group-wide policies. The composition of the Executive Board of the Group and the Bank is identical. Effective August 1, 2011, the Board appointed Walter Berchtold as the Chairman Private Banking and Hans-Ulrich Meister as CEO Private Banking. Mr. Meister will assume his new position in addition to his role as CEO of Credit Suisse Switzerland. Mr. Berchtold and Mr. Meister remain members of the Executive Board.

Members of the Executive Board

	Appointed in	Role
December 31, 2011		
Brady W. Dougan, CEO	2003	Group CEO
Osama S. Abbasi, Regional CEO Asia Pacific	2010	Regional Head
Walter Berchtold, Chairman Private Banking [1]	2003	Chairman Private Banking
Romeo Cerutti, General Counsel	2009	Shared Services Head
Tobias Guldimann, CRO	2004	Shared Services Head
Fawzi Kyriakos-Saad, Regional CEO EMEA	2010	Regional Head
Karl Landert, CIO	2009	Shared Services Head
David R. Mathers, CFO	2010	Shared Services Head
Hans-Ulrich Meister, CEO Private Banking and Regional CEO Switzerland [2]	2008	Divisional Head/Regional Head
Antonio C. Quintella, Regional CEO Americas	2010	Regional Head
Robert S. Shafir, CEO Asset Management	2007	Divisional Head
Pamela A. Thomas-Graham, Chief Talent, Branding and Communications Officer	2010	Shared Services Head

Eric M. Varvel, CEO Investment Banking	2008	Divisional Head

1 Appointed Chairman Private Banking as of August 1, 2011. 2 Appointed CEO Private Banking in addition to his current role as Regional CEO Switzerland as of August 1, 2011.

Biographies of the Executive Board members

Brady W. Dougan
Born 1959 US Citizen

Brady W. Dougan has been the CEO since 2007. Prior to that, he was the CEO Investment Banking and the CEO of Credit Suisse Americas. He has served on the Executive Board since 2003.

Mr. Dougan received a BA in Economics in 1981 and an MBA in finance in 1982 from the University of Chicago, Illinois. After starting his career in the derivatives group at Bankers Trust, he joined Credit Suisse First Boston in 1990. He was the Head of the Equities division for five years before he was appointed the Global Head of the Securities division in 2001. From 2002 to July 2004, he was the Co-President of Institutional Securities at Credit Suisse First Boston, and from 2004 until 2005, he was CEO of Credit Suisse First Boston and, after the merger with Credit Suisse in May 2005, he was the CEO of Investment Banking until 2007.

Mr. Dougan has been a member of the Board of Directors of Humacyte Inc., a biotechnology company, since 2005.

Osama S. Abbasi
Born 1968 British Citizen

Osama S. Abbasi has been the CEO of Credit Suisse’s Asia Pacific region and a member of the Executive Board since October 2010.

Mr. Abbasi holds a Bachelor of Science in Economics from the Wharton School of Business at the University of Pennsylvania. Prior to assuming the role of CEO of Credit Suisse Asia Pacific, he was the Head of the Equity department in Asia Pacific and a member of the Global Equity Management Committee and the Investment Banking Division Management Committee. Prior to this, Mr. Abbasi was Head of Global Securities for Non-Japan Asia and Australia, responsible for both the Equities and Fixed Income departments, and Head of European Securities.

Mr. Abbasi joined Credit Suisse Financial Products, the former derivatives subsidiary of Credit Suisse First Boston, in 1996, from Bankers Trust, where he worked in various trading and marketing positions in Fixed Income and Equities.

Walter Berchtold
Born 1962 Swiss Citizen

Walter Berchtold was appointed Chairman Private Banking effective August 1, 2011. Prior to that, he was the CEO Private Banking at Credit Suisse for five years. He has been a member of the Executive Board since 2003.

After obtaining a commercial diploma, Mr. Berchtold joined Credit Suisse First Boston Services AG, Zurich, in 1982, and, a year later, transferred as a trader to the precious metal and currency options unit of Valeurs White Weld SA, in Geneva, which was later renamed Credit Suisse First Boston Futures Trading SA. In 1987, he was given the task of heading the Japanese convertible notes trading team, and in 1988, he assumed shared responsibility for all the business activities of Credit Suisse First Boston Futures Trading AG in Zurich.

In 1991, Mr. Berchtold joined Credit Suisse in Zurich as the Head of Arbitrage in the Securities Trading department. In the following year, he became the Head of the Equity Derivatives Trading department. In 1993, he managed the Equity Trading unit and, in 1994, he took on overall responsibility for Credit Suisse's Securities Trading & Sales activities globally.

From 1997 to 2003, Mr. Berchtold was the Head of Trading and Sales of Credit Suisse First Boston, Switzerland and thereafter became the Country Manager of Credit Suisse First Boston, where he was responsible for the entire Swiss business of Credit Suisse First Boston. From 2003 to July 2004, he was the Head of Trading and Sales at Credit Suisse Financial Services and, in April 2004, he was appointed CEO of Banking at Credit Suisse Financial Services. In July 2004, he was the CEO of the former Credit Suisse, a position he held until the merger with Credit Suisse First Boston in May 2005. Between May and December, 2005, he became the CEO of Credit Suisse.

Mr. Berchtold is a member of the Board of the Swiss Bankers Association and several philanthropic and cultural foundations.

Romeo Cerutti
Born 1962 Swiss and Italian Citizen

Romeo Cerutti has been the Group General Counsel and a member of the Executive Board since April 2009. Prior to that, he was General Counsel of the Private Banking division from 2006 to 2009 and the global Co-Head of Compliance of Credit Suisse from 2008 to 2009.

Before joining Credit Suisse, Mr. Cerutti was a partner of the Group Holding of Lombard Odier Darier Hentsch & Cie, from 2004 to 2006, and the Head of Corporate Finance at Lombard Odier Darier Hentsch & Cie from 1999 to 2006.

Prior to that position, Mr. Cerutti was in private practice as an attorney-at-law with Homburger Rechtsanwälte in Zurich from 1995 to 1999 and with Latham and Watkins in Los Angeles from 1993 to 1995.

Mr. Cerutti studied law at the University of Fribourg and obtained his doctorate in 1990. He was admitted to the bar of the canton of Zurich in 1989 and the bar of the state of California in 1992. Mr. Cerutti also holds a Master of Laws from the University of California, School of Law, Los Angeles.

