CREDIT SUISSE GROUP AG
Form 6-K
August 30, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16**
**UNDER THE SECURITIES EXCHANGE ACT OF 1934**
August 30, 2017
Commission File Number 001-15244
CREDIT SUISSE GROUP AG
(Translation of registrant's name into English)
Paradeplatz 8, CH 8001 Zurich, Switzerland
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F Form 40-F
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.
Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No
If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CREDIT SUISSE GROUP AG**
(Registrant)

Date: August 30, 2017
By:
/s/ Joachim Oechslin
Joachim Oechslin
Chief Risk Officer
By:
/s/ David R. Mathers
David R. Mathers
Chief Financial Officer

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

Abbreviations are explained in the List of abbreviations 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.

Pillar 3 and regulatory disclosures 2Q17
Credit Suisse Group AG

# Introduction

## General

This report as of June 30, 2017 for the Group is based on the revised Circular 2016/1 “Disclosure – banks” (FINMA circular) issued by the Swiss Financial Market Supervisory Authority FINMA (FINMA). The FINMA circular includes the implementation of the revised Pillar 3 disclosure requirements issued by the Basel Committee on Banking Supervisions (BCBS) in January 2015. This document should be read in conjunction with the Pillar 3 and regulatory disclosures – Credit Suisse Group AG 2016 and 1Q17, the Credit Suisse Annual Report 2016 and the Credit Suisse 2Q17 Financial Report, which includes important information on regulatory capital, risk management (specific references have been made herein to these documents) and regulatory developments and proposals.

The highest consolidated entity in the Group to which the FINMA circular applies is Credit Suisse Group.

This report is produced and published quarterly, in accordance with FINMA requirements. The reporting frequency for each disclosure requirement is either annual, semi-annual or quarterly.

These disclosures were verified and approved internally in line with our board-approved policy on disclosure controls and procedures. The information in this report is subject to the same level of internal control processes as the information provided by the Group for its financial reporting. This report has not been audited by the Group’s external auditors.

> Refer to “Pillar 3 and regulatory disclosures – Credit Suisse Group AG 2016” under www.credit-suisse.com/regulatorydisclosures for the annual qualitative disclosures required by the FINMA circular.

For certain prescribed table formats where line items have zero balances, such line items have not been presented.

## Other regulatory disclosures

In connection with the implementation of Basel III, certain regulatory disclosures for the Group and certain of its subsidiaries are required. The Group’s Pillar 3 disclosure, regulatory disclosures, additional information on capital instruments, including the main features and terms and conditions of regulatory capital instruments that form part of the eligible capital base, G-SIB financial indicators, reconciliation requirements, leverage ratios and certain liquidity disclosures as well as regulatory disclosures for subsidiaries can be found on our website.

> Refer to www.credit-suisse.com/regulatorydisclosures for additional information.

Risk-weighted assets

The following table provides an overview of total risk-weighted assets (RWA) forming the denominator of the risk-based capital requirements. Further breakdowns of RWA are presented in subsequent parts of this report.

OV1 – Overview of risk-weighted assets and capital requirements

| | | Risk-weighted assets | | Capital requirement[1] |
|---|---|---|---|---|
| end of | 2Q17 | 1Q17 | 4Q16 | 2Q17 |
| CHF million | | | | |
| Credit risk (excluding counterparty credit risk) | 119,398 | 119,130 | 117,325 | 9,552 |
| of which standardized approach | 10,854 | 10,670 | 11,916 | 868 |
| of which internal rating-based approach | 108,544 | 108,460 | 105,409 | 8,684 |
| Counterparty credit risk | 25,721 | 28,006 | 31,859 | 2,058 |
| of which standardized approach for counterparty credit risk [2] | 2,869 | 3,016 | 3,214[3] | 230 |
| of which internal model method [4] | 22,852 | 24,990 | 28,645[3] | 1,828 |
| of which derivatives and SFTs | 13,945 | 14,249 | 14,871 | 1,116 |
| Equity positions in the banking book | 9,581 | 10,414 | 11,183 | 766 |
| Settlement risk | 188 | 169 | 279 | 15 |
| Securitization exposures in the banking book | 10,515 | 10,833 | 10,089 | 841 |
| of which ratings-based approach | 1,680 | 1,615 | 1,500 | 134 |
| of which supervisory formula approach | 4,760 | 4,852 | 5,087 | 381 |
| of which standardized approach/simplified supervisory formula approach | 4,075 | 4,366 | 3,502 | 326 |
| Amounts below the thresholds for deduction (subject to 250% risk weight) | 11,483 | 10,856 | 11,334 | 919 |
| **Total credit risk** | **176,886** | **179,408** | **182,069** | **14,151** |
| **Total market risk** | **18,049** | **19,894** | **23,248** | **1,444** |
| of which standardized approach | 3,597 | 3,425 | 3,965 | 288 |
| of which internal model approach | 14,452 | 16,469 | 19,283 | 1,156 |
| **Total operational risk** | **65,983** | **66,045** | **66,055** | **5,279** |
| of which advanced measurement approach | 65,983 | 66,045 | 66,055 | 5,279 |
| Floor adjustment [5] | 0 | 0 | 0 | 0 |
| **Total** | **260,918** | **265,347** | **271,372** | **20,873** |

1

Calculated as 8% of risk-weighted assets based on BIS total capital minimum requirements excluding capital conservation buffer and G-SIB buffer requirements.

2

Reported under the current exposure method.

3

Prior period has been corrected.

4

Includes RWA relating to advanced credit valuation adjustment and central counterparties of CHF 8,796 million, CHF 10,740 million and CHF 13,717 million as of the end of 2Q17, 1Q17 and 4Q16, respectively.

5

Credit Suisse is not subject to a floor adjustment because current capital requirements and deductions exceed 80% of those under Basel I.

RWA movements in 2Q17

RWA decreased 2% to CHF 260.9 billion as of the end of 2Q17 compared to CHF 265.3 billion as of the end of 1Q17, primarily driven by a foreign exchange impact, mainly in credit risk, and movements in risk levels, mainly in market risk. These decreases were partially offset by increased resulting from methodology and policy changes in credit risk. RWA flow statements for credit risk, counterparty credit risk (CCR) and market risk are presented below.

> Refer to "Risk-weighted assets" (pages 60 to 62) in II – Treasury, risk, balance sheet and off-balance sheet – Capital management in the Credit Suisse 2Q17 Financial Report for further information on risk-weighted assets movements in 2Q17.

## Credit risk

### General

This section covers credit risk as defined by the Basel framework. Counterparty credit risk, including those that are included in the banking book for regulatory purposes, and all positions subject to the securitization framework are presented in separate sections.

> Refer to "Counterparty credit risk" (pages 19 to 26) for further information on the capital requirements relating to counterparty credit risk.

> Refer to "Securitization" (pages 27 to 29) for further information on the securitization framework.

The Basel framework permits banks to choose between two broad methodologies in calculating their capital requirements for credit risk: the standardized approach or the internal ratings-based (IRB) approach. Off-balance-sheet items are converted into credit exposure equivalents through the use of credit conversion factors (CCF).

The majority of our credit risk is with institutional counterparties (sovereigns, other institutions, banks and corporates) and arises from lending and trading activity in the investment banking businesses and the private, corporate and institutional banking businesses. The remaining credit risk is with retail counterparties and mostly arises in the private, corporate and institutional banking businesses from residential mortgage loans and other secured lending, including loans collateralized by securities.

### Credit quality of assets

The following table provides a comprehensive picture of the credit quality of the Group's on and off-balance sheet assets.

CR1 – Credit quality of assets

| end of | Defaulted exposures | Non-defaulted exposures | Gross exposures | Allowances/ impairments | Net exposures |
|---|---|---|---|---|---|
| 2Q17 (CHF million) | | | | | |
| Loans | 2,674 | 284,112 | 286,786 | (1,325) | 285,461 |
| Debt securities | 3 | 14,131 | 14,134 | 0 | 14,134 |
| Off-balance sheet exposures [1] | 162 | 144,594 | 144,756 | (84) | 144,672 |
| **Total** | **2,839** | **442,837** | **445,676** | **(1,409)** | **444,267** |
| 4Q16 (CHF million) | | | | | |
| Loans | 3,269 | 292,243 | 295,512 | (1,536) | 293,976 |
| Debt securities | 6 | 11,217 | 11,223 | 0 | 11,223 |
| Off-balance sheet exposures [1, 2] | 155 | 133,877 | 134,032 | (84) | 133,948 |
| **Total** [2] | **3,430** | **437,337** | **440,767** | **(1,620)** | **439,147** |

1 Revocable loan commitments which are excluded from the disclosed exposures can attract risk-weighted assets.

2 Prior period has been corrected.

The definitions of "past due" and "impaired" are aligned between accounting and regulatory purposes. However, there are some exemptions for impaired positions related to troubled debt restructurings where the default definition is different for accounting and regulatory purposes.

> Refer to "Loans" in "Note 1 – Summary of significant accounting policies" (pages 263 to 265), "Note 19 – Loans, allowance for loan losses and credit quality" (pages 286 to 292) in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2016 and "Note 16 – Loans, allowance for loan losses and credit quality" (pages 107 to 111) in III – Condensed consolidated financial statements – unaudited in the Credit Suisse 2Q17 Financial Report for further information on the credit quality of loans including past due and impaired loans.

The following table presents the changes in the Group's stock of defaulted loans, debt securities and off-balance sheet exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

CR2 – Changes in stock of defaulted exposures

| 6M17 | |
|---|---|
| CHF million | |
| **Defaulted exposures at beginning of period** | **3,430** |
| Exposures that have defaulted since the last reporting period | 559 |
| Returned to non-defaulted status | (617) |
| Amounts written-off | (26) |
| Other changes | (507) |
| **Defaulted exposures at end of period** | **2,839** |

Credit risk mitigation

We actively mitigate our credit exposure utilizing a variety of techniques including netting and securing positions through collateral, financial guarantees and credit derivatives, primarily through credit default swaps (CDS). Recognizing credit risk mitigation (CRM) against exposures is governed by a robust set of policies and processes that ensure enforceability and effectiveness. We additionally monitor the exposure to credit mitigation providers as part of our overall credit risk exposure monitoring framework.

The following table presents the extent of use of CRM techniques.

CR3 – Credit risk mitigation techniques

| | Net exposures | | | Exposures secured by | | |
|---|---|---|---|---|---|---|
| end of | Unsecured | Partially or fully secured | Total | Collateral | Financial guarantees | Credit derivatives |
| 2Q17 (CHF million) | | | | | | |
| Loans | 44,245 | 241,216 | 285,461 | 194,420 | 9,437 | 126 |
| Debt securities | 9,419 | 4,715 | 14,134 | 232 | 0 | 17 |
| **Total** | **53,664** | **245,931** | **299,595** | **194,652** | **9,437** | **143** |
| of which defaulted | **1,187** | **1,384** | **2,571** | **927** | **99** | **0** |
| 4Q16 (CHF million) [1] | | | | | | |
| Loans | 48,208 | 245,768 | 293,976 | 194,054 | 8,994 | 527 |
| Debt securities | 6,553 | 4,670 | 11,223 | 291 | 0 | 152 |
| **Total** | **54,761** | **250,438** | **305,199** | **194,345** | **8,994** | **679** |
| of which defaulted | **1,755** | **1,520** | **3,275** | **1,057** | **44** | **0** |

1

Prior period has been corrected.

5

Credit risk under the standardized approach

Credit risk exposure and CRM effects

The following table illustrates the effect of CRM (comprehensive and simple approach) on the standardized approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

CR4 – Credit risk exposure and CRM effects

| | Exposures pre-CCF and CRM | | | Exposures post-CCF and CRM | | | | |
|---|---|---|---|---|---|---|---|---|
| end of | On-balance sheet | Off-balance sheet | Total | On-balance sheet | Off-balance sheet | Total | RWA | RWA density |
| 2Q17 (CHF million, except where indicated) | | | | | | | | |
| Sovereigns | 15,030 | 0 | 15,030 | 15,030 | 0 | 15,030 | 316 | 2% |
| Institutions - Banks and securities dealer | 75 | 572 | 647 | 75 | 286 | 361 | 96 | 27% |
| Institutions - Other institutions | 58 | 0 | 58 | 58 | 0 | 58 | 12 | 20% |
| Retail | 247 | 131 | 378 | 247 | 131 | 378 | 378 | 100% |
| Other exposures | 11,366 | 1,655 | 13,021 | 11,356 | 1,655 | 13,011 | 10,052 | 77% |
| of which non-counterparty related assets | 5,173 | 0 | 5,173 | 5,173 | 0 | 5,173 | 5,173 | 100% |
| **Total** | **26,776** | **2,358** | **29,134** | **26,766** | **2,072** | **28,838** | **10,854** | **38%** |
| 4Q16 (CHF million, except where indicated) | | | | | | | | |
| Sovereigns | 16,031 | 0 | 16,031 | 16,031 | 0 | 16,031 | 404 | 3% |
| Institutions - Banks and securities dealer | 1 | 572 | 573 | 1 | 286 | 287 | 58 | 20% |
| Institutions - Other institutions | 59 | 0 | 59 | 59 | 0 | 59 | 12 | 20% |
| Retail | 77 | 0 | 77 | 77 | 0 | 77 | 77 | 100% |
| Other exposures | 12,942 | 1,583 | 14,525 | 12,932 | 1,583 | 14,515 | 11,365 | 78% |
| of which non-counterparty related assets | 5,369 | 0 | 5,369 | 5,369 | 0 | 5,369 | 5,369 | 100% |
| **Total** | **29,110** | **2,155** | **31,265** | **29,100** | **1,869** | **30,969** | **11,916** | **38%** |

6

Exposures by asset classes and risk weights

The following table presents the breakdown of credit exposures under the standardized approach by asset class and risk weight (RW), which correspond to the riskiness attributed to the exposure according to the standardized approach.

CR5 – Exposures by asset classes and risk weights

| | Risk weight | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| end of | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | Others | Exposures post-CCF and CRM |
| 2Q17 (CHF million) | | | | | | | | | | |
| Sovereigns | 13,449 | 804 | 513 | 0 | 262 | 0 | 2 | 0 | 0 | 15,030 |
| Institutions - Banks and securities dealer | 1 | 0 | 286 | 0 | 71 | 0 | 3 | 0 | 0 | 361 |
| Institutions - Other institutions | 0 | 0 | 58 | 0 | 0 | 0 | 0 | 0 | 0 | 58 |
| Retail | 0 | 0 | 0 | 0 | 0 | 0 | 378 | 0 | 0 | 378 |
| Other exposures | 2,977 | 0 | 3 | 0 | 0 | 0 | 10,024 | 0 | 7 | 13,011 |
| of which non-counterparty related assets | 0 | 0 | 0 | 0 | 0 | 0 | 5,173 | 0 | 0 | 5,173 |
| **Total** | **16,427** | **804** | **860** | **0** | **333** | **0** | **10,407** | **0** | **7** | **28,838** |
| 4Q16 (CHF million) | | | | | | | | | | |
| Sovereigns | 13,506 | 1,753 | 524 | 0 | 248 | 0 | 0 | 0 | 0 | 16,031 |
| Institutions - Banks and securities dealer | 0 | 0 | 286 | 0 | 0 | 0 | 1 | 0 | 0 | 287 |
| Institutions - Other institutions | 0 | 0 | 59 | 0 | 0 | 0 | 0 | 0 | 0 | 59 |
| Retail | 0 | 0 | 0 | 0 | 0 | 0 | 77 | 0 | 0 | 77 |
| Other exposures | 3,175 | 0 | 1 | 0 | 0 | 0 | 11,330 | 0 | 9 | 14,515 |
| of which non-counterparty related assets | 0 | 0 | 0 | 0 | 0 | 0 | 5,369 | 0 | 0 | 5,369 |
| Total | **16,681** | **1,753** | **870** | **0** | **248** | **0** | **11,408** | **0** | **9** | **30,969** |

7

Credit risk under internal risk-based approaches

Credit risk exposures by portfolio and PD range

The following table shows the main parameters used for the calculation of capital requirements for IRB models.

CR6 – Credit risk exposures by portfolio and PD range

| end of 2Q17 | Original on-balance sheet gross exposure | Off-balance sheet exposures pre-CCF | Total exposures | Average CCF | EAD post-CRM and post-CCF[1] | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA[2] | RW densi |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sovereigns (CHF million, except where indicated) | | | | | | | | | | | |
| 0.00% to <0.15% | 95,216 | 584 | 95,800 | 86% | 95,876 | 0.03% | 66 | 2% | 1.2 | 640 | 1 |
| 0.15% to <0.25% | 276 | 86 | 362 | 0% | 54 | 0.22% | 8 | 46% | 2.3 | 26 | 48 |
| 0.25% to <0.50% | 98 | 0 | 98 | 100% | 98 | 0.37% | 17 | 44% | 1.2 | 45 | 45 |
| 0.50% to <0.75% | 93 | 0 | 93 | 0% | 3 | 0.63% | 18 | 46% | 4.5 | 3 | 107 |
| 0.75% to <2.50% | 512 | 22 | 534 | 100% | 563 | 1.10% | 20 | 44% | 3.0 | 585 | 104 |
| 2.50% to <10.00% | 2,006 | 6 | 2,012 | 61% | 325 | 6.79% | 25 | 42% | 3.0 | 517 | 159 |
| 10.00% to <100.00% | 74 | 0 | 74 | 0% | 3 | 16.44% | 1 | 41% | 2.5 | 6 | 222 |
| 100.00% (Default) | 174 | 0 | 174 | 0% | 173 | 100.00% | 1 | 44% | 3.7 | 184 | 106 |
| **Sub-total** | **98,449** | **698** | **99,147** | **85%** | **97,095** | **0.24%** | **156** | **3%** | **1.2** | **2,006** | **2** |
| Institutions - Banks and securities dealer | | | | | | | | | | | |
| 0.00% to <0.15% | 7,137 | 1,441 | 8,578 | 71% | 12,878 | 0.06% | 617 | 50% | 1.6 | 1,614 | 13 |
| 0.15% to <0.25% | 303 | 163 | 466 | 51% | 543 | 0.22% | 83 | 49% | 0.8 | 231 | 43 |
| 0.25% to <0.50% | 602 | 252 | 854 | 34% | 680 | 0.37% | 149 | 53% | 1.8 | 437 | 64 |
| 0.50% to <0.75% | 188 | 51 | 239 | 24% | 205 | 0.60% | 118 | 72% | 0.8 | 245 | 119 |
| 0.75% to <2.50% | 956 | 186 | 1,142 | 50% | 816 | 1.20% | 233 | 51% | 1.7 | 934 | 115 |
| 2.50% to <10.00% | 387 | 258 | 645 | 44% | 190 | 7.89% | 93 | 39% | 1.8 | 299 | 158 |
| 10.00% to <100.00% | 1 | 24 | 25 | 54% | 13 | 26.85% | 7 | 45% | 1.3 | 35 | 272 |
| 100.00% (Default) | 248 | 1 | 249 | 47% | 248 | 100.00% | 11 | 51% | 1.9 | 263 | 106 |
| **Sub-total** | **9,822** | **2,376** | **12,198** | **70%** | **15,573** | **1.86%** | **1,311** | **50%** | **1.6** | **4,058** | **26** |
| Institutions - Other institutions | | | | | | | | | | | |
| 0.00% to <0.15% | 675 | 1,730 | 2,405 | 100% | 1,037 | 0.05% | 342 | 38% | 2.8 | 160 | 15 |
| 0.15% to <0.25% | 45 | 173 | 218 | 100% | 90 | 0.19% | 117 | 41% | 1.7 | 31 | 35 |
| 0.25% to <0.50% | 28 | 56 | 84 | 99% | 11 | 0.37% | 23 | 45% | 1.2 | 6 | 51 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 0.50% to <0.75% | 1 | 4 | 5 | 100% | 3 | 0.58% | 82 | 47% | 0.8 | 2 | 66 |
| 0.75% to <2.50% | 23 | 12 | 35 | 100% | 29 | 2.05% | 30 | 13% | 4.7 | 11 | 39 |
| 2.50% to <10.00% | 0 | 38 | 38 | 100% | 17 | 5.17% | 3 | 7% | 1.0 | 4 | 21 |
| 10.00% to <100.00% | 0 | 0 | 0 | 0% | 0 | 0.00% | 0 | 0% | 0.0 | 0 | 0 |
| 100.00% (Default) | 5 | 0 | 5 | 100% | 5 | 100.00% | 1 | 44% | 1.0 | 6 | 106 |
| **Sub-total** | **777** | **2,013** | **2,790** | **100%** | **1,192** | **0.64%** | **598** | **38%** | **2.7** | **220** | **18** |
| Corporates - Specialized lending | | | | | | | | | | | |
| 0.00% to <0.15% | 8,443 | 2,227 | 10,670 | 100% | 9,448 | 0.06% | 807 | 29% | 2.2 | 1,634 | 17 |
| 0.15% to <0.25% | 8,159 | 1,649 | 9,808 | 89% | 8,892 | 0.20% | 814 | 31% | 2.4 | 3,108 | 35 |
| 0.25% to <0.50% | 4,461 | 1,340 | 5,801 | 91% | 5,031 | 0.37% | 535 | 26% | 2.3 | 1,950 | 39 |
| 0.50% to <0.75% | 4,631 | 2,728 | 7,359 | 68% | 5,458 | 0.58% | 441 | 25% | 2.1 | 2,190 | 40 |
| 0.75% to <2.50% | 9,908 | 2,626 | 12,534 | 77% | 10,784 | 1.27% | 804 | 19% | 3.0 | 4,867 | 45 |
| 2.50% to <10.00% | 1,275 | 67 | 1,342 | 91% | 1,300 | 3.90% | 79 | 9% | 3.8 | 413 | 32 |
| 10.00% to <100.00% | 41 | 5 | 46 | 20% | 42 | 15.77% | 4 | 34% | 1.6 | 67 | 161 |
| 100.00% (Default) | 601 | 21 | 622 | 100% | 610 | 100.00% | 43 | 18% | 2.2 | 647 | 106 |
| Sub-total | **37,519** | **10,663** | **48,182** | **85%** | **41,565** | **2.11%** | **3,527** | **25%** | **2.5** | **14,876** | **36** |

1
CRM is reflected by shifting the counterparty exposure from the underlying obligor to the protection provider.
2
Reflects risk-weighted assets post CCF.

Total exposures decreased CHF 15.9 billion compared to the end of 4Q16, primarily reflecting decreases in sovereigns and banks and securities dealer, partially offset by an increase in residential mortgages.

8 / 9

CR6 – Credit risk exposures by portfolio and PD range (continued)

| end of 2Q17 | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Total exposures | Average CCF | EAD post-CRM and post-CCF[1] | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| Corporates without specialized lending (CHF million, except where indicated) | | | | | | | | | | |
| 0.00% to <0.15% | 14,130 | 49,153 | 63,283 | 58% | 38,449 | 0.07% | 2,696 | 43% | 2.4 | 9,315 |
| 0.15% to <0.25% | 6,023 | 10,911 | 16,934 | 67% | 10,021 | 0.21% | 1,595 | 39% | 2.3 | 3,839 |
| 0.25% to <0.50% | 5,343 | 8,327 | 13,670 | 57% | 8,410 | 0.37% | 1,248 | 37% | 2.4 | 4,187 |
| 0.50% to <0.75% | 4,563 | 5,674 | 10,237 | 63% | 6,842 | 0.61% | 1,405 | 41% | 2.5 | 5,015 |
| 0.75% to <2.50% | 12,629 | 7,727 | 20,356 | 67% | 16,281 | 1.42% | 2,817 | 41% | 2.3 | 15,502 |
| 2.50% to <10.00% | 5,695 | 17,058 | 22,753 | 48% | 11,170 | 5.35% | 1,723 | 36% | 2.6 | 17,827 |
| 10.00% to <100.00% | 1,560 | 809 | 2,369 | 65% | 1,798 | 24.01% | 101 | 11% | 2.4 | 1,422 |
| 100.00% (Default) | 1,087 | 178 | 1,265 | 48% | 1,154 | 100.00% | 219 | 39% | 1.8 | 1,223 |
| **Sub-total** | **51,030** | **99,837** | **150,867** | **58%** | **94,125** | **2.69%** | **11,804** | **40%** | **2.4** | **58,330** |
| Residential mortgages | | | | | | | | | | |
| 0.00% to <0.15% | 30,364 | 1,774 | 32,138 | 100% | 31,103 | 0.08% | 42,657 | 15% | 2.9 | 1,778 |
| 0.15% to <0.25% | 47,539 | 2,612 | 50,151 | 100% | 48,659 | 0.20% | 69,318 | 15% | 3.0 | 5,786 |
| 0.25% to <0.50% | 17,443 | 1,183 | 18,626 | 100% | 17,983 | 0.35% | 20,761 | 17% | 2.9 | 3,443 |
| 0.50% to <0.75% | 5,760 | 914 | 6,674 | 100% | 5,938 | 0.58% | 8,197 | 17% | 2.7 | 1,673 |
| 0.75% to <2.50% | 4,806 | 334 | 5,140 | 100% | 4,950 | 1.21% | 7,793 | 17% | 2.6 | 2,293 |
| 2.50% to <10.00% | 547 | 13 | 560 | 100% | 555 | 4.58% | 813 | 15% | 2.3 | 516 |
| 10.00% to <100.00% | 41 | 0 | 41 | 100% | 41 | 17.37% | 72 | 15% | 1.9 | 67 |
| 100.00% (Default) | 368 | 5 | 373 | 100% | 372 | 100.00% | 294 | 17% | 1.8 | 395 |
| **Sub-total** | **106,868** | **6,835** | **113,703** | **100%** | **109,601** | **0.62%** | **149,905** | **16%** | **2.9** | **15,951** |
| Qualifying revolving retail | | | | | | | | | | |
| 0.75% to <2.50% | 390 | 5,628 | 6,018 | 0% | 410 | 1.30% | 776,968 | 50% | 1.0 | 102 |
| 10.00% to <100.00% | 107 | 0 | 107 | 50% | 108 | 45.00% | 88,958 | 20% | 0.2 | 69 |
| 100.00% (Default) | 1 | 0 | 1 | 0% | 1 | 100.00% | 211 | 21% | 0.2 | 1 |
| **Sub-total** | **498** | **5,628** | **6,126** | **50%** | **519** | **10.58%** | **866,137** | **44%** | **0.8** | **172** |
| Other retail | | | | | | | | | | |
| | 51,756 | 105,834 | 157,590 | 96% | 59,319 | 0.04% | 50,348 | 63% | 1.4 | 4,932 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.00% to <0.15% | | | | | | | | | | |
| 0.15% to <0.25% | 2,885 | 8,229 | 11,114 | 90% | 3,724 | 0.19% | 4,974 | 44% | 1.5 | 673 |
| 0.25% to <0.50% | 2,020 | 3,702 | 5,722 | 89% | 1,690 | 0.37% | 4,439 | 31% | 1.5 | 343 |
| 0.50% to <0.75% | 575 | 772 | 1,347 | 82% | 692 | 0.58% | 12,116 | 31% | 1.0 | 179 |
| 0.75% to <2.50% | 3,443 | 1,484 | 4,927 | 93% | 4,412 | 1.55% | 80,620 | 47% | 1.6 | 2,462 |
| 2.50% to <10.00% | 2,529 | 1,002 | 3,531 | 99% | 2,785 | 5.06% | 86,240 | 39% | 3.0 | 1,714 |
| 10.00% to <100.00% | 138 | 16 | 154 | 95% | 151 | 13.31% | 272 | 47% | 1.3 | 141 |
| 100.00% (Default) | 251 | 21 | 272 | 86% | 195 | 100.00% | 6,130 | 76% | 1.6 | 207 |
| **Sub-total** | **63,597** | **121,060** | **184,657** | **95%** | **72,968** | **0.64%** | **245,139** | **59%** | **1.5** | **10,651** |
| Sub-total (all portfolios) | | | | | | | | | | |
| 0.00% to <0.15% | 207,721 | 162,743 | 370,464 | 70% | 248,110 | 0.05% | 97,533 | 28% | 1.7 | 20,073 |
| 0.15% to <0.25% | 65,230 | 23,823 | 89,053 | 78% | 71,983 | 0.20% | 76,909 | 22% | 2.7 | 13,694 |
| 0.25% to <0.50% | 29,995 | 14,860 | 44,855 | 68% | 33,903 | 0.36% | 27,172 | 25% | 2.6 | 10,411 |
| 0.50% to <0.75% | 15,811 | 10,143 | 25,954 | 66% | 19,141 | 0.59% | 22,377 | 29% | 2.4 | 9,307 |
| 0.75% to <2.50% | 32,667 | 18,019 | 50,686 | 72% | 38,245 | 1.36% | 869,285 | 33% | 2.5 | 26,756 |
| 2.50% to <10.00% | 12,439 | 18,442 | 30,881 | 50% | 16,342 | 5.22% | 88,976 | 34% | 2.8 | 21,290 |
| 10.00% to <100.00% | 1,962 | 854 | 2,816 | 65% | 2,156 | 24.04% | 89,415 | 15% | 2.2 | 1,807 |
| 100.00% (Default) | 2,735 | 226 | 2,961 | 61% | 2,758 | 100.00% | 6,910 | 35% | 2.0 | 2,926 |
| **Sub-total (all portfolios)** | **368,560** | **249,110** | **617,670** | **69%** | **432,638** | **1.19%** | **1,278,577** | **28%** | **2.1** | **106,264** |
| Alternative treatment | | | | | | | | | | |
| Exposures from free deliveries applying standardized risk weights or 100% under the alternative treatment | – | – | – | – | 40 | – | – | – | – | 31 |
| IRB - maturity and export | – | – | – | – | – | – | – | – | – | 311 |

finance
buffer
Total (all portfolios and alternative treatment)

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total (all portfolios and alternative treatment)** | **368,560** | **249,110** | **617,670** | **69%** | **432,678** | **1.19%** | **1,278,577** | **28%** | **2.1** | **106,606** |

1
CRM is reflected by shifting the counterparty exposure from the underlying obligor to the protection provider.
2
Reflects risk-weighted assets post CCF.
10 / 11