Mr. Cerutti has been a member of the Board of Trustees of the University of Fribourg since 2006.

Tobias Guldimann
Born 1961 Swiss Citizen

Tobias Guldimann has been the CRO of Credit Suisse since June 2009. He has been a member of the Executive Board in the role of Group CRO since 2004.

Mr. Guldimann studied Economics at the University of Zurich and received a doctorate from the same university in 1989. He joined Credit Suisse's Internal Audit Department in 1986 before transferring to Investment Banking in 1990. He later became the Head of Derivatives Sales in 1992, the Head of Treasury Sales in 1993 and the Head of Global Treasury Coordination at Credit Suisse in 1994. In 1997, he became responsible for the management support of the CEO of Credit Suisse First Boston before becoming the Deputy CRO of Credit Suisse Group, a function he held from 1998 to 2004. From 2002 to 2004, he also served as the Head of Strategic Risk Management at Credit Suisse.

Mr. Guldimann has been a member of the Foundation Board of the International Financial Risk Institute and Chairman since 2010.

Fawzi Kyriakos-Saad
Born 1962 British and Lebanese Citizen

Fawzi Kyriakos-Saad has been the CEO of Credit Suisse EMEA and a member of the Executive Board since July 2010.

Mr. Kyriakos-Saad holds a Bachelor of Civil Engineering from the American University of Beirut and an MBA from Columbia University, New York.

Prior to assuming the role of CEO of the EMEA region in July 2010, Mr. Kyriakos-Saad was the CEO of Russia, the countries of the Commonwealth of Independent States and Turkey for Credit Suisse. He joined Credit Suisse in 2006 from JPMorgan Chase, where he worked in a variety of senior fixed income and emerging market management roles. Before joining JPMorgan Chase, he spent eight years at Goldman Sachs in New York and London.

Karl Landert
Born 1959 Swiss Citizen

Karl Landert has been the CIO of Credit Suisse since 2008 and a member of the Executive Board since June 2009. Previously, he was the CIO of Private Banking. He joined Credit Suisse in 2001 as the Head of Application Development and he was appointed the Head of IT in 2004.

Before joining Credit Suisse, Mr. Landert served as the CIO and Head of Global IT Management of Novartis Pharma AG (Switzerland) from 1998 to 2001. Between 1985 and 1998, he held various management positions in sales and systems engineering at IBM Switzerland.

Mr. Landert studied at the Swiss Federal Institute of Technology in Zurich and received his degree in Physics in 1984.

Mr. Landert is a member of the Boards of Directors of the Swiss IT Leadership Forum, ICT Switzerland and the Foundation for IT Professional Education.

David R. Mathers
Born 1965 British Citizen

David Mathers has been the CFO of Credit Suisse Group and a member of the Executive Board since October 2010.

Mr. Mathers holds an MA in Natural Sciences from the University of Cambridge, England.

Prior to his appointment as CFO, Mr. Mathers was the Head of Finance and the COO for Investment Banking in New York and London from 2007 to 2010. In this role, he was responsible for Investment Banking Finance, Operations, Expense Management and Strategy. Mr. Mathers started his career as a research analyst at HSBC James Capel in 1987 and became Global Head of Equity Research in 1997. He joined Credit Suisse in 1998, working in a number of senior positions in Credit Suisse's Equity business, including the Director of European Research and the Co-Head of European Equities.

Mr. Mathers is a member of the Council of the British-Swiss Chamber of Commerce.

Hans-Ulrich Meister
Born 1959 Swiss Citizen

Hans-Ulrich Meister was appointed CEO Private Banking effective August 1, 2011. He has also been CEO Credit Suisse Switzerland and a member of the Executive Board since September 2008.

Mr. Meister graduated from the University of Applied Sciences in Zurich, in 1987, majoring in Economics and Business Administration. In addition, he attended Advanced Management programs at the Wharton School, University of Pennsylvania in 2000 and the Harvard Business School in 2002.

Before joining Credit Suisse in 2008, Mr. Meister spent 25 years with UBS. Among the roles he had were the Head of Corporate Banking Region Zurich from 1999 to 2002, the Head of Large Corporates and Multinationals from 2003 to 2005 and the Head of Business Banking from 2005 to 2007. From 2002 to 2003, he worked on group projects in the area of Wealth Management, based in New York. From 2004 to 2007, Mr. Meister was a member of UBS's Group Managing Board.

Mr. Meister has been a member of the Foundation Board of the Swiss Finance Institute since 2008.

Antonio C. Quintella
Born 1966 Brazilian Citizen

Antonio Quintella has been the CEO of Credit Suisse Americas and a member of the Executive Board since July 2010.

Mr. Quintella holds a BA in Economics from Pontifícia Universidade Católica of Rio de Janeiro and an MBA from the London Business School. Mr. Quintella joined Credit Suisse in 1997 from ING Barings as a senior relationship banker in the Investment Banking department and was named CEO of Credit Suisse Brazilian operations, in 2003. As the CEO of Brazil, he oversaw the expansion of the Bank's presence in the Brazilian market, including the acquisition

of Hedging-Griffo, a leading independent asset management and private banking firm in Brazil, in 2006.

Mr. Quintella is a member of the Board of Directors of Febraban, the Brazilian bank association, and is a member of the global advisory council of the London Business School.

Robert S. Shafir
Born 1958 US Citizen

Robert Shafir has been the CEO of Asset Management since April 2008 and a member of the Executive Board since August 2007. He held the position of CEO of Credit Suisse Americas until July 2010.

Mr. Shafir received a BA in Economics from Lafayette College, Pennsylvania, in 1980, and an MBA from Columbia University, Graduate School of Business, New York, in 1984.

Mr. Shafir joined Credit Suisse from Lehman Brothers, where he worked for 17 years, having served as the Head of Equities as well as a member of their Executive Committee. He also held other senior roles, including the Head of European Equities and the Global Head of Equities Trading, and played a key role in building Lehman's equities business into a global, institutionally focused franchise. Prior to that, he worked at Morgan Stanley in the preferred stock business within the fixed income division.

Mr. Shafir is a member of the Board of Directors of the Cystic Fibrosis Foundation and the Dwight School Foundation.

Pamela A. Thomas-Graham
Born 1963 US Citizen

Pamela Thomas-Graham has been the Chief Talent, Branding and Communications Officer and a member of the Executive Board since January 2010.