CR6 – Credit risk exposures by portfolio and PD range

| end of 4Q16 | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Total exposures | Average CCF | EAD post-CRM and post-CCF[1] | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA[2] | RW densi |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Sovereigns (CHF million, except where indicated) | | | | | | | | | | | |
| 0.00% to <0.15% | 108,204 | 1,556 | 109,760 | 98% | 108,914 | 0.03% | 71 | 2% | 1.3 | 721 | 1 |
| 0.15% to <0.25% | 57 | 661 | 718 | 0% | 57 | 0.22% | 7 | 46% | 2.7 | 30 | 52 |
| 0.25% to <0.50% | 79 | 0 | 79 | 100% | 79 | 0.37% | 14 | 44% | 1.5 | 38 | 48 |
| 0.50% to <0.75% | 1 | 0 | 1 | 0% | 1 | 0.58% | 14 | 54% | 2.4 | 1 | 92 |
| 0.75% to <2.50% | 760 | 54 | 814 | 100% | 808 | 1.10% | 17 | 45% | 2.5 | 807 | 100 |
| 2.50% to <10.00% | 229 | 8 | 237 | 100% | 232 | 6.63% | 23 | 44% | 2.8 | 384 | 165 |
| 10.00% to <100.00% | 4 | 0 | 4 | 0% | 4 | 20.45% | 2 | 44% | 2.2 | 11 | 240 |
| 100.00% (Default) | 183 | 0 | 183 | 0% | 183 | 100.00% | 2 | 44% | 4.3 | 194 | 106 |
| **Sub-total** | **109,517** | **2,279** | **111,796** | **98%** | **110,278** | **0.21%** | **150** | **2%** | **1.3** | **2,186** | **2** |
| Institutions - Banks and securities dealer | | | | | | | | | | | |
| 0.00% to <0.15% | 5,928 | 9,617 | 15,545 | 73% | 11,951 | 0.06% | 586 | 49% | 2.0 | 1,759 | 15 |
| 0.15% to <0.25% | 209 | 311 | 520 | 59% | 345 | 0.22% | 72 | 47% | 1.7 | 188 | 54 |
| 0.25% to <0.50% | 1,114 | 118 | 1,232 | 26% | 1,144 | 0.37% | 163 | 33% | 2.8 | 483 | 42 |
| 0.50% to <0.75% | 276 | 55 | 331 | 26% | 288 | 0.60% | 140 | 69% | 0.7 | 319 | 110 |
| 0.75% to <2.50% | 908 | 176 | 1,084 | 45% | 958 | 1.31% | 246 | 51% | 1.4 | 957 | 100 |
| 2.50% to <10.00% | 106 | 220 | 326 | 38% | 172 | 7.32% | 73 | 41% | 2.2 | 294 | 171 |
| 10.00% to <100.00% | 2 | 12 | 14 | 29% | 5 | 21.50% | 7 | 30% | 0.3 | 7 | 143 |
| 100.00% (Default) | 38 | 34 | 72 | 55% | 56 | 100.00% | 9 | 27% | 1.1 | 60 | 106 |
| **Sub-total** | **8,581** | **10,543** | **19,124** | **72%** | **14,919** | **0.65%** | **1,296** | **48%** | **2.0** | **4,067** | **27** |
| Institutions - Other institutions | | | | | | | | | | | |
| 0.00% to <0.15% | 697 | 1,815 | 2,512 | 100% | 1,053 | 0.05% | 357 | 38% | 3.0 | 165 | 16 |
| 0.15% to <0.25% | 83 | 193 | 276 | 100% | 138 | 0.17% | 120 | 45% | 1.5 | 50 | 37 |
| 0.25% to <0.50% | 11 | 42 | 53 | 94% | 11 | 0.37% | 21 | 44% | 1.8 | 7 | 63 |
| 0.50% to <0.75% | 1 | 6 | 7 | 100% | 4 | 0.58% | 88 | 44% | 1.1 | 2 | 59 |
| | 21 | 17 | 38 | 100% | 28 | 2.05% | 30 | 24% | 4.7 | 22 | 77 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 0.75% to <2.50% | | | | | | | | | | | |
| 2.50% to <10.00% | 0 | 4 | 4 | 0% | 0 | 3.25% | 3 | 44% | 0.3 | 0 | 107 |
| 10.00% to <100.00% | 0 | 0 | 0 | 0% | 0 | 0.00% | 0 | 0% | 0.0 | 0 | 0 |
| 100.00% (Default) | 14 | 0 | 14 | 100% | 14 | 100.00% | 1 | 44% | 1.0 | 15 | 106 |
| **Sub-total** | **827** | **2,077** | **2,904** | **100%** | **1,248** | **1.21%** | **620** | **38%** | **2.8** | **261** | **21** |
| Corporates - Specialized lending | | | | | | | | | | | |
| 0.00% to <0.15% | 7,878 | 2,319 | 10,197 | 100% | 8,907 | 0.06% | 790 | 29% | 2.3 | 1,547 | 17 |
| 0.15% to <0.25% | 8,790 | 1,938 | 10,728 | 87% | 9,646 | 0.20% | 855 | 31% | 2.3 | 3,224 | 33 |
| 0.25% to <0.50% | 5,558 | 1,308 | 6,866 | 87% | 6,068 | 0.37% | 544 | 26% | 2.5 | 2,072 | 34 |
| 0.50% to <0.75% | 5,122 | 2,327 | 7,449 | 82% | 5,982 | 0.58% | 450 | 24% | 2.4 | 2,388 | 40 |
| 0.75% to <2.50% | 11,190 | 3,617 | 14,807 | 78% | 12,445 | 1.23% | 886 | 18% | 3.0 | 4,900 | 39 |
| 2.50% to <10.00% | 957 | 111 | 1,068 | 91% | 1,002 | 4.34% | 83 | 17% | 3.7 | 559 | 56 |
| 10.00% to <100.00% | 5 | 1 | 6 | 20% | 5 | 14.47% | 2 | 30% | 2.1 | 8 | 162 |
| 100.00% (Default) | 655 | 7 | 662 | 100% | 658 | 100.00% | 39 | 18% | 2.5 | 698 | 106 |
| Sub-total | **40,155** | **11,628** | **51,783** | **86%** | **44,713** | **2.10%** | **3,649** | **25%** | **2.5** | **15,396** | **34** |

1
CRM is reflected by shifting the counterparty exposure from the underlying obligor to the protection provider.
2
Reflects risk-weighted assets post CCF.

12 / 13

CR6 – Credit risk exposures by portfolio and PD range (continued)

| end of 4Q16 | Original on-balance sheet gross exposure | Off-balance sheet exposures pre CCF | Total exposures | Average CCF | EAD post-CRM and post-CCF[1] | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| Corporates without specialized lending (CHF million, except where indicated) | | | | | | | | | | |
| 0.00% to <0.15% | 13,643 | 56,782 | 70,425 | 55% | 40,480 | 0.07% | 2,601 | 43% | 2.5 | 9,731 |
| 0.15% to <0.25% | 3,661 | 8,797 | 12,458 | 68% | 7,103 | 0.21% | 1,570 | 37% | 2.4 | 2,629 |
| 0.25% to <0.50% | 4,918 | 7,231 | 12,149 | 56% | 7,952 | 0.37% | 1,219 | 36% | 2.5 | 4,015 |
| 0.50% to <0.75% | 4,280 | 4,328 | 8,608 | 65% | 5,892 | 0.61% | 1,362 | 37% | 2.5 | 3,915 |
| 0.75% to <2.50% | 12,574 | 9,000 | 21,574 | 65% | 16,266 | 1.40% | 2,481 | 38% | 2.6 | 13,963 |
| 2.50% to <10.00% | 5,740 | 12,258 | 17,998 | 50% | 11,482 | 5.02% | 1,404 | 28% | 2.9 | 14,194 |
| 10.00% to <100.00% | 1,785 | 605 | 2,390 | 61% | 2,138 | 24.50% | 99 | 12% | 2.4 | 1,652 |
| 100.00% (Default) | 1,773 | 149 | 1,922 | 74% | 1,836 | 100.00% | 214 | 37% | 1.7 | 1,947 |
| **Sub-total** | **48,374** | **99,150** | **147,524** | **57%** | **93,149** | **3.51%** | **10,950** | **38%** | **2.5** | **52,046** |
| Residential mortgages | | | | | | | | | | |
| 0.00% to <0.15% | 29,503 | 1,910 | 31,413 | 100% | 30,288 | 0.08% | 42,544 | 15% | 2.9 | 1,590 |
| 0.15% to <0.25% | 47,068 | 2,438 | 49,506 | 100% | 48,217 | 0.20% | 68,926 | 15% | 3.0 | 5,241 |
| 0.25% to <0.50% | 14,009 | 666 | 14,675 | 100% | 14,336 | 0.37% | 19,951 | 16% | 2.8 | 2,600 |
| 0.50% to <0.75% | 5,920 | 947 | 6,867 | 100% | 6,103 | 0.58% | 8,510 | 17% | 2.7 | 1,591 |
| 0.75% to <2.50% | 5,087 | 485 | 5,572 | 100% | 5,220 | 1.21% | 8,177 | 18% | 2.6 | 2,231 |
| 2.50% to <10.00% | 574 | 33 | 607 | 100% | 583 | 4.58% | 857 | 15% | 2.5 | 498 |
| 10.00% to <100.00% | 46 | 0 | 46 | 100% | 46 | 17.22% | 79 | 17% | 1.9 | 76 |
| 100.00% (Default) | 244 | 4 | 248 | 100% | 247 | 100.00% | 275 | 16% | 1.6 | 262 |
| **Sub-total** | **102,451** | **6,483** | **108,934** | **100%** | **105,040** | **0.53%** | **149,319** | **15%** | **2.9** | **14,089** |
| Qualifying revolving retail | | | | | | | | | | |
| 0.75% to <2.50% | 460 | 5,573 | 6,033 | 0% | 484 | 1.30% | 767,143 | 50% | 1.0 | 120 |
| 10.00% to <100.00% | 101 | 0 | 101 | 71% | 101 | 45.00% | 96,875 | 20% | 0.2 | 65 |
| 100.00% (Default) | 1 | 0 | 1 | 0% | 1 | 100.00% | 189 | 20% | 0.2 | 1 |
| **Sub-total** | **562** | **5,573** | **6,135** | **71%** | **586** | **9.01%** | **864,207** | **45%** | **0.9** | **186** |
| Other retail | | | | | | | | | | |
| | 51,388 | 99,504 | 150,892 | 89% | 54,387 | 0.04% | 50,538 | 63% | 1.4 | 4,652 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 0.00% to <0.15% | | | | | | | | | | |
| 0.15% to <0.25% | 4,153 | 7,223 | 11,376 | 73% | 4,614 | 0.21% | 4,886 | 52% | 1.5 | 1,084 |
| 0.25% to <0.50% | 6,934 | 3,703 | 10,637 | 93% | 7,686 | 0.31% | 8,467 | 23% | 2.3 | 1,379 |
| 0.50% to <0.75% | 1,235 | 921 | 2,156 | 93% | 1,448 | 0.58% | 12,037 | 47% | 1.6 | 560 |
| 0.75% to <2.50% | 4,571 | 1,333 | 5,904 | 94% | 4,764 | 1.63% | 80,689 | 48% | 1.8 | 2,890 |
| 2.50% to <10.00% | 2,974 | 576 | 3,550 | 96% | 3,077 | 5.28% | 85,739 | 48% | 2.7 | 2,324 |
| 10.00% to <100.00% | 317 | 26 | 343 | 91% | 322 | 12.64% | 261 | 57% | 1.0 | 354 |
| 100.00% (Default) | 440 | 25 | 465 | 84% | 381 | 100.00% | 6,227 | 75% | 1.4 | 404 |
| **Sub-total** | **72,012** | **113,311** | **185,323** | **88%** | **76,679** | **0.95%** | **248,844** | **57%** | **1.6** | **13,647** |
| Sub-total (all portfolios) | | | | | | | | | | |
| 0.00% to <0.15% | 217,241 | 173,503 | 390,744 | 64% | 255,980 | 0.05% | 97,487 | 26% | 1.8 | 20,165 |
| 0.15% to <0.25% | 64,021 | 21,561 | 85,582 | 77% | 70,120 | 0.20% | 76,436 | 22% | 2.7 | 12,446 |
| 0.25% to <0.50% | 32,623 | 13,068 | 45,691 | 67% | 37,276 | 0.36% | 30,379 | 24% | 2.6 | 10,594 |
| 0.50% to <0.75% | 16,835 | 8,584 | 25,419 | 74% | 19,718 | 0.59% | 22,601 | 28% | 2.4 | 8,776 |
| 0.75% to <2.50% | 35,571 | 20,255 | 55,826 | 70% | 40,973 | 1.34% | 859,669 | 31% | 2.6 | 25,890 |
| 2.50% to <10.00% | 10,580 | 13,210 | 23,790 | 51% | 16,548 | 5.06% | 88,182 | 31% | 2.9 | 18,253 |
| 10.00% to <100.00% | 2,260 | 644 | 2,904 | 61% | 2,621 | 23.68% | 97,325 | 18% | 2.1 | 2,173 |
| 100.00% (Default) | 3,348 | 219 | 3,567 | 72% | 3,376 | 100.00% | 6,956 | 36% | 1.9 | 3,581 |
| **Sub-total (all portfolios)** | **382,479** | **251,044** | **633,523** | **65%** | **446,612** | **1.32%** | **1,279,035** | **26%** | **2.1** | **101,878** |
| Alternative treatment | | | | | | | | | | |
| Exposures from free deliveries applying standardized risk weights or 100% under the alternative treatment | – | – | – | – | 48 | – | – | – | – | 23 |
| IRB - maturity and export | – | – | – | – | – | – | – | – | – | 2,135 |

finance
buffer
Total (all portfolios and alternative treatment)

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total (all portfolios and alternative treatment)** | **382,479** | **251,044** | **633,523** | **65%** | **446,660** | **1.32%** | **1,279,035** | **26%** | **2.1** | **104,036** |

1
CRM is reflected by shifting the counterparty exposure from the underlying obligor to the protection provider.
2
Reflects risk-weighted assets post CCF.

Effect of credit derivatives used as CRM techniques on risk-weighted assets

The following table shows the effect of credit derivatives used as CRM techniques on the IRB approach capital requirements' calculations.

CR7 – Effect on risk-weighted assets of credit derivatives used as CRM techniques

| | | 2Q17 | | 4Q16 |
|---|---|---|---|---|
| end of | Pre-credit derivatives RWA | Actual RWA | Pre-credit derivatives RWA | Actual RWA |
| CHF million | | | | |
| Sovereigns - A-IRB | 2,439 | 1,892 | 2,312 | 2,062 |
| Institutions - Banks and securities dealers - A-IRB | 6,557 | 3,830 | 8,687 | 3,843 |
| Institutions - Other institutions - A-IRB | 211 | 207 | 251 | 246 |
| Corporates - Specialized lending - A-IRB | 15,968 | 15,970 | 15,898 | 15,898 |
| Corporates without specialized lending - A-IRB | 53,701 | 55,057 | 50,082 | 49,116 |
| Residential mortgages | 15,135 | 15,048 | 13,291 | 13,291 |
| Qualifying revolving retail | 159 | 162 | 166 | 175 |
| Other retail | 10,454 | 10,049 | 15,995 | 12,874 |
| **Total** | **104,624** | **102,215** | **106,682** | **97,505** |

For exposures covered by recognized credit derivatives, the substitution approach is applied. Hence, the risk weight of the obligor is substituted with the risk-weight of the protection provider.

RWA flow statements of credit risk exposures under IRB

The following table presents the definitions of the RWA flow statements components for credit risk and CCR.

Definition of risk-weighted assets movement components related to credit risk and CCR

| Description | Definition |
|---|---|
| **Asset size** | Represents changes arising in the ordinary course of business (including new businesses) |
| **Asset quality/Credit quality of counterparties** | Represents changes in average risk weighting across credit risk classes |
| **Model and parameter updates** | Represents movements arising from updates to models and recalibrations of parameters |
| **Methodology and policy changes** | Represents movements due to methodology changes in calculations driven by regulatory policy changes, including both revisions to existing regulations and new regulations |
| **Acquisitions and disposals** | Represents changes in book sizes due to acquisitions and disposals of entities |
| **Foreign exchange impact** | Represents changes in exchange rates of the transaction currencies compared to the Swiss franc |
| **Other** | Represents changes that cannot be attributed to any other category |

Credit risk RWA movements in 2Q17

The following table presents the 2Q17 flow statement explaining the variations in the credit risk RWA determined under an IRB approach.

CR8 – Risk-weighted assets flow statements of credit risk exposures under IRB

| 2Q17 | RWA |
|---|---|
| CHF million | |
| **Risk-weighted assets at beginning of period** | **108,460** |
| Asset size | 179 |
| Asset quality | (383) |
| Model and parameter updates | 817 |

| | |
|---|---|
| Methodology and policy changes | 1,911 |
| Foreign exchange impact | (2,440) |
| **Risk-weighted assets at end of period** | **108,544** |

Credit risk RWA under IRB of CHF 108.5 billion was stable compared to the end of 1Q17, primarily driven by an increase resulting from methodology and policy changes and model and parameter updates, mostly offset by a foreign exchange impact.

16

The increase in methodology and policy changes was mainly related to the phase-in impact from a FINMA requirement to treat share-backed lending without personal guarantees as corporate exposures, which was introduced in 3Q16. The increase in methodology and policy changes was also impacted by an additional phase-in of the multiplier on income producing real estate (IPRE) exposures and an additional phase-in of a multiplier on certain investment banking corporate exposures.

The increase in model updates was mainly due was mainly due to change in the RWA calculation for certain syndicated deals and ship lending exposures.

Specialized lending and equities under the simple risk-weight method

Specialized lending

The following tables show the carrying values, exposure amounts and RWA for the Group's specialized lending.

CR10 – Specialized lending

| end of 2Q17 | Remaining maturity | On-balance sheet amount | Off-balance sheet amount | Risk weight | Exposure amount[1] | RWA | Expected losses |
|---|---|---|---|---|---|---|---|
| Other than high-volatility commercial real estate (CHF million) | | | | | | | |
| **Regulatory categories** | | | | | | | |
| Strong | Less than 2.5 years | 401 | 746 | 50% | 855 | 427 | 0 |
| | Equal to or more than 2.5 years | 180 | 481 | 70% | 445 | 311 | 2 |
| Good | Less than 2.5 years | 105 | 126 | 70% | 198 | 139 | 1 |
| | Equal to or more than 2.5 years | 445 | 284 | 90% | 604 | 544 | 5 |
| Satisfactory | | 238 | 343 | 115%[2] | 424 | 494 | 8 |
| Weak | | 26 | 1 | 250% | 9 | 23 | 1 |
| Default | | 173 | 0 | – | 0 | – | 86 |
| **Total** | | **1,568** | **1,981** | – | **2,535** | **1,938** | **103** |
| High-volatility commercial real estate (CHF million) | | | | | | | |
| **Regulatory categories** | | | | | | | |
| Default | | 12 | 0 | – | 12 | 0 | 6 |
| **Total** | | **12** | **0** | – | **12** | **0** | **6** |
| | | | | | | | |
| end of 4Q16 | | | | | | | |
| Other than high-volatility commercial real estate (CHF million) | | | | | | | |
| **Regulatory categories** | | | | | | | |
| Strong | Less than 2.5 years | 365 | 745 | 50% | 738 | 370 | 0 |
| | Equal to or more than 2.5 years | 132 | 248 | 70% | 269 | 188 | 1 |
| Good | Less than 2.5 years | 162 | 256 | 70% | 296 | 207 | 4 |
| | Equal to or more than 2.5 years | 39 | 558 | 90% | 389 | 350 | 3 |
| Satisfactory | | 149 | 185 | 115% | 215 | 247 | 6 |
| Weak | | 27 | 4 | 250% | 5 | 11 | 0 |
| Default | | 177 | 0 | – | 125 | – | 88 |
| **Total** | | **1,051** | **1,996** | – | **2,037** | **1,373** | **102** |
| High-volatility commercial real estate (CHF million) | | | | | | | |
| **Regulatory categories** | | | | | | | |
| Default | | 12 | 0 | – | 12 | 0 | 6 |
| **Total** | | **12** | **0** | – | **12** | **0** | **6** |

1

Includes project finance, object finance, commodities finance and IPRE.

2

For a portion of the exposure, a risk weight of 120% is applied.

17

Equity positions in the banking book

For equity type securities in the banking book, risk weights are determined using the simple risk-weight approach, which differentiates by equity sub-asset types, such as exchange-traded and other equity exposures.

RWA relating to equities under the simple risk-weight approach decreased CHF 1.6 billion compared to the end of 4Q16, mainly due to a reduction in hedge fund and private equity investments.

CR10 – Equity positions in the banking book under the simple risk-weight approach

| end of | On-balance sheet amount | Off-balance sheet amount | Risk weight | Exposure amount | RWA |
|---|---|---|---|---|---|
| 2Q17 (CHF million, except where indicated) | | | | | |
| Exchange-traded equity exposures | 9 | 0 | 300% | 9 | 28 |
| Other equity exposures | 2,389 | 0 | 400% | 2,389 | 9,553 |
| **Total** | **2,398** | **0** | – | **2,398** | **9,581** |
| 4Q16 (CHF million, except where indicated) | | | | | |
| Exchange-traded equity exposures | 4 | 0 | 300% | 4 | 13 |
| Other equity exposures | 2,793 | 0 | 400% | 2,793 | 11,170 |
| **Total** | **2,797** | **0** | – | **2,797** | **11,183** |

18

Counterparty credit risk

General

Counterparty credit risk arises from over-the-counter (OTC) and exchange-traded derivatives, repurchase agreements, securities lending and borrowing and other similar products and activities. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature.

We have received approval from FINMA to use the internal model method for measuring CCR for the majority of our derivative and secured financing exposures.

Details of counterparty credit risk exposures

Analysis of counterparty credit risk exposure by approach

The following table provides a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

CCR1 – Analysis of counterparty credit risk exposure by approach

| end of | Re-placement cost | PFE | EEPE | Alpha used for computing regulatory EAD | EAD post-CRM | RWA |
|---|---|---|---|---|---|---|
| 2Q17 (CHF million, except where indicated) | | | | | | |
| SA-CCR (for derivatives) [1] | 5,147 | 3,453 | – | 1.0 | 8,923 | 2,869 |
| Internal Model Method (for derivatives and SFTs) | – | – | 24,572 | 1.4 [2] | 34,400 | 9,305 |
| Simple Approach for credit risk mitigation (for SFTs) | – | – | – | – | 27 | 0 |
| VaR for SFTs | – | – | – | – | 29,731 | 4,640 |
| **Total** | **–** | **–** | **–** | **–** | **73,081** | **16,814** |
| 4Q16 (CHF million, except where indicated) | | | | | | |
| SA-CCR (for derivatives) [1] | 13,736 | 4,645 | – | 1.0 | 18,380 | 3,214 [3] |
| Internal Model Method (for derivatives and SFTs) | – | – | 21,834 | 1.4 [2] | 30,568 | 10,647 [3] |
| Simple Approach for credit risk mitigation (for SFTs) | – | – | – | – | 69 | 0 |
| VaR for SFTs | – | – | – | – | 26,309 [3] | 4,224 |
| **Total** | **–** | **–** | **–** | **–** | **75,326** | **18,085** |

1
Reported under CEM.
2
For a smaller portion of the derivative exposure, an alpha of 1.6 is applied.
3
Prior period has been corrected.

Credit valuation adjustment capital charge

The following table shows the credit valuation adjustment (CVA) regulatory calculations with a breakdown by standardized and advanced approaches.

CCR2 – Credit valuation adjustment capital charge

| | 2Q17 | | 4Q16 | |
|---|---|---|---|---|
| end of | EAD post-CRM | RWA | EAD post-CRM | RWA |
| CHF million | | | | |
| Total portfolios subject to the advanced CVA capital charge | 30,574 | 7,229 | 34,192 | 12,125 |

| | | | | |
|---|---|---|---|---|
| of which VaR component (including the 3 x multiplier) | – | 2,206 | – | 4,437 |
| of which stressed VaR component (including the 3 x multiplier) | – | 5,023 | – | 7,688 |
| All portfolios subject to the standardized CVA capital charge | 65 | 111 | 70 | 58 |
| **Total subject to the CVA capital charge** | **30,639** | **7,340** | **34,262** | **12,183** |

RWA decreased CHF 4.9 billion compared to the end of 4Q16, mainly due to a reduction in risk levels resulting from a decrease in exposures and an increase in hedging benefits.

19

CCR exposures by regulatory portfolio and risk weights – standardized approach

The following table shows a breakdown of CCR exposures calculated according to the standardized approach by portfolio (type of counterparties) and by risk weight (riskiness attributed according to standardized approach).

CCR3 – CCR exposures by regulatory portfolio and risk weights - standardized approach

| | Risk weight | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| end of | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Others | Exposures post-CCF and CRM |
| 2Q17 (CHF million) | | | | | | | | | |
| Retail | 0 | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 16 |
| Other exposures | 27 | 0 | 0 | 0 | 0 | 185 | 0 | 0 | 212 |
| **Total** | **27** | **0** | **0** | **0** | **0** | **201** | **0** | **0** | **228** |
| 4Q16 (CHF million) | | | | | | | | | |
| Other exposures | 69 | 0 | 0 | 0 | 0 | 77 | 0 | 0 | 146 |
| **Total** | **69** | **0** | **0** | **0** | **0** | **77** | **0** | **0** | **146** |

20

CCR exposures by portfolio and PD scale – IRB models

The following table provides all relevant parameters used for the calculation of CCR capital requirements for IRB models.

CCR4 – CCR exposures by portfolio and PD scale - IRB models

| end of 2Q17 | EAD post-CRM | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA | RWA density |
|---|---|---|---|---|---|---|---|
| Sovereigns (CHF million, except where indicated) | | | | | | | |
| 0.00% to <0.15% | 2,613 | 0.03% | 70 | 51% | 0.7 | 175 | 7% |
| 0.15% to <0.25% | 652 | 0.22% | 3 | 44% | 1.0 | 206 | 32% |
| 0.25% to <0.50% | 80 | 0.37% | 3 | 31% | 1.0 | 26 | 32% |
| 0.50% to <0.75% | 0 | 0.63% | 2 | 45% | 1.0 | 0 | 26% |
| 0.75% to <2.50% | 130 | 1.10% | 2 | 52% | 0.1 | 103 | 80% |
| 2.50% to <10.00% | 0 | 5.58% | 1 | 52% | 1.0 | 0 | 201% |
| 10.00% to <100.00% | 0 | 28.23% | 1 | 42% | 1.0 | 0 | 233% |
| **Sub-total** | **3,475** | **0.11%** | **82** | **49%** | **0.7** | **510** | **15%** |
| Institutions - Banks and securities dealer | | | | | | | |
| 0.00% to <0.15% | 18,383 | 0.06% | 484 | 55% | 0.8 | 2,730 | 15% |
| 0.15% to <0.25% | 1,202 | 0.22% | 115 | 54% | 0.5 | 492 | 41% |
| 0.25% to <0.50% | 281 | 0.37% | 95 | 46% | 1.1 | 137 | 49% |
| 0.50% to <0.75% | 166 | 0.64% | 64 | 55% | 0.3 | 116 | 70% |
| 0.75% to <2.50% | 451 | 1.18% | 125 | 54% | 0.6 | 440 | 98% |
| 2.50% to <10.00% | 98 | 5.65% | 148 | 50% | 0.8 | 154 | 157% |
| 10.00% to <100.00% | 3 | 17.35% | 4 | 41% | 1.0 | 6 | 207% |
| 100.00% (Default) | 0 | 100.00% | 3 | 52% | 1.0 | 0 | 106% |
| **Sub-total** | **20,584** | **0.13%** | **1,038** | **55%** | **0.8** | **4,075** | **20%** |
| Institutions - Other institutions | | | | | | | |
| 0.00% to <0.15% | 614 | 0.04% | 41 | 45% | 1.5 | 85 | 14% |
| 0.15% to <0.25% | 20 | 0.20% | 9 | 41% | 3.8 | 10 | 50% |
| 0.25% to <0.50% | 6 | 0.37% | 2 | 49% | 1.4 | 4 | 70% |
| 0.50% to <0.75% | 39 | 0.58% | 3 | 44% | 5.1 | 42 | 108% |
| 0.75% to <2.50% | 0 | 1.21% | 2 | 44% | 4.7 | 1 | 130% |
| 2.50% to <10.00% | 0 | 3.25% | 1 | 52% | 1.0 | 0 | 168% |
| 10.00% to <100.00% | 0 | 28.23% | 1 | 52% | 1.0 | 0 | 322% |
| **Sub-total** | **679** | **0.08%** | **59** | **45%** | **1.8** | **142** | **21%** |
| Corporates - Specialized lending | | | | | | | |
| 0.00% to <0.15% | 148 | 0.09% | 13 | 72% | 4.5 | 111 | 75% |
| 0.15% to <0.25% | 31 | 0.22% | 32 | 32% | 4.7 | 13 | 41% |
| 0.25% to <0.50% | 2 | 0.37% | 11 | 32% | 3.8 | 1 | 52% |
| 0.50% to <0.75% | 18 | 0.58% | 10 | 34% | 5.1 | 14 | 75% |
| 0.75% to <2.50% | 9 | 1.06% | 22 | 28% | 4.3 | 6 | 63% |
| 2.50% to <10.00% | 0 | 5.18% | 3 | 37% | 1.7 | 0 | 94% |
| **Sub-total** | **208** | **0.20%** | **91** | **60%** | **4.5** | **145** | **69%** |