Prior to joining the Group, Ms. Thomas-Graham was a Managing Director in the private equity group of Angelo, Gordon & Co., a New York-based investment management firm, from 2008 to 2010. She previously served as Group President of Liz Claiborne Inc.'s women's wholesale apparel business from 2005 to 2008. Ms. Thomas-Graham was at NBC for six years from 1999 to 2005, where she served as President, CEO and Chairwoman of CNBC television and a Director of CNBC International. She also served as the President and CEO of CNBC.com. Prior to that, she worked at McKinsey & Company for ten years from 1989 to 1999.

Ms. Thomas-Graham obtained a BA in Economics from Harvard University in 1985, a JD from Harvard Law School in 1989 and an MBA from Harvard Business School in 1989.

Ms. Thomas-Graham is a member of the Board of Directors of the Clorox Company. She is also a member of the Council on Foreign Relations and the Economic Club of New York, and sits on the Boards of the New York City Opera and the Parsons School of Design. She is a member of the Visiting Committee for Harvard Business School.

Eric M. Varvel

Born 1963 US Citizen

Eric Varvel has been the CEO Investment Banking since September 2009 (acting CEO between September 2009 until July 2010) and a member of the Executive Board since February 2008.

Mr. Varvel holds a BA in Business Finance from Brigham Young University, Utah.

Prior to his current function, Mr. Varvel was the CEO of Credit Suisse EMEA, the Co-Head of the Global Investment Banking department and the Head of the Global Markets Solutions Group in the Investment Banking division of Credit Suisse for over three years, based in New York. Before that, Mr. Varvel spent 15 years in the Asia Pacific region in a variety of senior roles, including the Head of Investment Banking and Emerging Markets Coverage for the Asia Pacific region ex-Japan and the Head of Fixed Income Sales and Corporate Derivative Sales. During that time, Mr. Varvel was based in Tokyo, Jakarta and Singapore.

Mr. Varvel joined Credit Suisse in 1990. Previously, he worked as an analyst for Morgan Stanley in its investment banking department in New York and Tokyo.

Mr. Varvel is a member of the Board of Directors of the Qatar Exchange.

Additional information

Changes of control and defense measures

Duty to make an offer

Swiss law provides that anyone who, directly or indirectly or acting in concert with third parties, acquires 331/3% or more of the voting rights of a listed Swiss company, whether or not such rights are exercisable, must make an offer to acquire all of the listed equity securities of such company, unless the AoA of the company provides otherwise. Our AoA does not include a contrary provision. This mandatory offer obligation may be waived under certain circumstances by the Swiss Takeover Board or the Swiss Financial Market Supervisory Authority (FINMA). If no waiver is granted, the mandatory offer must be made pursuant to procedural rules set forth in the SESTA and the implementing ordinances.

Clauses on changes of control

Subject to certain provisions in the Group’s employee compensation plans providing for the treatment of outstanding awards in the case of a change of control, there are no provisions that require the payment of extraordinary benefits in the case of a change of control in the agreements and plans benefiting members of the Board and the Executive Board or any other members of senior management. Specifically, there are no contractually agreed severance payments in the case of a change of control of the Group. Moreover, none of the employment contracts with members of the Executive Board or other members of senior management provides for extraordinary benefits that would be triggered by a change of control.

Internal and external auditors

Auditing forms an integral part of corporate governance at the Group. Both internal and external auditors have a key role to play by providing an independent assessment of our operations and internal controls.

Internal Audit

Our Internal Audit function comprises a team of around 260 professionals, more than 230 of whom are directly involved in auditing activities. The Head of Internal Audit, Heinz Leibundgut, reports directly to the Audit Committee chairman.

Internal Audit performs an independent and objective assurance and consulting function that is designed to add value to our operations. Using a systematic and disciplined approach, the Internal Audit team evaluates and enhances the effectiveness of our risk management, control and governance processes.

Internal Audit is responsible for carrying out periodic audits in line with the Regulations of Internal Audit approved by the Audit Committee. It regularly and independently assesses the risk exposure of our various business activities, taking into account industry trends, strategic and organizational decisions, best practice and regulatory matters. Based on the results of its assessment, Internal Audit develops detailed annual audit objectives, defining areas of audit concentration and specifying resource requirements for approval by the Audit Committee.

As part of its efforts to achieve best practice, Internal Audit regularly benchmarks its methods and tools against those of its peers. In addition, it submits periodic internal reports and summaries thereof to the management teams as well as the Chairman and the Audit Committee chairman. The Head of Internal Audit reports to the Audit Committee at least quarterly and more frequently as appropriate. Internal Audit coordinates its operations with the activities of the external auditor for maximum effect.

External auditors

Our statutory auditor is KPMG AG (KPMG), Badenerstrasse 172, 8004 Zurich, Switzerland. The mandate was first given to KPMG for the business year 1989/1990. The lead Group engagement partners are Marc Ufer, Global Lead Partner (since 2010), who will be succeeded by Anthony Anzevino at the 2012 AGM; Simon Ryder, Group Engagement Partner (since 2010); and Philipp Rickert, Leading Bank Auditor (since 2006), who, in accordance with a five-year rotation requirement, will be succeeded by Mirco Liberto at the 2012 AGM.

In addition, we have mandated BDO AG, Fabrikstrasse 50, 8031 Zurich, Switzerland, as special auditor for the purposes of issuing the legally required report for capital increases in accordance with Article 652f of the Swiss Code of Obligations, mainly relating to the valuation of companies in consideration of the qualified capital increases involving contributions in kind.

The Audit Committee monitors and pre-approves the fees to be paid to KPMG for its services.

Fees paid to external auditors

	2011	2010	% change
Fees paid to external auditors (CHF million)			
Audit services [1]	40.3	44.0	(8)
Audit-related services [2]	7.0	13.8	(49)
Tax services [3]	6.9	7.8	(12)

1 Audit fees include the integrated audit of the Group's consolidated and statutory financial statements, interim reviews and comfort and consent letters. Additionally it includes all assurance and attestation services related to the regulatory filings of the Group and its subsidiaries. 2 Audit-related services are primarily in respect of: (i) reports related to the Group's compliance with provisions of agreements or calculations required by agreements; (ii) accounting advice; (iii) audits of private equity funds and employee benefit plans; and (iv) regulatory advisory services. 3 Tax services are in respect of tax compliance

and consultation services, including: (i) preparation and/or review of tax returns of the Group and its subsidiaries; (ii) assistance with tax audits and appeals; and (iii) confirmations relating to the Qualified Intermediary status of Group entities.