21

CCR4 – CCR exposures by portfolio and PD scale - IRB models (continued)

| end of 2Q17 | EAD post-CRM | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA | RWA density |
|---|---|---|---|---|---|---|---|
| Corporates without specialized lending (CHF million, except where indicated) | | | | | | | |
| 0.00% to <0.15% | 33,818 | 0.05% | 10,904 | 53% | 0.6 | 4,240 | 13% |
| 0.15% to <0.25% | 1,890 | 0.21% | 1,370 | 47% | 2.0 | 882 | 47% |
| 0.25% to <0.50% | 1,373 | 0.37% | 630 | 53% | 1.1 | 817 | 60% |
| 0.50% to <0.75% | 480 | 0.62% | 526 | 51% | 2.1 | 419 | 87% |
| 0.75% to <2.50% | 1,797 | 1.50% | 7,721 | 61% | 1.0 | 2,401 | 134% |
| 2.50% to <10.00% | 1,110 | 4.50% | 2,710 | 54% | 0.9 | 2,414 | 218% |
| 10.00% to <100.00% | 46 | 27.75% | 17 | 23% | 1.9 | 80 | 173% |
| 100.00% (Default) | 39 | 100.00% | 13 | 45% | 1.1 | 41 | 106% |
| **Sub-total** | **40,553** | **0.39%** | **23,891** | **53%** | **0.7** | **11,294** | **28%** |
| Other retail | | | | | | | |
| 0.00% to <0.15% | 2,834 | 0.06% | 3,095 | 59% | 1.0 | 306 | 11% |
| 0.15% to <0.25% | 188 | 0.19% | 396 | 31% | 2.7 | 25 | 13% |
| 0.25% to <0.50% | 68 | 0.37% | 293 | 18% | 1.5 | 8 | 12% |
| 0.50% to <0.75% | 24 | 0.58% | 977 | 27% | 2.2 | 5 | 22% |
| 0.75% to <2.50% | 42 | 1.77% | 112 | 45% | 1.1 | 25 | 60% |
| 2.50% to <10.00% | 3 | 5.89% | 36 | 53% | 1.5 | 3 | 85% |
| 10.00% to <100.00% | 5 | 12.70% | 6 | 14% | 1.0 | 1 | 27% |
| 100.00% (Default) | 4 | 100.00% | 1 | 100% | 5.1 | 4 | 106% |
| **Sub-total** | **3,168** | **0.24%** | **4,916** | **56%** | **1.1** | **377** | **12%** |
| Sub-total (all portfolios) | | | | | | | |
| 0.00% to <0.15% | 58,410 | 0.05% | 14,607 | 54% | 0.7 | 7,647 | 13% |
| 0.15% to <0.25% | 3,983 | 0.22% | 1,925 | 48% | 1.5 | 1,628 | 41% |
| 0.25% to <0.50% | 1,810 | 0.37% | 1,034 | 49% | 1.2 | 993 | 55% |
| 0.50% to <0.75% | 727 | 0.62% | 1,582 | 50% | 1.9 | 596 | 82% |
| 0.75% to <2.50% | 2,429 | 1.42% | 7,984 | 59% | 1.0 | 2,976 | 123% |
| 2.50% to <10.00% | 1,211 | 4.60% | 2,899 | 54% | 0.9 | 2,571 | 212% |
| 10.00% to <100.00% | 54 | 25.92% | 29 | 23% | 1.8 | 87 | 162% |
| 100.00% (Default) | 43 | 100.00% | 17 | 49% | 1.5 | 45 | 106% |
| **Sub-total (all portfolios)** | **68,667** | **0.29%** | **30,077** | **53%** | **0.8** | **16,543** | **24%** |
| Alternative treatment | | | | | | | |
| Exposures from free deliveries applying standardized risk weights or 100% under the alternative treatment | – | – | – | – | – | 0 | – |
| Total (all portfolios and alternative treatment) | | | | | | | |
| **Total (all portfolios and alternative treatment)** | **68,667** | **0.29%** | **30,077** | **53%** | **0.8** | **16,543** | **24%** |

EAD post-CRM decreased CHF 5.0 billion compared to the end of 4Q16, reflecting lower OTC derivatives exposures primarily in corporates without specialized lending and sovereigns. This was partially offset by higher OTC derivatives exposures in banks and securities dealers.

22

CCR4 – CCR exposures by portfolio and PD scale - IRB models

| end of 4Q16 | EAD post-CRM | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA | RWA density |
|---|---|---|---|---|---|---|---|
| Sovereigns (CHF million, except where indicated) | | | | | | | |
| 0.00% to <0.15% | 5,339 | 0.04% | 66 | 51% | 0.9 | 262 | 5% |
| 0.15% to <0.25% | 62 | 0.22% | 3 | 44% | 1.1 | 4 | 7% |
| 0.25% to <0.50% | 520 | 0.37% | 4 | 29% | 1.0 | 157 | 30% |
| 0.50% to <0.75% | 0 | 0.58% | 1 | 53% | 1.0 | 0 | 70% |
| 0.75% to <2.50% | 139 | 1.12% | 3 | 52% | 0.2 | 111 | 80% |
| 2.50% to <10.00% | 0 | 4.13% | 2 | 46% | 1.0 | 0 | 145% |
| **Sub-total** | **6,060** | **0.09%** | **79** | **49%** | **0.9** | **534** | **9%** |
| Institutions - Banks and securities dealer | | | | | | | |
| 0.00% to <0.15% | 16,802 | 0.06% | 506 | 56% | 0.7 | 3,136 | 19% |
| 0.15% to <0.25% | 771 | 0.22% | 110 | 54% | 0.8 | 354 | 46% |
| 0.25% to <0.50% | 374 | 0.37% | 95 | 50% | 1.2 | 219 | 58% |
| 0.50% to <0.75% | 178 | 0.64% | 67 | 55% | 0.3 | 126 | 71% |
| 0.75% to <2.50% | 534 | 1.19% | 127 | 51% | 0.6 | 492 | 92% |
| 2.50% to <10.00% | 113 | 5.43% | 128 | 49% | 0.8 | 183 | 161% |
| 10.00% to <100.00% | 14 | 16.81% | 4 | 52% | 1.0 | 37 | 265% |
| 100.00% (Default) | 0 | 100.00% | 1 | 60% | 1.0 | 0 | 0% |
| **Sub-total** | **18,786** | **0.16%** | **1,038** | **55%** | **0.7** | **4,547** | **24%** |
| Institutions - Other institutions | | | | | | | |
| 0.00% to <0.15% | 719 | 0.04% | 46 | 46% | 1.5 | 101 | 14% |
| 0.15% to <0.25% | 45 | 0.21% | 9 | 46% | 2.4 | 20 | 45% |
| 0.25% to <0.50% | 5 | 0.37% | 2 | 49% | 1.1 | 4 | 68% |
| 0.50% to <0.75% | 43 | 0.58% | 5 | 44% | 5.1 | 46 | 108% |
| 0.75% to <2.50% | 0 | 1.39% | 1 | 44% | 5.1 | 1 | 140% |
| 2.50% to <10.00% | 0 | 3.25% | 2 | 47% | 1.0 | 0 | 138% |
| **Sub-total** | **812** | **0.08%** | **65** | **46%** | **1.8** | **172** | **21%** |
| Corporates - Specialized lending | | | | | | | |
| 0.00% to <0.15% | 10 | 0.09% | 13 | 17% | 5.0 | 2 | 15% |
| 0.15% to <0.25% | 162 | 0.17% | 34 | 70% | 5.0 | 160 | 99% |
| 0.25% to <0.50% | 10 | 0.37% | 14 | 32% | 4.9 | 6 | 57% |
| 0.50% to <0.75% | 13 | 0.58% | 13 | 34% | 4.8 | 9 | 69% |
| 0.75% to <2.50% | 19 | 1.03% | 28 | 27% | 3.9 | 11 | 58% |
| 2.50% to <10.00% | 0 | 3.44% | 3 | 47% | 2.5 | 1 | 132% |
| **Sub-total** | **214** | **0.28%** | **105** | **60%** | **4.9** | **189** | **87%** |

23

CCR4 – CCR exposures by portfolio and PD scale - IRB models (continued)

| end of 4Q16 | EAD post-CRM | Average PD | Number of obligors | Average LGD | Average maturity (years) | RWA | RWA density |
|---|---|---|---|---|---|---|---|
| Corporates without specialized lending (CHF million, except where indicated) | | | | | | | |
| 0.00% to <0.15% | 36,271 | 0.05% | 10,899 | 50% | 0.7 | 4,562 | 13% |
| 0.15% to <0.25% | 2,098 | 0.21% | 1,321 | 47% | 2.1 | 994 | 47% |
| 0.25% to <0.50% | 1,883 | 0.37% | 652 | 55% | 1.1 | 1,150 | 61% |
| 0.50% to <0.75% | 455 | 0.62% | 550 | 49% | 2.1 | 387 | 85% |
| 0.75% to <2.50% | 1,884 | 1.42% | 1,644 | 64% | 1.1 | 2,768 | 147% |
| 2.50% to <10.00% | 1,119 | 4.56% | 1,773 | 50% | 1.0 | 2,194 | 196% |
| 10.00% to <100.00% | 39 | 28.13% | 12 | 39% | 1.0 | 106 | 275% |
| 100.00% (Default) | 17 | 100.00% | 11 | 46% | 0.9 | 18 | 106% |
| **Sub-total** | **43,766** | **0.32%** | **16,862** | **51%** | **0.8** | **12,179** | **28%** |
| Other retail | | | | | | | |
| 0.00% to <0.15% | 2,619 | 0.04% | 2,864 | 39% | 1.1 | 116 | 4% |
| 0.15% to <0.25% | 241 | 0.19% | 364 | 24% | 2.3 | 25 | 10% |
| 0.25% to <0.50% | 1,083 | 0.31% | 390 | 20% | 1.0 | 179 | 17% |
| 0.50% to <0.75% | 35 | 0.58% | 781 | 37% | 3.2 | 11 | 31% |
| 0.75% to <2.50% | 26 | 1.47% | 146 | 47% | 2.1 | 15 | 58% |
| 2.50% to <10.00% | 3 | 3.54% | 27 | 57% | 0.8 | 2 | 85% |
| 10.00% to <100.00% | 0 | 19.31% | 4 | 65% | 3.8 | 1 | 151% |
| 100.00% (Default) | 14 | 100.00% | 8 | 66% | 5.1 | 15 | 106% |
| **Sub-total** | **4,021** | **0.49%** | **4,584** | **33%** | **1.2** | **364** | **9%** |
| Sub-total (all portfolios) | | | | | | | |
| 0.00% to <0.15% | 61,760 | 0.05% | 14,394 | 51% | 0.7 | 8,179 | 13% |
| 0.15% to <0.25% | 3,379 | 0.21% | 1,841 | 48% | 2.0 | 1,557 | 46% |
| 0.25% to <0.50% | 3,875 | 0.35% | 1,157 | 41% | 1.1 | 1,715 | 44% |
| 0.50% to <0.75% | 724 | 0.62% | 1,417 | 50% | 1.9 | 579 | 80% |
| 0.75% to <2.50% | 2,602 | 1.35% | 1,949 | 60% | 1.0 | 3,398 | 131% |
| 2.50% to <10.00% | 1,235 | 4.64% | 1,935 | 50% | 1.0 | 2,380 | 192% |
| 10.00% to <100.00% | 53 | 25.06% | 20 | 43% | 1.0 | 144 | 271% |
| 100.00% (Default) | 31 | 100.00% | 20 | 55% | 2.8 | 33 | 106% |
| **Sub-total (all portfolios)** | **73,659** | **0.26%** | **22,733** | **51%** | **0.8** | **17,985** | **24%** |
| Alternative treatment | | | | | | | |
| Exposures from free deliveries applying standardized risk weights or 100% under the alternative treatment | – | – | – | – | – | 0 | – |
| Total (all portfolios and alternative treatment) | | | | | | | |
| **Total (all portfolios and alternative treatment)** | **73,659** | **0.26%** | **22,733** | **51%** | **0.8** | **17,985** | **24%** |

24

Composition of collateral for CCR exposure

The following table shows a breakdown of all types of collateral posted or received by banks to support or reduce the CCR exposures related to derivative transactions or to securities financing transaction (SFTs), including transactions cleared through a central counterparty (CCP).

CCR5 – Composition of collateral for CCR exposure

| | Collateral used in derivative transactions | | | | | | Collateral used in SFTs | |
|---|---|---|---|---|---|---|---|---|
| | Fair value of collateral received | | | Fair value of posted collateral | | | Fair value of collateral received | Fair value of posted collateral |
| end of | Segregated | Unsegregated | Total | Segregated | Unsegregated | Total | | |
| **2Q17 (CHF million)** | | | | | | | | |
| Cash - domestic currency | 1 | 2,463 | 2,464 | 0 | 2,298 | 2,298 | 1,355 | 5,816 |
| Cash - other currencies | 1,508 | 44,789 | 46,297 | 735 | 45,245 | 45,980 | 251,554 | 344,796 |
| Domestic sovereign debt | 13 | 7 | 20 | 0 | 0 | 0 | 3,942 | 921 |
| Other sovereign debt | 7,043 | 7,520 | 14,563 | 7,153 | 2,811 | 9,964 | 309,618 | 214,975 |
| Government agency debt | 96 | 48 | 144 | 0 | 0 | 0 | 3,068 | 6,426 |
| Corporate bonds | 1,382 | 1,781 | 3,163 | 109 | 1,300 | 1,409 | 79,955 | 32,364 |
| Equity securities | 1,604 | 47 | 1,651 | 0 | 1,171 | 1,171 | 251,753 | 62,744 |
| Other collateral | 7,330 | 865 | 8,195 | 0 | 0 | 0 | 23,328 | 31,453 |
| **Total** | **18,977** | **57,520** | **76,497** | **7,997** | **52,825** | **60,822** | **924,573** | **699,495** |
| **4Q16 (CHF million)** | | | | | | | | |
| Cash - domestic currency | 1 | 2,965 | 2,966 | 0 | 1,322 | 1,322 | 917 | 5,057 |
| Cash - other currencies | 1,299 | 42,166 | 43,465 | 1,359 | 45,839 | 47,198 | 272,621 | 366,533 |
| Domestic sovereign debt | 927 | 2,203 | 3,130 | 157 | 795 | 952 | 4,590 | 1,089 |
| Other sovereign debt | 2 | 7 | 9 | 1,596 | 216 | 1,812 | 325,827 | 218,278 |
| Government agency debt | 2,527 | 289 | 2,816 | 0 | 632 | 632 | 1,437 | 4,510 |
| Corporate bonds | 178 | 146 | 324 | 0 | 0 | 0 | 73,059 | 30,429 |
| Equity securities | 7,788 | 913 | 8,701 | 1,606 | 0 | 1,606 | 238,634 | 65,022 |
| Other collateral | 2,503 | 7,973 | 10,476 | 1,055 | 3,023 | 4,078 | 27,759 | 35,582 |
| **Total** | **15,225** | **56,662** | **71,887** | **5,773** | **51,827** | **57,600** | **944,844** | **726,500** |

The fair value of collateral received on SFTs decreased CHF 20.3 billion compared to the end of 4Q16 mainly relating to cash – other currencies and other sovereign debt. The fair value of collateral posted for SFTs decreased CHF 27.0 billion compared to the end of 4Q16 mainly related to cash – other currencies. These changes were primarily due to changes in product portfolios.

Credit derivatives exposures

The following table shows the extent of the Group’s exposures to credit derivative transactions broken down between derivatives bought or sold.

Protection bought decreased CHF 41.2 billion compared to the end of 4Q16 and protection sold decreased CHF 28.1 billion compared to the end of 4Q16 primarily relating to index CDS and single-name CDS.

CCR6 – Credit derivatives exposures

| | | 2Q17 | | 4Q16 |
|---|---|---|---|---|
| end of | Protection bought | Protection sold | Protection bought | Protection sold |
| Notionals (CHF billion) | | | | |
| Single-name credit default swaps | 112.8 | 93.4 | 124.6 | 102.4 |
| Index credit default swaps | 105.6 | 97.0 | 134.3 | 123.4 |
| Total return swaps | 4.8 | 2.6 | 6.7 | 1.1 |
| Credit options | 1.1 | 0.3 | 1.6 | 1.1 |
| Other credit derivatives | 53.7 | 18.0 | 52.1 | 11.4 |
| of which credit default swaptions | 51.2 | 15.4 | 52.1 | 11.4 |
| of which other credit instruments | 2.4 | 2.6 | 0.0 | 0.0 |
| **Total notionals** | **278.0** | **211.3** | **319.3** | **239.4** |
| Fair values (CHF billion) | | | | |
| Positive fair value (asset) | 4.1 | 3.9 | 4.5 | 3.6 |
| Negative fair value (liability) | 5.7 | 3.3 | 5.5 | 3.7 |

RWA flow statements of CCR exposures under IMM

The following table presents the 2Q17 flow statement explaining changes in CCR RWA determined under the Internal Model Method (IMM) for CCR (derivatives and SFTs).

CCR7 – Risk-weighted assets flow statements of CCR exposures under IMM

| 2Q17 | RWA |
|---|---|
| CHF million | |
| **Risk-weighted assets at beginning of period** | **14,249** |
| Asset size | 792 |
| Credit quality of counterparties | 8 |
| Model and parameter updates | (382) |
| Methodology and policy changess | 45 |
| Foreign exchange impact | (767) |
| **Risk-weighted assets at end of period** | **13,945** |

CCR RWA decreased slightly in 2Q17, primarily driven by decreases relating to a foreign exchange impact and model and parameter updates, partially offset by increases relating to asset size. The decrease relating to model and parameter updates was mainly due to implementation of a new model for listed derivatives. The increase relating to asset size was primarily due to a reduction in hedge benefit from securitization.

> Refer to "RWA flow statements of credit risk exposures under IRB" (page 16) in Credit risk for the definitions of the RWA flow statements components.

Exposures to central counterparties

The following table provides a comprehensive picture of the Group's exposure to CCPs.

CCR8 – Exposures to central counterparties

| end of 2Q17 | EAD (post-CRM) | RWA |
|---|---|---|
| CHF million | | |
| **Exposures to QCCPs (total)** | **–** | **1,478** |
| Exposures for trades at QCCPs | 17,298 | 594 |
| of which OTC derivatives | 3,723 | 74 |
| of which exchange-traded derivatives | 13,575 | 516 |
| Segregated initial margin | 162 | – |
| Non-segregated initial margin | 70 | 32 |
| Pre-funded default fund contributions | 0 | 852 |
| **Exposures to non-QCCPs (total)** | **–** | **89** |
| Exposures for trades at non-QCCPs | 65 | 70 |
| of which exchange-traded derivatives | 65 | 70 |
| Pre-funded default fund contributions | 0 | 19 |

26

Securitization

Securitization exposures in the banking book

The following table shows the Group's securitization exposures in its banking book.

Securitization exposures in the banking book where the Group acts as investor decreased CHF 12.7 billion compared to the end of 4Q16, primarily relating to the closure of certain CDO/CLO securitizations.

SEC1 – Securitization exposures in the banking book

| | Bank acts as originator | | | Bank acts as sponsor | | | Bank acts as investor | | |
|---|---|---|---|---|---|---|---|---|---|
| end of | Traditional | Synthetic | Total | Traditional | Synthetic | Total | Traditional | Synthetic | Total |
| 2Q17 (CHF million) | | | | | | | | | |
| Commercial mortgages | 455 | 0 | 455 | 0 | 0 | 0 | 0 | 0 | 0 |
| CDO/CLO | 4,155 | 36,691 | 40,846 | 1,818 | 0 | 1,818 | 4,218 | 0 | 4,218 |
| Other ABS | 7,267 | 319 | 7,586 | 0 | 0 | 0 | 9,534 | 0 | 9,534 |
| **Total** | **11,877** | **37,010** | **48,887** | **1,818** | **0** | **1,818** | **13,752** | **0** | **13,752** |
| of which retained interests | **–** | – | **31,135** | **–** | – | **109** | **–** | – | **12,447** |
| 4Q16 (CHF million) | | | | | | | | | |
| Commercial mortgages | 462 | 0 | 462 | 0 | 0 | 0 | 0 | 0 | 0 |
| CDO/CLO | 3,221 | 40,640 | 43,861 | 1,823 | 0 | 1,823 | 16,766 | 0 | 16,766 |
| Other ABS | 6,197 | 451 | 6,648 | 0 | 0 | 0 | 9,723 | 0 | 9,723 |
| **Total** | **9,880** | **41,091** | **50,971** | **1,823** | **0** | **1,823** | **26,489** | **0** | **26,489** |
| of which retained interests | **–** | – | **31,802** | **–** | – | **108** | **–** | – | **16,123** |

Securitization exposures in the trading book

The following table shows the Group's securitization exposures in its trading book.

SEC2 – Securitization exposures in the trading book

| | Bank acts as originator | | | Bank acts as sponsor | | | Bank acts as investor | | |
|---|---|---|---|---|---|---|---|---|---|
| end of | Traditional | Synthetic | Total | Traditional | Synthetic | Total | Traditional | Synthetic | Total |
| 2Q17 (CHF million) | | | | | | | | | |
| Commercial mortgages | 47 | 326 | 373 | 0 | 0 | 0 | 1,148 | 96 | 1,244 |
| Residential mortgages | 180 | 3 | 183 | 0 | 0 | 0 | 2,955 | 7 | 2,962 |
| Other ABS | 0 | 0 | 0 | 0 | 0 | 0 | 480 | 0 | 480 |
| CDO/CLO | 0 | 10 | 10 | 0 | 0 | 0 | 257 | 10 | 267 |
| Nth-to-default | 0 | 616 | 616 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **227** | **955** | **1,182** | **0** | **0** | **0** | **4,840** | **113** | **4,953** |
| 4Q16 (CHF million) | | | | | | | | | |
| Commercial mortgages | 48 | 294 | 342 | 0 | 0 | 0 | 921 | 136 | 1,057 |
| Residential mortgages | 118 | 33 | 151 | 0 | 0 | 0 | 3,025 | 70 | 3,095 |
| Other ABS | 0 | 0 | 0 | 0 | 0 | 0 | 509 | 0 | 509 |
| CDO/CLO | 0 | 11 | 11 | 0 | 0 | 0 | 203 | 0 | 203 |
| Nth-to-default | 0 | 640 | 640 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **166** | **978** | **1,144** | **0** | **0** | **0** | **4,658** | **206** | **4,864** |

Calculation of capital requirements

The following tables show the securitization exposures in the banking book and the associated regulatory capital requirements.

SEC3 – Securitization exposures in the banking book and associated regulatory capital requirements - Credit Suisse acting as o

| | Exposure value (by RW band) | | | | | Exposure value (by regulatory approach) | | | | RWA (by regulatory approach) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| end of | <=20% RW | >20% to 50% RW | >50% to 100% RW | >100% to <1250% RW | 1250% RW | IRB RBA | IRB SFA | SA/SSFA | 1250% RW | IRB RBA | IRB SFA | SA/SSFA | 1250% RW |
| 2Q17 (CHF million) | | | | | | | | | | | | | |
| **Total exposures** | **30,757** | **73** | **120** | **157** | **137** | **414** | **30,693** | **0** | **137** | **197** | **3,640** | **0** | **1,709** |
| Traditional securitization | 4,189 | 73 | 50 | 127 | 62 | 414 | 4,025 | 0 | 62 | 197 | 551 | 0 | 772 |
| of which securitization | 4,189 | 73 | 50 | 127 | 62 | 414 | 4,025 | 0 | 62 | 197 | 551 | 0 | 772 |
| of which retail underlying | 287 | 0 | 17 | 15 | 48 | 319 | 0 | 0 | 48 | 150 | 0 | 0 | 603 |
| of which wholesale | 3,902 | 73 | 33 | 112 | 14 | 95 | 4,025 | 0 | 14 | 47 | 551 | 0 | 169 |
| Synthetic securitization | 26,568 | 0 | 70 | 30 | 75 | 0 | 26,668 | 0 | 75 | 0 | 3,089 | 0 | 937 |
| of which securitization | 26,568 | 0 | 70 | 30 | 75 | 0 | 26,668 | 0 | 75 | 0 | 3,089 | 0 | 937 |
| of which retail underlying | 224 | 0 | 0 | 2 | 0 | 0 | 226 | 0 | 0 | 0 | 71 | 0 | 0 |
| of which wholesale | 26,344 | 0 | 70 | 28 | 75 | 0 | 26,442 | 0 | 75 | 0 | 3,018 | 0 | 937 |
| 4Q16 (CHF million) | | | | | | | | | | | | | |
| **Total exposures** | **31,406** | **68** | **32** | **305** | **99** | **108** | **31,703** | **0** | **99** | **330** | **3,769** | **0** | **1,241** |
| Traditional securitization | 3,174 | 0 | 32 | 109 | 38 | 108 | 3,206 | 0 | 38 | 330 | 297 | 0 | 474 |
| of which securitization | 3,174 | 0 | 32 | 109 | 38 | 108 | 3,206 | 0 | 38 | 330 | 297 | 0 | 474 |
| of which retail underlying | 0 | 0 | 0 | 0 | 38 | 0 | 0 | 0 | 38 | 123 | 0 | 0 | 474 |
| of which wholesale | 3,174 | 0 | 32 | 109 | 0 | 108 | 3,206 | 0 | 0 | 207 | 297 | 0 | 0 |
| Synthetic securitization | 28,232 | 68 | 0 | 196 | 61 | 0 | 28,497 | 0 | 61 | 0 | 3,472 | 0 | 767 |
| of which securitization | 28,232 | 68 | 0 | 196 | 61 | 0 | 28,497 | 0 | 61 | 0 | 3,472 | 0 | 767 |
| of which retail underlying | 348 | 0 | 0 | 2 | 0 | 0 | 351 | 0 | 0 | 0 | 90 | 0 | 0 |
| | 27,884 | 68 | 0 | 194 | 61 | 0 | 28,146 | 0 | 61 | 0 | 3,382 | 0 | 767 |

of which wholesale

SEC4 – Securitization exposures in the banking book and associated regulatory capital requirements - Credit Suisse acting as i

| | Exposure value (by RW band) | | | | | Exposure value (by regulatory approach) | | | | RWA (by regulatory approach) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| end of | <=20% RW | >20% to 50% RW | >50% to 100% RW | >100% to <1250% RW | 1250% RW | IRB RBA | IRB SFA | SA/SSFA | 1250% RW | IRB RBA | IRB SFA | SA/SSFA | 1250% RW | I R |
| 2Q17 (CHF million) | | | | | | | | | | | | | | |
| **Total exposures** | **7,080** | **2,277** | **2,848** | **239** | **3** | **3,086** | **2,282** | **7,076** | **3** | **632** | **227** | **4,075** | **35** | |
| Traditional securitization | 7,080 | 2,277 | 2,848 | 239 | 3 | 3,086 | 2,282 | 7,076 | 3 | 632 | 227 | 4,075 | 35 | |
| of which securitization | 7,080 | 2,277 | 2,848 | 239 | 3 | 3,086 | 2,282 | 7,076 | 3 | 632 | 227 | 4,075 | 35 | |
| of which retail underlying | 4,422 | 2,045 | 2,848 | 220 | 0 | 2,459 | 0 | 7,076 | 0 | 483 | 0 | 4,075 | 0 | |
| of which wholesale | 2,658 | 232 | 0 | 19 | 3 | 627 | 2,282 | 0 | 3 | 149 | 227 | 0 | 35 | |
| 4Q16 (CHF million) | | | | | | | | | | | | | | |
| **Total exposures** | **11,898** | **1,962** | **1,929** | **330** | **4** | **3,718** | **5,443** | **6,958** | **4** | **604** | **587** | **3,502** | **56** | |
| Traditional securitization | 11,898 | 1,962 | 1,929 | 330 | 4 | 3,718 | 5,443 | 6,958 | 4 | 604 | 587 | 3,502 | 56 | |
| of which securitization | 11,898 | 1,962 | 1,929 | 330 | 4 | 3,718 | 5,443 | 6,958 | 4 | 604 | 587 | 3,502 | 56 | |
| of which retail underlying | 5,662 | 1,938 | 1,919 | 206 | 0 | 2,766 | 0 | 6,958 | 0 | 455 | 0 | 3,502 | 0 | |
| of which wholesale | 6,236 | 24 | 10 | 124 | 4 | 952 | 5,443 | 0 | 4 | 149 | 587 | 0 | 56 | |

28 / 29

Market risk

General

We use the advanced approach for calculating the market risk capital requirements for the majority of our market risk exposures. The percentage of RWA covered by internal models as of June 30, 2017 was 80%. In line with regulatory requirements, the standardized measurement method is used for the specific risk of securitization exposures. Aside from securitization exposures the standardized approach is used to determine market risk capital for the remainder of positions of our market risk exposure.

Market risk under standardized approach

The following table shows the components of the capital requirement under the standardized approach for market risk.

MR1 – Market risk under standardized approach

| end of | 2Q17 | 4Q16 |
|---|---|---|
| Risk-weighted assets (CHF million) | | |
| **Options** | | |
| Securitization | 3,597 | 3,965 |
| **Total risk-weighted assets** | **3,597** | **3,965** |

Market risk under internal model approach

RWA flow statements of market risk exposures under an IMA

The following table presents the 2Q17 flow statement explaining variations in the market risk RWA determined under an internal model approach.

Market risk RWA decreased CHF 2.0 billion in 2Q17, primarily due movement in risk levels, partially offset by increases relating to model and parameter updates and a foreign exchange impact.

MR2 – Risk-weighted assets flow statements of market risk exposures under an internal model approach

| 2Q17 | Regulatory VaR | Stressed VaR | IRC | Other[1] | Total RWA |
|---|---|---|---|---|---|
| CHF million | | | | | |
| **Risk-weighted assets at beginning of period** | **2,133** | **4,867** | **2,549** | **6,920** | **16,469** |
| Regulatory adjustment | 1,656 | (285) | (103) | 0 | 1,268 |
| **Risk-weighted assets at beginning of period (end of day)** | **3,789** | **4,582** | **2,446** | **6,920** | **17,737** |
| Movement in risk levels | (2,261) | (461) | (456) | (567) | (3,745) |
| Model and parameter updates | 858 | 64 | 0 | 0 | 922 |
| Methodology and policy changes | (24) | (24) | (278) | (108) | (434) |
| Foreign exchange impact | (71) | (140) | (73) | (209) | (493) |
| **Risk-weighted assets at end of period (end of day)** | **2,291** | **4,021** | **1,639** | **6,036** | **13,987** |
| Regulatory adjustment | (109) | 208 | 337 | 29 | 465 |
| **Risk-weighted assets at end of period** | **2,182** | **4,229** | **1,976** | **6,065** | **14,452** |

1

Risks not in VaR.

Definitions of risk-weighted assets movement components related to market risk

| Description | Definition |
|---|---|
| **RWA as of the end of the previous and current reporting periods** | Represents RWA at quarter-end |
| **Regulatory adjustment** | Indicates the difference between RWA and RWA (end of day) at beginning and end of period |
| **RWA as of the previous and current quarters end (end of day)** | For a given component (e.g. VaR) it refers to the RWA that would be computed if the snapshot |

| | |
|---|---|
| | quarter end figure of the component determines the quarter end RWA, as opposed to a 60-day average for regulatory |
| **Movement in risk levels** | Represents movements due to position changes |
| **Model and parameter updates** | Represents movements arising from updates to model parameters and model changes |
| **Methodology and policy changes** | Represents movements due to methodology changes in calculations driven by regulatory policy changes, including both revisions to existing regulations and new regulations |
| **Acquisitions and disposals** | Represents changes in book sizes due to acquisitions and disposals of entities |
| **Foreign exchange impact** | Represents changes in exchange rates of the transaction currencies compared to the Swiss franc |
| **Other** | Represents changes that cannot be attributed to any other category |

30

Internal model approach values for trading portfolios

The following table shows the values (maximum, minimum, average and period ending for the reporting period) resulting from the different types of models used for computing regulatory capital charge at the Group level, before any additional capital charge is applied.