KPMG attends all meetings of the Audit Committee. At each meeting, KPMG reports on the findings of its audit and/or interim review work. The Audit Committee reviews on an annual basis KPMG's audit plan and evaluates the performance of KPMG and its senior representatives in fulfilling its responsibilities. Moreover, the Audit Committee recommends to the Board the appointment or replacement of the external auditor, subject to shareholder approval as required by Swiss law.

KPMG provides a report as to its independence to the Audit Committee at least once a year. In addition, our policy on the engagement of public accounting firms, which has been approved by the Audit Committee, strives to further ensure an appropriate degree of independence of our external auditor. The policy limits the scope of services that may be provided to us or any of our subsidiaries by KPMG to audit and certain permissible types of non-audit services, including audit-related and tax services that have been pre-approved by the Audit Committee. The Audit Committee pre-approves all other services on a case-by-case basis. All KPMG services in 2011 were pre-approved. KPMG is required to report to the Audit Committee periodically regarding the extent of services provided by KPMG and the fees for the services performed to date.

American Depositary Share fees

Fees and charges for holders of ADS

In accordance with the terms of the Deposit Agreement, Deutsche Bank Trust Company Americas, as depositary for the >>>ADS (the Depositary), may charge holders of our ADS, either directly or indirectly, fees or charges up to the amounts described below. In June 2011, after a competitive bid process, the Group signed an engagement letter renewing the term of Deutsche Bank Trust Company Americas as Depositary for an additional five years.

Fees and charges for holders of ADS

Fees	
USD 5 (or less) per 100 ADS (or portion thereof)	For the issuance of ADS, including issuances resulting from a distribution of shares, share dividends, share splits and other property; for ADS issued upon the exercise of rights; and for the surrender of ADS for cancellation and withdrawal of shares.
USD 2 per 100 ADS	For any distribution of cash to ADS registered holders, including upon the sale of rights or other entitlements.
Registration or transfer fees	For the transfer and registration of shares on our share register to or from the name of the Depositary or its agent when the holder deposits or withdraws shares.
Charges	
Expenses of the Depositary	For cable, telex and facsimile transmissions (when expressly provided in the deposit agreement); and for converting foreign currency to US dollars.
Taxes and other governmental charges	Paid, as necessary, to the Depositary or the custodian who pays certain charges on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or applicable interest or penalty thereon.
Other charges	Paid, as necessary, to the Depositary or its agents for servicing the deposited shares.

The Depositary collects its fees for the delivery and surrender of ADS directly from investors depositing shares or surrendering ADS for the purpose of withdrawal or from intermediaries acting for them. The Depositary collects fees for making distributions to holders by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary may generally refuse to provide fee services until its fees for those services are paid.

Amounts paid by the Depositary to the Group
In 2011, the Depositary reimbursed the Group USD 52,563 for NYSE listing fees. Under the Group's new engagement letter, the Depositary has agreed to make certain payments to the Group in 2012 and thereafter. The Depositary has also contractually agreed to provide certain ADS program-related services free of charge.

Under certain circumstances, including removal of the Depositary or termination of the ADS program by the Group, the Group is required to repay certain amounts paid to the Group and to compensate the Depositary for payments made or services provided on behalf of the Group.

Liquidation

Under Swiss law and our AoA, we may be dissolved at any time by a shareholders' resolution which must be passed by:

– a supermajority of at least three quarters of the votes cast at the meeting in the event we are to be dissolved by way of liquidation; and

– a supermajority of at least two thirds of the votes represented and an absolute majority of the par value of the shares represented at the meeting in other events.

Dissolution by court order is possible if we become bankrupt. Under Swiss law, any surplus arising out of liquidation (after the settlement of all claims of all creditors) is distributed to shareholders in proportion to the paid-up par value of shares held.

Compensation

Overview

This Compensation report explains our compensation approach and provides our compensation disclosure for 2011. It is composed of the following sections:

– Objectives and governance;

– Compensation design;

– Executive Board compensation;

– Board of Directors compensation;

– Group compensation; and

– Compensation plans from prior years.

The Group is committed to fair, balanced, performance-oriented compensation practices that align long-term employee and shareholder interests. We believe in rewarding our employees for performing in a way that creates sustainable value for the Group and its shareholders over time. We strive to take a leadership position in the industry in implementing responsible compensation practices.

For 2011, we reduced discretionary variable incentive awards (variable compensation), reflecting the lower absolute performance of the Group compared to 2010. Variable compensation awarded for 2011 was down 41% compared to 2010. Aggregate variable compensation awarded for current members of the Executive Board was down 57% and for the Chief Executive Officer (CEO) was down 69% compared to 2010. We believe that the amount and form of variable compensation awarded for 2011 represents our senior management team taking real and direct accountability for the earnings level and share price performance, in alignment with shareholders.

As the business and market environment continued to be challenging in 2011, we implemented changes to our compensation plan that are consistent with our overall capital and risk management strategy and are responsive to additional regulatory requirements. The main changes include modifications to the eligibility and structure of our deferred awards.

For 2011, all deferred variable compensation was awarded in the form of share awards, performance share awards and 2011 Partner Asset Facility (PAF2) awards. We made no further grants of the cash-based Adjustable Performance Plan awards that were introduced in 2009. Consistent with past practice and in line with the expectations of regulators, we granted a substantial portion (approximately 65%) of deferred variable compensation for 2011 as share-based awards. The share awards granted for 2011 are similar to those granted for 2010, but the majority were granted as performance share awards, which now include claw-back provisions based on certain performance conditions for managing directors and other groups of employees. The vesting period for the share awards is three years (also applicable to the performance share awards), which has been shortened from four years to bring us more in line with peers. The PAF2 awards were granted to managing directors and directors and made up approximately 35% of the deferred variable compensation awarded in 2011. In addition to serving as a compensation instrument, the PAF2 plan contributes to the Group's risk reduction and capital efficiency objectives through its transfer of risk from the Group to employees.

Taking the performance share and PAF2 plans together, over 6,000 employees received deferred compensation with performance conditions. For the Group overall, 49% of the variable awards for 2011 were deferred and subject to future performance and service provisions. For the fourth consecutive year, Executive Board members received no cash variable compensation; all of their variable awards for 2011 were deferred. The changes to our 2011 compensation plan and our 2011 compensation disclosures are in compliance with the requirements of our main regulators and are responsive to the feedback from our shareholders.