MR3 – Regulatory VaR, stressed VaR and Incremental Risk Charge

| in / end of | 6M17 | 2016 |
|---|---|---|
| CHF million | | |
| **Regulatory VaR (10 day 99%)** | | |
| Maximum value | 104 | 190 |
| Average value | 58 | 79 |
| Minimum value | 37 | 47 |
| Period end | 61 | 59 |
| **Stressed VaR (10 day 99%)** | | |
| Maximum value | 205 | 336 |
| Average value | 120 | 171 |
| Minimum value | 86 | 119 |
| Period end | 107 | 144 |
| **IRC (99.9%)** | | |
| Maximum value | 272 | 357 |
| Average value | 177 | 212 |
| Minimum value | 131 | 65 |
| Period end | 131 | 188 |

During 6M17, stressed VaR decreased, primarily driven by defensive equity positioning and methodology improvements for more complex products. IRC decreases were mainly driven by increased credit protection and methodology improvements in capturing migration risk.

Comparison of VaR estimates with gains/losses

The following chart compares the results of estimates from the regulatory VaR model with both hypothetical and actual trading outcomes.

The key difference between hypothetical P&L and actual P&L is that actual P&L takes into account the P&L from intraday activity while hypothetical P&L does not. The dispersion of trading revenues indicates the day-to-day volatility in our trading activities.

In the 6-month period through ending June 30, 2017, we had no backtesting exceptions in our regulatory VaR model calculated using the subset of actual daily trading revenues.

Since there were fewer than five backtesting exceptions in the rolling 12-month period through the end of 2Q17, in line with Bank for International Settlements (BIS) industry guidelines, the VaR model is deemed to be statistically valid. Reserves are included within the backtesting process, while fees and commissions are excluded from actual P&L.

For capital purposes, 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 calculated using the subset of the actual daily trading revenues.

31

Reconciliation requirements

Balance sheet

The following table shows the balance sheet as published in the consolidated financial statements of the Group and the balance sheet under the regulatory scope of consolidation. The reference indicates how such assets and liabilities are considered in the composition of regulatory capital.

> Refer to "Principles of consolidation" (page 8) in Linkages between financial statements and regulatory disclosures – Differences between accounting and regulatory scopes of consolidation in the Pillar 3 and regulatory disclosures – Credit Suisse Group AG 2016 for information on key differences between the accounting and the regulatory scope of consolidation.

> Refer to "Note 3 – Business developments" (page 97) in III – Condensed consolidated financial statements – unaudited in the Credit Suisse 2Q17 Financial Report for information on changes in the scope of consolidation.

> Refer to "Note 40 – Significant subsidiaries and equity method investments" (pages 383 to 385) in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2016 for a list of significant subsidiaries and associated entities.

> Refer to "Liquidity and funding management" (pages 108 to 113) in III – Treasury, Risk, Balance sheet and Off-balance sheet and "Note 37 – Capital adequacy" (page 372) in V – Consolidated financial statements – Credit Suisse Group in the Credit Suisse Annual Report 2016 for information on restrictions on transfer of funds or regulatory capital.

Balance sheet

| end of 2Q17 | Financial statements | Balance sheet Regulatory scope of consolidation | Reference to composition of capital |
|---|---|---|---|
| Assets (CHF million) | | | |
| Cash and due from banks | 110,332 | 109,836 | |
| Interest-bearing deposits with banks | 641 | 1,035 | |
| Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions | 129,347 | 123,472 | |
| Securities received as collateral, at fair value | 33,385 | 33,385 | |
| Trading assets, at fair value | 140,981 | 135,900 | |
| Investment securities | 2,281 | 1,902 | |
| Other investments | 6,633 | 6,426 | |
| Net loans | 273,865 | 274,398 | |
| Premises and equipment | 4,525 | 4,592 | |
| Goodwill | 4,673 | 4,673 | a |
| Other intangible assets | 195 | 195 | |
| of which other intangible assets (excluding mortgage servicing rights) | 67 | 67 | b |
| Brokerage receivables | 40,279 | 40,245 | |
| Other assets | 36,274 | 35,017 | |
| of which deferred tax assets related to net operating losses | 2,787 | 2,787 | c |
| of which deferred tax assets from temporary differences | 4,755 | 4,592 | d |
| of which defined-benefit pension fund net assets | 1,412 | 1,412 | e |
| **Total assets** | **783,411** | **771,076** | |

Balance sheet (continued)

| end of 2Q17 | Financial statements | Balance sheet Regulatory scope of consolidation | Reference to composition of capital |
|---|---|---|---|
| Liabilities and equity (CHF million) | | | |
| Due to banks | 17,654 | 18,354 | |
| Customer deposits | 356,674 | 356,781 | |
| Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions | 30,711 | 30,711 | |
| Obligation to return securities received as collateral, at fair value | 33,385 | 33,385 | |
| Trading liabilities, at fair value | 43,535 | 43,573 | |
| Short-term borrowings | 17,237 | 11,408 | |
| Long-term debt | 176,700 | 175,348 | |
| Brokerage payables | 33,545 | 33,544 | |
| Other liabilities | 30,134 | 24,255 | |
| **Total liabilities** | **739,575** | **727,359** | |
| of which additional tier 1 instruments, fully eligible | 12,796 | 12,796 | g |
| of which additional tier 1 instruments subject to phase-out | 2,631 | 2,631 | h |
| of which tier 2 instruments, fully eligible | 4,034 | 4,034 | i |
| of which tier 2 instruments subject to phase-out | 3,934 | 3,934 | j |
| Common shares | 102 | 103 | |
| Additional paid-in capital | 35,465 | 35,465 | |
| Retained earnings | 26,855 | 26,818 | |
| Treasury shares, at cost | (40) | (36) | |
| Accumulated other comprehensive income/(loss) | (18,889) | (18,858) | |
| **Total shareholders' equity** [1] | **43,493** | **43,492** | |
| Noncontrolling interests [2] | 343 | 225 | |
| **Total equity** | **43,836** | **43,717** | |
| **Total liabilities and equity** | **783,411** | **771,076** | |

1
Eligible as CET1 capital, prior to regulatory adjustments.
2
The difference between the accounting and regulatory scope of consolidation primarily represents private equity and other fund type vehicles, which FINMA does not require to consolidate for capital adequacy reporting.

33

Composition of BIS regulatory capital

The following tables provide details on the composition of BIS regulatory capital and details on common equity tier 1 (CET1) capital adjustments subject to phase-in as well as details on additional tier 1 capital and tier 2 capital.

Composition of BIS regulatory capital

| end of | 2Q17 |
| --- | --- |
| Eligible capital (CHF million) | |
| **Total shareholders' equity (US GAAP)** | **43,493** |
| Regulatory adjustments | (372)[1] |
| Adjustments subject to phase-in | (6,110)[2] |
| **CET1 capital** | **37,011** |
| Additional tier 1 instruments | 12,220[3] |
| Additional tier 1 instruments subject to phase-out | 2,631[4] |
| Deductions from additional tier 1 capital | (602)[5] |
| **Additional tier 1 capital** | **14,249** |
| **Tier 1 capital** | **51,260** |
| Tier 2 instruments | 4,034[6] |
| Tier 2 instruments subject to phase-out | 1,281 |
| Deductions from tier 2 capital | (49) |
| **Tier 2 capital** | **5,266** |
| **Total eligible capital** | **56,526** |

1
Includes regulatory adjustments not subject to phase-in, including a cumulative dividend accrual.
2
Reflects 80% phase-in deductions, including goodwill, other intangible assets and certain deferred tax assets, and 20% of an adjustment primarily for the accounting treatment of pension plans pursuant to phase-in requirements.
3
Consists of high-trigger and low-trigger capital instruments. Of this amount, CHF 7.4 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 4.8 billion consists of capital instruments with a capital ratio write-down trigger of 5.125%.
4
Includes hybrid capital instruments that are subject to phase-out.
5
Includes 20% of goodwill and other intangible assets (CHF 1.0 billion) and other capital deductions, including the regulatory reversal of gains/(losses) due to changes in own credit risk on fair-valued financial liabilities, which will be deducted from CET1 once Basel III is fully implemented.
6
Consists of low-trigger capital instruments with a capital ratio write-down trigger of 5%.

The following tables provide details on CET1 capital adjustments subject to phase-in and details on additional tier 1 capital and tier 2 capital. The column "Transition amount" represents the amounts that have been recognized in eligible capital as of June 30, 2017. The column "Amount to be phased in" represents those amounts that are still to be phased in as CET1 capital adjustments through year-end 2018.

Details on CET1 capital adjustments subject to phase-in

| end of 2Q17 | Balance sheet | Reference to balance sheet[1] | Regulatory adjustments | Total | Transition amount[2] | Amount to be phased in |
|---|---|---|---|---|---|---|
| CET1 capital adjustments subject to phase-in (CHF million) | | | | | | |
| Accounting treatment of defined benefit pension plans | – | | – | – | 600 | (600) |
| Common share capital issued by subsidiaries and held by third parties | – | | – | – | 45 | (45) |
| Goodwill | 4,673 | a | (20)[3] | 4,653 | (3,722) | (931)[4] |
| Other intangible assets (excluding mortgage-servicing rights) | 67 | b | (5)[5] | 62 | (49) | (12)[4] |
| Deferred tax assets that rely on future profitability (excluding temporary differences) | 2,787 | c | – | 2,787 | (2,230) | (557)[6] |
| Shortfall of provisions to expected losses | – | | 496 | 496 | (396) | (99)[7] |
| Gains/(losses) due to changes in own credit on fair-valued liabilities | – | | (1,853) | (1,853) | 1,483 | 371[8] |
| Defined-benefit pension assets | 1,412 | e | (337)[5] | 1,075 | (860) | (215)[6] |
| Investments in own shares | – | | 5 | 5 | (4) | (1)[4] |
| Other adjustments[9] | – | | (13) | (13) | 10 | 3[4] |
| Amounts above 10% threshold | 4,592 | | (3,356) | 1,236 | (987) | (249) |
| of which deferred tax assets from temporary differences | 4,592 | d | (3,356)[10] | 1,236 | (987) | (249)[6] |
| **Adjustments subject to phase-in to CET1 capital** | | | | | **(6,110)** | **(2,335)** |

Rounding differences may occur.

1
Refer to the balance sheet under regulatory scope of consolidation in the table "Balance sheet". Only material items are referenced to the balance sheet.

2
Reflects 80% phase-in deductions, including goodwill, other intangible assets and certain deferred tax assets, and 20% of an adjustment primarily for the accounting treatment of pension plans pursuant to phase-in requirements.

3
Represents related deferred tax liability and goodwill on equity method investments.

4
Deducted from additional tier 1 capital.

5
Represents related deferred tax liability.

6
Risk-weighted.

7
50% deducted from additional tier 1 capital and 50% from tier 2 capital.
8
Includes CHF 388 million related to debt instruments deducted from additional tier 1 capital.
9
Includes cash flow hedge reserve.
10
Includes threshold adjustments of CHF (3,800) million and an aggregate of CHF 442 million related to the add-back of deferred tax liabilities on goodwill, other intangible assets, mortgage servicing rights and pension assets that are netted against deferred tax assets under US GAAP.
35

Details on additional tier 1 capital and tier 2 capital

| end of 2Q17 | Balance sheet | Reference to balance sheet[1] | Regulatory adjustments | Total | Transition amount |
| --- | --- | --- | --- | --- | --- |
| Additional tier 1 capital (CHF million) | | | | | |
| Additional tier 1 instruments [2] | 12,796 | g | (576)[3] | 12,220 | 12,220 |
| Additional tier 1 instruments subject to phase-out [2] | 2,631 | h | 0 | 2,631 | 2,631 |
| **Total additional tier 1 instruments** | | | | | **14,851** |
| **Deductions from additional tier 1 capital** | | | | | |
| Goodwill | | | | | (931)[4] |
| Other intangible assets (excluding mortgage-servicing rights) | | | | | (12)[4] |
| Shortfall of provisions to expected losses | | | | | (49) |
| Gains/(losses) due to changes in own credit on fair-valued financial liabilities | | | | | 388 |
| Investments in own shares | | | | | (1) |
| Other deductions | | | | | 3 |
| **Deductions from additional tier 1 capital** | | | | | **(602)** |
| **Additional tier 1 capital** | | | | | **14,249** |
| Tier 2 capital (CHF million) | | | | | |
| Tier 2 instruments | 4,034 | i | – | 4,034 | 4,034 |
| Tier 2 instruments subject to phase-out | 3,934 | j | (2,653)[5] | 1,281 | 1,281 |
| **Total tier 2 instruments** | | | | | **5,315** |
| **Deductions from tier 2 capital** | | | | | |
| Shortfall of provisions to expected losses | | | | | (49) |
| **Deductions from tier 2 capital** | | | | | **(49)** |
| **Tier 2 capital** | | | | | **5,266** |

1
Refer to the balance sheet under regulatory scope of consolidation in the table "Balance sheet". Only material items are referenced to the balance sheet.
2
Classified as liabilities under US GAAP.
3
Includes the reversal of gains/(losses) due to changes in own credit spreads on fair valued capital instruments.
4
Net of related deferred tax liability.
5
Primarily includes the impact of the prescribed amortization requirements as instruments move closer to their maturity.

Additional information

| end of | 2Q17 |
| --- | --- |
| Risk-weighted assets related to amounts subject to phase-in (CHF million) | |

| | |
|---|---|
| Adjustment for accounting treatment of pension plans | 763 |
| Defined-benefit pension assets | 215 |
| Deferred tax assets | 80 |
| **Risk-weighted assets related to amounts subject to phase-in** | **1,058** |
| Amounts below the thresholds for deduction (before risk weighting) (CHF million) | |
| **Non-significant investments in BFI entities** | **3,365** |
| Significant investments in BFI entities | 695 |
| Mortgage servicing rights | 98[1] |
| Deferred tax assets arising from temporary differences | 3,800[1] |
| Applicable caps on the inclusion of provisions in tier 2 (CHF million) | |
| Cap on inclusion of provisions in tier 2 under standardized approach | 101 |
| Cap for inclusion of provisions in tier 2 under internal ratings-based approach | 845 |

1
Net of related deferred tax liability.

36

Additional regulatory disclosures

Swiss capital requirements

The FINMA circular requires certain additional disclosures for systemically relevant financial institutions and stand-alone banks. The following tables show the capital requirements based on capital ratios and leverage ratio.

> Refer to "Swiss requirements" (pages 55 to 57) in II – Treasury, risk, balance sheet and off-balance sheet in the Credit Suisse 2Q17 Financial Report for further information on Swiss capital requirements.

Swiss capital requirements and metrics

| | Phase-in | | Look-through | |
|---|---|---|---|---|
| end of 2Q17 | CHF million | in % of RWA | CHF million | in % of RWA |
| **Swiss risk-weighted assets** | | | | |
| Swiss risk-weighted assets | 261,580 | – | 259,999 | – |
| **Risk-based capital requirements (going-concern) based on Swiss capital ratios** | | | | |
| Total | 31,870 | 12.184 | 37,660 | 14.485 |
| of which CET1: minimum | 15,172 | 5.8 | 11,700 | 4.5 |
| of which CET1: buffer | 8,371 | 3.2 | 14,300 | 5.5 |
| of which CET1: countercyclical buffer | 481 | 0.184 | 480 | 0.185 |
| of which additional tier 1: minimum | 5,755 | 2.2 | 9,100 | 3.5 |
| of which additional tier 1: buffer | 2,093 | 0.8 | 2,080 | 0.8 |
| **Swiss eligible capital (going-concern)** | | | | |
| Swiss CET1 capital and additional tier 1 capital [1] | 53,118 | 20.3 | 46,538 | 17.9 |
| of which CET1 capital [2] | 36,865 | 14.1 | 34,319 | 13.2 |
| of which additional tier 1 high-trigger capital instruments | 7,417 | 2.8 | 7,417 | 2.9 |
| of which additional tier 1 low-trigger capital instruments [3] | 4,802 | 1.8 | 4,802 | 1.8 |
| of which tier 2 low-trigger capital instruments [4] | 4,034 | 1.5 | 0 | 0.0 |
| **Risk-based requirement for additional total loss-absorbing capacity (gone-concern) based on Swiss capital ratios** | | | | |
| Total | 14,921 [5] | 5.704 [5] | 32,183 | 12.378 |
| **Eligible additional total loss-absorbing capacity (gone-concern)** | | | | |
| Total | 29,487 [6] | 11.3 | 29,065 | 11.2 |
| of which bail-in instruments | 25,031 | 9.6 | 25,031 | 9.6 |

1
Excludes tier 1 capital which is used to fulfill gone-concern requirements.

2
Excludes CET1 capital which is used to fulfill gone-concern requirements.

3
If issued before July 1, 2016, such capital instruments qualify as additional tier 1 high-trigger capital instruments until their first call date according to the transitional Swiss "Too Big to Fail" rules.