Given the continued focus of regulators on the impact of risk considerations on compensation, we refined the process of reviewing compensation and risk for certain groups of employees to ensure appropriate incentives and adequate controls designed to discourage excessive risk taking were in place. For 2011, we have provided more disclosure on risk and compensation, in line with the Basel Committee on Banking Supervision's (BCBS) new Pillar 3 disclosure requirements for remuneration and additional guidance issued by the Swiss Financial Market Supervisory Authority (FINMA).

In response to shareholder feedback, we also enhanced our disclosure, for example, to provide improved transparency regarding the link between compensation awarded to the Executive Board members and the Group's performance, and with regard to share issuance and shareholder dilution from our share-based compensation plans.

The Compensation Committee is satisfied that this report reflects the manner in which it has reviewed and set compensation for 2011. The activities of the Compensation Committee were executed in accordance with its mandate under the Organizational Guidelines and Regulations (OGR) and the Compensation Committee Charter.

The Board of Directors (Board) recognizes and supports the involvement of its shareholders within the compensation discussion. As in prior years, the Board has decided to submit this Compensation report to its shareholders for a consultative vote at the Annual General Meeting (AGM) in line with the recommendations in the Swiss Code of Best Practice for Corporate Governance.

Objectives and governance

Compensation objectives

The Group's ability to implement a comprehensive human capital strategy and to attract, retain, reward and motivate talented individuals is fundamental to the Group's long-term success. Compensation is a key component of this strategy and aims to align employee and shareholder interests. The Group's objectives are to maintain compensation practices and plans that:

– support a performance culture that is based on merit and differentiates and rewards excellent performance, both in the short and long term, and recognizes our company values;

– enable the Group to attract and retain employees and motivate them to achieve results with integrity and fairness;

– balance the mix of fixed compensation and variable compensation to appropriately reflect the value and responsibility of the role the employees perform day to day and to influence appropriate behaviors and actions;

– are consistent with and promote effective risk management practices and the Group's compliance and control culture;

– foster teamwork and collaboration across the Group;

– take into account the long-term performance of the Group in order to create sustainable value for our shareholders; and

– are reviewed regularly and endorsed by an independent Compensation Committee.

Consistent with the objectives above, the Group applies a total compensation approach based on fixed compensation and variable compensation. The individual mix varies according to the employee's seniority, business and location. Fixed compensation includes base salary, which reflects seniority, experience, skills and market practice. Variable compensation is awarded annually at the discretion of the Group and varies depending on Group, business and individual performance. Variable compensation is awarded in the form of unrestricted cash and deferred awards, which are subject to various deferral provisions and performance criteria. The Group's total compensation approach is illustrated in the following chart, reflecting the compensation award structure for 2011.

> Refer to "Compensation design" for further information.

The Group is committed to responsible compensation practices and plans that balance the need to reward our employees fairly and competitively based on performance while promoting principled behavior and actions. The compensation design aims to contribute to the Group's objectives in a way that encourages prudent risk taking and adherence to applicable laws, guidelines and regulations and takes into account the capital position and economic performance of the Group over the long term.

Compensation governance

The Compensation Committee of the Board is the supervisory and governing body for compensation policy, practices and plans within the Group and is responsible for determining, reviewing and proposing compensation for approval by the Board. Consistent with its mandate stipulated in the Group's OGR and its charter (available on our website at *www.credit-suisse.com/governance*), the Compensation Committee proposes the overall pools for variable compensation, based on the outcome of its annual performance review for the Group and the businesses. The Compensation Committee also assesses the individual performance of, and proposes compensation for, members of the Executive Board and the Board and certain other members of senior management.

The Compensation Committee consists of not fewer than three independent members of the Board. The members of the Compensation Committee are Aziz R.D. Syriani (chairman), Robert H. Benmosche, Walter B. Kielholz and Jean Lanier. Based on the criteria for determining independence under the Swiss Code of Best Practice for Corporate Governance and the rules of the New York Stock Exchange, the Group has deemed all four members of the Compensation Committee to be independent. The length of tenure a Board member has served is not a criterion for determining independence. Significant shareholder status is also not considered a criterion for independence unless the shareholding exceeds 10% of the Group's share capital.

> Refer to "Independence" in Corporate Governance – Board of Directors for more information on how the Group determines the independence of its Board members.

The Compensation Committee has appointed Johnson Associates, Inc., a global compensation consulting firm, to assist it in ensuring that the Group's compensation program remains competitive and is responsive to regulatory developments and in line with its compensation approach. Johnson Associates, Inc. is independent from the Group's management and does not provide any services to the Group other than supporting the Compensation Committee. The Compensation Committee has appointed Nobel & Hug as external legal counsel.

The Compensation Committee meets at least four times per year. The Compensation Committee chairman decides on the attendance of management, the independent compensation consultant and external legal counsel at the committee meetings. The main meeting is held in January with the primary purpose of reviewing the performance of the businesses and the respective management teams for the previous year and determining and/or recommending to the Board for approval the overall compensation pools for the divisions and the compensation payable to the members of the Board, the Executive Board, the head of Internal Audit and certain other members of senior management. During its performance review, the Compensation Committee considers input from the Group's internal control functions, including Risk Management, Legal and Compliance and Internal Audit, regarding control and compliance issues, including any breaches of relevant rules and regulations or the Group's Code of Conduct. In line with the process established last year and in response to specific regulatory guidelines regarding compensation for employees engaged in risk-taking activities, the Compensation Committee also reviews and approves the compensation for Group employees collectively known as >>>covered employees, who are employees whose activities are considered to have a potentially material impact on the Group's risk profile. The Risk Committee is involved in the review process.

The following table sets forth the approval authority for determining compensation policy and setting compensation for different groups of employees.

Approval authority

Approval grid	Authority
Establishment or amendment of the Group's compensation policy	Board upon recommendation by the Compensation Committee
Establishment or amendment of compensation plans	Board upon recommendation by the Compensation Committee
Setting variable compensation pools for the Group and the divisions	Board upon recommendation by the Compensation Committee
Board compensation (including the Chairman's compensation) [1]	Board upon recommendation by the Compensation Committee
Compensation of the CEO and other Executive Board members	Compensation Committee with information to the Board
Compensation for the Head of Internal Audit	Compensation Committee upon consultation of the Audit Committee Chairman
Compensation for covered employees	Compensation Committee
Compensation for other selected members of management	Compensation Committee

1 Board members with functional duties (including the Chairman): the Board member concerned does not participate in the decision involving his own compensation. Other Board members: Compensation comprises a base fee plus a fee for committee activity which may differ from committee to committee. These fees are subject to a decision by the full Board.

During 2011, the Board, upon recommendation of the Compensation Committee, approved modifications to our compensation policy to bring our plans more in line with peers, contribute to the Group's risk reduction and capital efficiency measures and permit compliance with evolving regulations. Some of the Compensation Committee's focus areas during 2011 were:

– the development and approval of an amended compensation design for 2011 aimed at bringing elements of our compensation plans closer to peer practice, while retaining specific performance criteria and claw-back features and introducing the PAF2 plan;

– refinement of the review process for covered employees in respect of how risk and internal control considerations are reflected in the compensation process;

– maintaining an active dialogue and consultations with our main regulators about our compensation plans, as well as monitoring global regulatory and market trends with respect to compensation at financial institutions;

– continuing to engage with shareholders and shareholder groups regarding our compensation governance and plans; and

– increasing the transparency of our compensation disclosure, including how we link compensation to performance for members of the Executive Board.

> Refer to "Incorporating risk within the compensation process" for further information on covered employees.

Compensation policy

The vast majority of decisions about individual compensation awards are made by line managers at all levels throughout the organization. The Group strives to ensure that all line managers apply a consistent and high set of standards when assessing the performance and behavior of employees and that managers and employees fully understand the compensation processes and instruments that apply to them. To this end, we prepared a comprehensive compensation policy, that formalizes our compensation principles and related processes, which was approved by the Board in early 2011. In early 2012, we updated the policy to reflect the changes to the compensation plan, the annual process for reviewing performance in light of risk considerations for covered employees and to comply with a recent change in the Swiss Bank Law. The Group's Compensation Policy is available on its website at *www.credit-suisse.com/compensation*. The policy provides the foundation for sound compensation practices that support the Group's long-term strategic objectives. The following table summarizes the key features of the compensation policy.

The compensation policy also includes implementation standards, which provide managers and employees with a detailed description of our principles, programs and the defined standards and processes relating to the development, management, implementation and governance of compensation. For line managers, we focused on their responsibilities in managing, administering and communicating compensation, with an emphasis on risk awareness and compliance. For employees, we provided more transparency on what factors influence compensation decisions and on our various practices and plans. The compensation policy adheres to the compensation principles set out by FINMA and our other main regulators and applies to all employees and compensation plans of the Group.

Determination of performance-based compensation

Consistent with our vision to provide responsible, performance-based compensation, all employees are eligible to receive variable compensation. The amount is determined by the nature of the business, breadth of role, role location and performance of the employee and includes detailed performance measurements at the Group, division and employee level as an integral part of the compensation process. Decisions about the amounts for variable compensation for individual employees are made within the constraints of the variable compensation pools at the Group and divisional levels.

Determination of divisional variable compensation pools

Determination of the performance-based variable compensation pools is an annual process. It starts with a decision in October or November about the initial size of the variable compensation pool for the Group and each division within the context of the annual business planning cycle and the setting of business performance targets for the coming year. Appropriate accruals for the divisional and Group-wide variable compensation pools are made by the Group throughout the year. The Board regularly reviews the accruals and related financial information and makes adjustments at its discretion to ensure that the overall size of the pools is consistent with the Group's compensation principles. An accrual, at the Group or any other level, however, does not create legal rights or entitlements for employees to receive variable compensation.

The divisional variable compensation pools are not formula driven, but are subject to adjustments based on performance and other discretionary factors, and the final amounts are approved by the Board. The methodology to determine the initial size of the variable compensation pools varies by division.

For Private Banking, the basis for determining the variable compensation pool is the division's income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. Capital usage is calculated as the average cost of economic capital.

For Investment Banking, the basis for determining the variable compensation pool is income before taxes and before the variable compensation accrual, reduced by a charge for capital usage. Capital usage is calculated from a combination of risk-weighted assets, economic capital and utilization of the Group's balance sheet. For Investment Banking, in light of the weak absolute net income performance in 2011, the variable compensation pool was determined based on more discretionary factors, taking into account the difficult market and competitive environment, and was 51% below the Investment Banking pool for 2010.

For Asset Management, the basis for determining the variable compensation pool for alternative investments is income before taxes and before the variable compensation accrual. For traditional investments, the basis for determining the variable compensation pool is the short-term and long-term performance against both peer groups and benchmarks.

For Shared Services and Group Corporate Center functions, a deduction is applied to the pool of each division to fund a variable compensation pool for these employees, the total amount of which is based on the Group-wide performance and qualitative measurements rather than the performance of any particular division they support.

The initial variable compensation pool for the Group and each division is subject to adjustment based on a detailed performance evaluation at the Group and divisional levels, taking into account key performance indicators and other absolute and relative performance criteria, including performance against peers. The pools, as computed or adjusted, are subject to Compensation Committee review and Board approval. In setting the final variable compensation pools, the Compensation Committee also considers discretionary factors, including non-financial metrics related to ethics, risk, compliance and control. Other discretionary factors such as business strategy, overall Group performance and the market and regulatory environment are also taken into account.

> Refer to the chart "2011 Peer groups and performance criteria" in Competitive benchmarking for specific peer performance criteria.

Allocation of variable compensation to individual employees

Once the variable compensation pools have been set at the Group and divisional levels, each division allocates its pool to business areas, with the same or similar performance metrics, which is then allocated further to individual line managers. Line managers award variable compensation to individual employees based on individual and business performance, subject to the constraints of the pool available. Performance measurement of individual employees varies widely across the firm and depends on each individual's specific function and scope of responsibility. To measure the performance of employees in revenue-generating areas, key quantitative factors such as revenue production and profitability will be considered, as well as qualitative factors, such as client satisfaction, compliance and contribution to teamwork. Other quantitative factors taken into account at the individual level include market trends and competitive levels of compensation.

With this approach, variable compensation is not formula driven, but based on financial and non-financial metrics including ethics, risk, compliance and control.