4
If issued before July 1, 2016, such capital instruments qualify as additional tier 1 high-trigger capital instruments no later than December 31, 2019 according to the transitional Swiss "Too Big to Fail" rules.

5
The total loss-absorbing capacity (gone concern) requirement of 6.2% was reduced by 0.496%, or CHF 1,297 million, reflecting rebates in accordance with article 133 of the CAO.

6
Includes CHF 4,456 million of capital instruments (additional tier 1 instruments subject to phase-out, tier 2 instruments subject to phase-out, tier 2 amortization component and certain deductions) which, under the phase-in rules, continue to count as gone concern capital.
37

Swiss leverage requirements and metrics

| | Phase-in | | Look-through | |
|---|---|---|---|---|
| end of 2Q17 | CHF million | in % of LRD | CHF million | in % of LRD |
| **Leverage exposure** | | | | |
| Leverage ratio denominator | 909,219 | – | 906,194 | – |
| **Unweighted capital requirements (going-concern) based on Swiss leverage ratio** | | | | |
| Total | 31,823 | 3.5 | 45,310 | 5.0 |
| of which CET1: minimum | 19,094 | 2.1 | 13,593 | 1.5 |
| of which CET1: buffer | 4,546 | 0.5 | 18,124 | 2.0 |
| of which additional tier 1: minimum | 8,183 | 0.9 | 13,593 | 1.5 |
| **Swiss eligible capital (going-concern)** | | | | |
| Swiss CET1 capital and additional tier 1 capital [1] | 53,118 | 5.8 | 46,538 | 5.1 |
| of which CET1 capital [2] | 36,865 | 4.1 | 34,319 | 3.8 |
| of which additional tier 1 high-trigger capital instruments | 7,417 | 0.8 | 7,417 | 0.8 |
| of which additional tier 1 low-trigger capital instruments [3] | 4,802 | 0.5 | 4,802 | 0.5 |
| of which tier 2 low-trigger capital instruments [4] | 4,034 | 0.4 | 0 | 0.0 |
| **Unweighted requirements for additional total loss-absorbing capacity (gone-concern) based on Swiss leverage ratio** | | | | |
| Total | 16,730 [5] | 1.84 [5] | 39,692 | 4.38 |
| **Eligible additional total loss-absorbing capacity (gone-concern)** | | | | |
| Total | 29,487 [6] | 3.2 | 29,065 | 3.2 |
| of which bail-in instruments | 25,031 | 2.8 | 25,031 | 2.8 |

1
Excludes tier 1 capital which is used to fulfill gone-concern requirements.
2
Excludes CET1 capital which is used to fulfill gone-concern requirements.
3
If issued before July 1, 2016, such capital instruments qualify as additional tier 1 high-trigger capital instruments until their first call date according to the transitional Swiss "Too Big to Fail" rules.
4
If issued before July 1, 2016, such capital instruments qualify as additional tier 1 high-trigger capital instruments no later than December 31, 2019 according to the transitional Swiss "Too Big to Fail" rules.
5
The total loss-absorbing capacity (gone concern) requirement of 2.0% was reduced by 0.16%, or CHF 1,455 million, reflecting rebates in accordance with article 133 of the CAO.
6
Includes CHF 4,456 million of capital instruments (additional tier 1 instruments subject to phase-out, tier 2 instruments subject to phase-out, tier 2 amortization component and certain deductions) which, under the phase-in rules, continue to count as gone concern capital.

38

Leverage metrics

Beginning in 1Q15, Credit Suisse adopted the BIS leverage ratio framework, as issued by the BCBS and implemented in Switzerland by FINMA.

> Refer to "Leverage metrics" (page 128) in III – Treasury, Risk, Balance sheet and Off-balance sheet – Capital management in the Credit Suisse Annual Report 2016 and "Leverage metrics" (page 63) in II – Treasury, risk, balance sheet and off-balance sheet in the Credit Suisse 2Q17 Financial Report for further information on leverage metrics.

Reconciliation of consolidated assets to leverage exposure – Phase-in

| end of | 2Q17 |
|---|---|
| Reconciliation of consolidated assets to leverage exposure (CHF million) | |
| Total consolidated assets as per published financial statements | 783,411 |
| Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation [1] | (12,210) |
| Adjustments for derivatives financial instruments | 87,106 |
| Adjustments for SFTs (i.e. repos and similar secured lending) | (23,788) |
| Adjustments for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | 74,700 |
| **Total leverage exposure** | **909,219** |

1
Includes adjustments for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation and tier 1 capital deductions related to balance sheet assets.

BIS leverage ratio common disclosure template – Phase-in

| end of | 2Q17 |
|---|---|
| Reconciliation of consolidated assets to leverage exposure (CHF million) | |
| On-balance sheet items (excluding derivatives and SFTs, but including collateral) | 574,214 |
| Asset amounts deducted from Basel III tier 1 capital | (8,403) |
| **Total on-balance sheet exposures** | **565,811** |
| Reconciliation of consolidated assets to leverage exposure (CHF million) | |
| Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin) | 24,313 |
| Add-on amounts for PFE associated with all derivatives transactions | 87,461 |
| Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | 24,833 |
| Deductions of receivables assets for cash variation margin provided in derivatives transactions | (22,819) |
| Exempted CCP leg of client-cleared trade exposures | (13,223) |
| Adjusted effective notional amount of all written credit derivatives | 193,236 |
| Adjusted effective notional offsets and add-on deductions for written credit derivatives | (185,651) |
| **Derivative Exposures** | **108,150** |
| Securities financing transaction exposures (CHF million) | |
| Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions | 182,203 |
| Netted amounts of cash payables and cash receivables of gross SFT assets | (31,241) |
| Counterparty credit risk exposure for SFT assets | 9,596 |
| Agent transaction exposures | 0 |
| **Securities financing transaction exposures** | **160,558** |
| Other off-balance sheet exposures (CHF million) | |
| Off-balance sheet exposure at gross notional amount | 234,946 |
| Adjustments for conversion to credit equivalent amounts | (160,246) |
| **Other off-balance sheet exposures** | **74,700** |
| Tier 1 capital (CHF million) | |
| **Tier 1 capital** | **51,260** |
| Leverage exposure (CHF million) | |
| **Total leverage exposure** | **909,219** |

| | |
|---|---|
| Leverage ratio (%) | |
| **Basel III leverage ratio** | **5.6** |

39

Liquidity coverage ratio

Our calculation methodology for the liquidity coverage ratio is prescribed by FINMA. For disclosure purposes our LCR is calculated using a three-month average which, beginning in 1Q17, is measured using daily calculations during the quarter rather than the month-end metrics used before. This change in the LCR averaging methodology resulted from updated FINMA requirements that became effective January 1, 2017.

> Refer to "Liquidity metrics" (pages 110 to 111) in III – Treasury, Risk, Balance sheet and Off-balance sheet – Liquidity and funding management in the Credit Suisse Annual Report 2016 and "Liquidity metrics" (pages 51 to 52) in II – Treasury, risk, balance sheet and off-balance sheet in the Credit Suisse 2Q17 Financial Report for further information on the Group's liquidity management including high quality liquid assets, liquidity pool and liquidity coverage ratio.

Liquidity coverage ratio

| end of 2Q17 | Unweighted value[1] | Weighted value[2] |
|---|---|---|
| High Quality Liquid Assets (CHF million) | | |
| High quality liquid assets | 159,624 | 158,797 |
| Cash outflows (CHF million) | | |
| Retail deposits and deposits from small business customers | 151,856 | 19,053 |
| of which less stable deposits | 151,856 | 19,053 |
| Unsecured wholesale funding | 211,249 | 83,985 |
| of which operational deposits (all counterparties) and deposits in networks of cooperative banks | 32,093 | 8,023 |
| of which non-operational deposits (all counterparties) | 103,267 | 61,921 |
| of which unsecured debt | 12,833 | 12,833 |
| Secured wholesale funding | – | 70,155 |
| Additional requirements | 181,427 | 40,321 |
| of which outflows related to derivative exposures and other collateral requirements | 78,286 | 19,013 |
| of which outflows related to loss of funding on debt products | 1,718 | 1,718 |
| of which credit and liquidity facilities | 101,423 | 19,590 |
| Other contractual funding obligations | 77,177 | 77,177 |
| Other contingent funding obligations | 238,491 | 6,863 |
| **Total cash outflows** | **–** | **297,554** |
| Cash inflows (CHF million) | | |
| Secured lending | 140,628 | 90,958 |
| Inflows from fully performing exposures | 61,248 | 31,216 |
| Other cash inflows | 79,132 | 79,132 |
| **Total cash inflows** | **–** | **201,306** |
| Liquidity cover ratio | | |
| High quality liquid assets (CHF million) | – | 158,797 |
| Net cash outflows (CHF million) | – | 96,248 |
| **Liquidity coverage ratio (%)** | **–** | **165** |

Calculated using a three-month average, which is calculated on a daily basis.

1

Calculated as outstanding balances maturing or callable within 30 days.

2

Calculated after the application of haircuts for high quality liquid assets or inflow and outflow rates.

40

Minimum disclosures for large banks

The following table shows the Group's minimum disclosure requirements for large banks prepared in accordance with Swiss Capital Adequacy Ordinance (CAO) for non-systemically relevant financial institutions.

Key metrics for non-systemically relevant financial institutions

| end of 2Q17 | Phase-in |
|---|---|
| CHF million, except where indicated | |
| Minimum required capital (8% of risk-weighted assets) | 20,926 |
| Swiss total eligible capital | 56,380 |
| of which Swiss CET1 capital | 36,865 |
| of which Swiss tier 1 capital | 51,114 |
| Swiss risk-weighted assets | 261,580 |
| Swiss CET1 ratio (%) | 14.1 |
| Swiss tier 1 ratio (%) | 19.5 |
| Swiss total capital ratio (%) | 21.6 |
| Countercyclical buffer (%) | 0.184 |
| Swiss CET1 ratio requirement (%) [1] | 8.384 |
| Swiss tier 1 ratio requirement (%) [1] | 10.384 |
| Swiss total capital ratio requirement (%) [1] | 12.984 |
| Swiss leverage ratio based on tier 1 capital (%) | 5.6 |
| Leverage exposure | 909,219 |
| Liquidity coverage ratio (%) [2] | 165 |
| Numerator: total high quality liquid assets | 158,797 |
| Denominator: net cash outflows | 96,248 |

Reflects the view as if the Group was not a Swiss SIFI. Refer to "Swiss capital requirements and metrics" and "Swiss leverage requirements and metrics" tables for the Swiss SIFI view.

1

The capital requirements are in accordance with Appendix 8 of the CAO, plus the countercyclical buffer.

2

Calculated using a three-month average, which is calculated on a daily basis.

41

List of abbreviations

| | |
|---|---|
| A | |
| ABS | Asset-backed securities |
| A-IRB | Advanced-Internal Ratings-Based Approach |
| B | |
| BCBS | Basel Committee on Banking Supervision |
| BFI | Banking, financial and insurance |
| BIS | Bank for International Settlements |
| C | |
| CAO | Capital Adequacy Ordinance |
| CCF | Credit Conversion Factor |
| CCP | Central counterparties |
| CCR | Counterparty credit risk |
| CDO | Collateralized debt obligation |
| CDS | Credit default swap |
| CEM | Current exposure method |
| CET1 | Common equity tier 1 |
| CLO | Collateralized loan obligation |
| CRM | Credit Risk Mitigation |
| CVA | Credit valuation adjustment |
| E | |
| EAD | Exposure at default |
| EEPE | Effective Expected Positive Exposure |
| F | |
| FINMA | Swiss Financial Market Supervisory Authority FINMA |
| G | |
| G-SIB | Global systemically important banks |
| I | |
| IMM | Internal Models Method |
| IPRE | Income producing real estate |
| IRB | Internal Ratings-Based Approach |
| IRC | Incremental Risk Charge |
| L | |
| LCR | Liquidity coverage ratio |
| LGD | Loss given default |
| LRD | Leverage ratio denominator |
| O | |
| OTC | Over-the-counter |
| P | |
| PD | Probability of default |
| PFE | Potential future exposure |
| Q | |
| QCCP | Qualifying central counterparty |
| R | |
| RBA | Ratings-Based Approach |
| RW | Risk weight |
| RWA | Risk-weighted assets |
| S | |
| SA | Standardized Approach |
| SA-CCR | Standardized Approach - counterparty credit risk |
| SFA | Supervisory Formula Approach |

| | |
|---|---|
| SFT | Securities Financing Transactions |
| SIFI | Systemically Important Financial Institution |
| SSFA | Simplified Supervisory Formula Approach |
| T | |
| TLAC | Total loss absorbing capacity |
| U | |
| US GAAP | Accounting principles generally accepted in the US |
| V | |
| VaR | Value-at-Risk |

42

**Cautionary statement regarding forward-looking information**

This report contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

– our plans, objectives or goals;
– our future economic performance or prospects;
– the potential effect on our future performance of certain contingencies; and
– assumptions underlying any such statements.

Words such as “believes,” “anticipates,” “expects,” “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities laws.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

– the ability to maintain sufficient liquidity and access capital markets;
– market volatility and interest rate fluctuations and developments affecting interest rate levels;
– the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries or in emerging markets in 2017 and beyond;
– the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
– adverse rating actions by credit rating agencies in respect of sovereign issuers, structured credit products or other credit-related exposures;
– the ability to achieve our strategic objectives, including cost efficiency, net new asset, pre-tax income/(loss), capital ratios and return on regulatory capital, leverage exposure threshold, risk-weighted assets threshold, and other targets and ambitions;
– the ability of counterparties to meet their obligations to us;
– the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
– political and social developments, including war, civil unrest or terrorist activity;
– the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
– operational factors such as systems failure, human error, or the failure to implement procedures properly;
– the risk of cyberattacks on our business or operations;
– actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
– the effects of changes in laws, regulations or accounting policies or practices in countries in which we conduct our operations;
– the potential effects of proposed changes in our legal entity structure;
– competition in geographic and business areas in which we conduct our operations;
– the ability to retain and recruit qualified personnel;
– the ability to maintain our reputation and promote our brand;
– the ability to increase market share and control expenses;
– technological changes;
– the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
– acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
– the adverse resolution of litigation, regulatory proceedings, and other contingencies; and
– other unforeseen or unexpected events and our success at managing these and the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, including the information set forth in “Risk factors” in I – Information on the company in our Annual Report 2016.