Incorporating risk within the compensation process

During 2011, we continued to refine our processes and governance to ensure that our approach to compensation discourages excessive risk taking and that significant attention is given to risk throughout the performance assessment and compensation processes.

Risk-adjusted variable compensation pools
At the divisional level, risk is taken into account through the risk adjustment applied to the divisional variable compensation pools. As described above, the variable compensation pools of the divisions are calculated based on the division’s income before taxes reduced by a charge for capital usage in the case of Private Banking and Investment Banking, which reflects the risk-adjusted or economic contribution of the division.

The charge for capital usage is generally calculated based on three components:

– the value of >>>risk-weighted assets, calculated in accordance with the Bank for International Settlements capital requirements, which measure credit, market and operational risk;

– the utilization of economic capital under our economic capital framework, which we use as a consistent and comprehensive tool for risk management, including off-balance sheet risk, capital management and performance measurement; and

– the utilization of the Group’s balance sheet.

Risk and capital usage are taken into account when allocating the variable compensation pool for the various businesses within the division. The divisional variable compensation pools are split between the various sub-divisions, where applicable, based on similar factors used to determine the divisional pool. The economic contribution of the sub-divisions is a key input for determining this allocation. Within Investment Banking, for example, the fixed income and equities sub-divisions use economic contribution as one of the key metrics for sub-dividing their pools at the department and then at the sub-department level. Through this process, managers with responsibility for managing the business at the sub-department level recognize that capital usage is a significant factor in the establishment of the variable compensation pools and awards.

> Refer to “Capital management” in III – Treasury, Risk, Balance Sheet and Off-balance sheet – Treasury management for further information on total eligible capital, risk-weighted assets and our balance sheet statistics.

Process for determining variable compensation of covered employees
At the individual level, risk is taken into account in the performance assessment and setting of variable compensation for senior management and other employees classified as material risk takers and controllers (MRTCs), whose activities are considered to have a potentially material impact on the Group’s risk profile. Together, these Group employees are referred to as covered employees. Regulators, in particular, have placed increased emphasis and requirements on the identification and management of employees who have the potential to take or manage risk at firms. The criteria for classifying individuals as covered employees for the Group are approved by the Board upon recommendation by the Compensation and Risk Committees. In 2011, the Group applied similar criteria for classifying covered employees as in 2010 and enhanced the specific review procedures to determine their variable compensation. Employees meeting one or more of the following criteria are identified as covered employees:

Members of senior management:

– members of the Executive Board; and

– employees who report directly to a member of the Executive Board, typically employees who are responsible for managing significant lines of business of the Group and are members of divisional management committees.

Employees classified as MRTCs:

– senior control function personnel – senior employees in the Shared Services functions of Finance, Risk Management, Legal and Compliance and Talent, Branding and Communications who have responsibility for monitoring individuals or groups of individuals who manage material amounts of risk for the Group;

– material risk takers – employees with the ability to put material amounts of the Group's capital at risk, such as traders and others who are authorized to manage, supervise or approve risk exposure that could have a material or significant effect on our financial results;

– top earners – the top 150 paid employees across the Group (based on total compensation), regardless of seniority or function; and

– others – other individuals, whose role has been identified as having a potential impact on market, reputational or operational risk.

At the beginning of 2011, a total of 514 employees or about 1% of all employees were classified as covered employees (487 as of the end of 2011, due to some employees having left during 2011). Given the nature of the investment banking business, a majority of the covered employees identified for 2011 were within the Investment Banking division. All covered employees were notified of their status. All covered employees received at least 50% of their deferred variable compensation as performance share awards.

In addition to the annual performance assessment conducted by their direct line managers, the covered employees were also subject to a separate feedback process by control functions, including Legal and Compliance, Risk Management and Finance and Audit, which are independent of the businesses. Feedback is presented to disciplinary review committees set up in each region, which are chaired by the regional CEOs and meet regularly. The disciplinary review committees assess and record infractions of employees including, but not limited to, covered employees. Based on the assessment by the control functions of the covered employees using pre-defined criteria, individual cases are referred to the disciplinary review committees to assess potential infractions or misconduct. The results of the disciplinary review committees' assessment and any disciplinary measures are communicated to line managers as a recommendation for their final performance assessment and individual compensation decision-making processes. The proposed variable compensation amounts for covered employees are then subject to final review and approval by the Compensation Committee.

Due to different regulatory requirements, the criteria for classifying employees as covered employees varies among some jurisdictions. As a result, we may adjust the definition of covered employees to comply with the requirements of these jurisdictions.

> Refer to the table "Approval authority" for further information on the review and approval process for variable compensation.

Claw-back and risk adjustments for deferred awards

Once employees' variable compensation has been granted for a given year, the deferred portion remains subject to risk adjustments based on explicit claw-back provisions during the vesting period. A claw-back event can be triggered by negative business performance or employee misconduct. Performance-related claw-back provisions included in deferred awards allow for all or a portion of the unvested amount of the deferred award to be taken away or "clawed back" from employees in the event of future negative business performance according to specific pre-defined performance criteria and other conditions. For 2011, claw-back provisions are included in the performance share awards.

> Refer to the table "Potential downward adjustments of performance share awards" for specific downward adjustments to be applied.

All deferred awards also contain a general malus provision, which allows the Group to cancel or "claw back" unsettled awards in the event of serious employee misconduct. In addition to the explicit downward adjustments that may be made as a result of performance-related claw-back and general malus provisions, deferred awards are subject to implicit or fair value adjustments due to changing market conditions. Normal market fluctuations in the Group share price, for example, will give rise to implicit upward or downward adjustments in the value of the deferred share awards.

A summarized illustration of the forms of risk adjustments which may occur before and after the determination and granting of variable compensation levels for a given year is provided in the following chart.

> Refer to the table "Fair value of outstanding deferred compensation awards" for a quantitative disclosure of the explicit and implicit risk adjustments made in 2011 on the outstanding deferred awards.

Competitive benchmarking

The assessment of the economic and competitive environment is another important element of our compensation process as we strive for market-informed, competitive compensation levels for comparable roles, experience and geographical location of employees. We use internal expertise and the services provided by compensation consulting firms to benchmark our compensation levels against relevant competitors. Given our global presence and the wide range of what is considered competitive pay in different regions, there is no single region or market against which we benchmark compensation levels. We adopt a differentiated approach, looking at pay levels and competitive market players in the various geographical regions where we do business.

For key personnel of the Group and the divisions, we compete for talent primarily with major banks globally. To benchmark our compensation levels and as a key input for setting the variable compensation pools at the Group and divisional levels, we measure ourselves against a set of peer groups, including European and US banks. These peer groups and relevant metrics are reviewed annually in April by the Compensation Committee and tracked throughout the year. For the Group, the peer group for 2011 consisted of UBS, Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley, Nomura and Société Générale. Most of these peer companies explicitly mention Credit Suisse as one of their peers. The criteria used to define these peer companies include:

– comparable scope and complexity of the business platform;

– comparable business focus and mix;

– common geographical footprint; and

– companies with which we compete daily for business and talent.

The peer groups for the Group and the divisions are shown in the following table, followed by specific performance criteria that we review for assessing the relative performance against peers as part of the process to determine the divisional variable compensation pools.

2011 peer groups and performance criteria

Credit Suisse Group

Peer group	Bank of America, Barclays, BNP Paribas, Citigroup, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Morgan Stanley, Nomura, Société Générale and UBS
Performance criteria	
Profitability and efficiency	Return on equity, pre-tax income margin and compensation/revenue ratio
Growth	Earnings per share growth, net revenue growth, net new assets growth and total assets under management growth
Capital and risk	Tier 1 ratio, core tier 1 ratio, leverage ratio, Value-at-Risk and risk-weighted assets development
Shareholder satisfaction	Total shareholder return over one year, total shareholder return over two years and book value per share growth
Private Banking	
Peer group	Barclays, Deutsche Bank, HSBC, Julius Bär Group, JPMorgan Chase and UBS
Performance criteria	
Profitability and efficiency	Pre-tax income margin, pre-tax income on assets under management and gross margin
Growth	Net revenue growth, pre-tax income growth and net new assets growth
Investment Banking	
Peer group	Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	Pre-tax return on economic risk capital, pre-tax income margin and compensation/revenue ratio
Growth	Net revenue growth and pre-tax income growth
Capital and risk	Net revenue/Value-at-Risk
Asset Management	
Peer group	Allianz, Black Rock, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS
Performance criteria	
Profitability and efficiency	

	Pre-tax income margin and gross margin on assets under management
Growth	Pre-tax income growth, net revenue growth and net new assets growth

Market and regulatory trends

Market trends observed during 2011 included a decrease in levels of total compensation in most business areas, reflecting the general decrease in profitability and focus on cost reductions across the financial services industry. The total compensation awarded by the Group for 2011 has been reduced to take into account the reduced profitability, while continuing to observe the industry trends in compensation. The Group remains compelled to pay competitive levels of compensation in order to continue to attract, motivate and retain employees, particularly in growth businesses and regions where there has been continuous competition for talent despite the global economic slowdown.

Many regulators across the world, including FINMA, our regulator in Switzerland, and regulators in other jurisdictions relevant to the Group continue to focus on compensation. The requirements of FINMA apply to the Group on a global basis, while the requirements of other regulators generally only apply in respect of operations of the Group in a specific location. Several regulators, such as regulators in the US, the EU and the UK, impose provisions that diverge from the principles set forth in the Circular on Remuneration Schemes, which was issued by FINMA and which our plans comply with on a global basis. To the extent jurisdictional requirements diverge, we adapt our local plans in order to comply with local requirements, which generally results in additional terms, conditions and processes being implemented in the relevant locations.

The Group continuously monitors developments in industry compensation best practices and guidance issued by various bodies including the Financial Stability Board, the Committee of European Banking Supervisors, the >>>Group of Twenty Financial Ministers and Central Bank Governors and the BCBS. We maintain a regular dialogue with FINMA and other regulators, particularly in the US and the UK regarding ongoing changes and developments in respect of compensation. In response to these regulatory developments, we continue to modify our compensation design and processes accordingly. Many of the modifications, such as the continuous effort to increase accountability for risk, greater scrutiny of the compensation for covered employees and introduction of additional terms and conditions to deferred awards were made specifically to address these requirements. During 2011, the BCBS also issued the new "Pillar 3 disclosure requirements for remuneration", which calls for enhanced qualitative and more granular quantitative disclosure in order for market participants to better assess banks' compensation practices and enhance the comparability of their remuneration disclosure. To reflect the new Pillar 3 requirements within their own jurisdictions, FINMA and other regulators have issued additional guidance to existing regulations or new regulations during 2011. In preparing this Compensation report for 2011, the Group has taken into account these new requirements.

Compensation design

Compensation structure

The key features and modifications of the 2011 compensation design were:

– The threshold for participation in deferred variable compensation programs was changed from a CHF/USD 50,000 variable award to CHF/USD 250,000 (or local currency equivalent) total compensation. Moving to the total compensation threshold placed us more in line with our peers, and improved the competitiveness of our structure, in particular for more junior or lower compensated employees.

– Deferral rates were modified and the entry level deferral rate is now 15% for 2011 versus 35% for 2010. A number of highly compensated employees were subject to a higher deferral rate. Overall, the portion of variable compensation that was deferred for 2011 (49%) is in line with regulators' demands that a substantial portion of variable awards be subject to future performance and claw-back provisions.

– For all Group employees except for members of the Executive Board, managing directors and all other >>>covered employees, all deferred variable compensation for 2011 was awarded in the form of share awards, with vesting over three years compared to four years in 2010. There was no leverage component to the share awards.

– For members of the Executive Board, managing directors and all other covered employees, at least 50% of their deferred variable compensation for 2011 was awarded in the form of performance share awards that are subject to a claw-back provision, which provides that the number of unvested shares will be adjusted downward in the event of a division loss or a negative Group return on equity (ROE). There will be no upward adjustment on unvested award balances. Non-managing director employees not classified as covered employees were excluded from this plan.

– For certain members of the Executive Board and all managing directors and directors, a portion of their deferred variable compensation for 2011 was awarded in the form of PAF2 awards, which are awards linked to a pool of assets representing a portfolio of positions where the Group has credit exposure to counterparties on swaps and other >>>derivatives. The PAF2 plan is a transfer of risk from the Group to employees, thereby contributing to risk reduction and capital efficiency.

– All deferred awards contained a general malus provision, which enables the Group to cancel any unvested awards granted to any individual or individuals in the event that they engage in any activity that results in, or has the potential to result in, financial, reputational or other harm to the Group.