

# VIII

## **Parent company financial statements – Credit Suisse (Bank)**

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**KPMG AG**  
**Audit Financial Services**  
Badenerstrasse 172  
CH-8004 Zurich

Postfach  
CH-8026 Zurich

Telefon +41 58 249 31 31  
Telefax +41 58 249 44 06  
Internet [www.kpmg.ch](http://www.kpmg.ch)

## Report of the Statutory Auditor on the Financial Statements to the General Meeting of

### **Credit Suisse AG, Zurich**

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As statutory auditor, we have audited the accompanying financial statements of Credit Suisse AG (the "Bank"), which comprise the balance sheet, statements of income and notes for the year ended December 31, 2013.

#### *Board of Directors' Responsibility*

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Bank's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements for the year ended December 31, 2013 comply with Swiss law and the Bank's articles of incorporation.



*Credit Suisse AG, Zurich  
Report of the Statutory Auditor  
on the Financial Statements  
to the General Meeting*

**Report on Other Legal and Regulatory Requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) (Switzerland) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Bank's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to read 'S. Ryder', written over a light blue horizontal line.

Simon Ryder  
*Licensed Audit Expert  
Auditor in Charge*

A handwritten signature in black ink, appearing to read 'R. Dicht', written over a light blue horizontal line.

Ralph Dicht  
*Licensed Audit Expert*

Zurich, Switzerland  
April 3, 2014

## Financial review

The Credit Suisse AG (Bank) parent company (Bank parent company) recorded net operating income of CHF 11,117 million in 2013, up 9% compared to CHF 10,235 million in 2012. After deduction of operating expenses totaling CHF 6,641 million, down 7% from 2012, gross operating profit was CHF 4,476 million, up CHF 1,351 million, or 43%, compared to 2012.

Depreciation of noncurrent assets of CHF 2,894 million, which included a CHF 2,092 million impairment of participating interests, decreased from CHF 3,267 million in 2012. Valuation adjustments, provisions and losses of CHF 773 million in 2013 was up CHF 247 million, or 47%, compared to 2012 and included CHF 600 million in connection with the US tax matter, including CHF 175 million in connection with the settlement with the SEC in February 2014. The resulting operating profit in 2013 was CHF 809 million, compared to an operating loss of CHF 668 million in 2012. The Bank parent company recorded net profit of CHF 1,066 million in 2013, compared to a net profit of CHF 183 million in 2012.

Net interest income of CHF 3,631 million in 2013 increased CHF 640 million, or 21%, compared to 2012. Net commission and service fee activities of CHF 5,234 million in 2013 increased CHF 179 million, or 4%, compared to 2012. The Bank parent company reported net trading income of CHF 801 million, up CHF 655 million from 2012, mainly due to trading gains in equity instruments and reduced trading losses in credit products included in other trading losses, partially offset by trading losses in interest-related instruments. Net other ordinary income was CHF 1,451 million compared to CHF 2,043 million in 2012. The decrease of CHF 592 million, or 29%, was mainly related to reduced income from the disposal of financial investments, a decrease in income received from services provided for other companies of Credit Suisse Group (Group) and lower income from participating interests.

Operating expenses of CHF 6,641 million were down CHF 469 million, or 7%, compared to 2012. Personnel expenses decreased CHF 464 million, or 9%. Property, equipment and administrative costs were stable at CHF 2,016 million. Extraordinary income in 2013 of CHF 807 million reflected realized gains from the sale of real estate of CHF 156 million, the release of replacement reserves totaling CHF 320 million and realized gains from the disposal of participating interests of CHF 230 million, mainly related to the sale of the exchange-traded funds (ETF) business to BlackRock and the sale of the equity and debt underwriting and advisory services businesses in France to Credit Suisse Securities (Europe) Ltd., a subsidiary of the Bank parent company. Other extraordinary income of CHF 101 million was substantially all related to prior periods. The losses realized on the disposal of participating interests included realized losses of CHF 218 million from the partial redemption of ordinary shares in Credit Suisse Capital (Guernsey) I Limited in December 2013, and realized losses of CHF 70 million from the repatriation and liquidation of three participating interests.

Changes in shareholder's equity included a capital contribution by the shareholder of CHF 4,468 million, of which CHF 3,578 million related to a contribution in kind of preferred shares in Credit Suisse Holdings (USA), Inc. from the Credit Suisse Group AG to the Bank parent company.

At the Annual General Meeting on May 9, 2014, the registered shareholders will be asked to approve the Board of Directors' proposed appropriation of retained earnings, which includes a dividend of CHF 10 million.

# Parent company financial statements

## Statements of income

	Reference to notes	2013	in 2012
<b>Net interest income (CHF million)</b>			
Interest and discount income		8,192	8,436
Interest and dividend income from trading portfolio		916	956
Interest and dividend income from financial investments		29	37
Interest expense		(5,506)	(6,438)
<b>Net interest income</b>	3	<b>3,631</b>	<b>2,991</b>
<b>Net commission and service fee activities (CHF million)</b>			
Commission income from lending transactions		791	749
Securities and investment commissions		4,403	4,193
Other commission and fee income		723	707
Commission expense		(683)	(594)
<b>Net commission and service fee activities</b>		<b>5,234</b>	<b>5,055</b>
<b>Net trading income</b>	3	<b>801</b>	<b>146</b>
<b>Net other ordinary income (CHF million)</b>			
Income from the disposal of financial investments		17	291
Income from participating interests		1,139	1,237
Income from real estate		31	33
Other ordinary income		550	775
Other ordinary expenses		(286)	(293)
<b>Net other ordinary income</b>		<b>1,451</b>	<b>2,043</b>
<b>Net operating income</b>		<b>11,117</b>	<b>10,235</b>
<b>Operating expenses (CHF million)</b>			
Personnel expenses		4,625	5,089
Property, equipment and administrative costs		2,016	2,021
<b>Total operating expenses</b>		<b>6,641</b>	<b>7,110</b>
<b>Gross operating profit</b>		<b>4,476</b>	<b>3,125</b>
Depreciation of noncurrent assets		2,894	3,267
Valuation adjustments, provisions and losses		773	526
<b>Operating profit/(loss)</b>		<b>809</b>	<b>(668)</b>
Extraordinary income	3	807	1,113
Extraordinary expenses	3	(297)	(106)
Taxes		(253)	(156)
<b>Net profit</b>		<b>1,066</b>	<b>183</b>

## Balance sheets

	Reference to notes	2013	end of 2012
<b>Assets (CHF million)</b>			
Cash and other liquid assets		53,508	43,929
Money market instruments		4,480	5,384
Due from banks		168,159	164,754
Due from customers		192,376	188,085
Mortgages		111,041	107,601
Securities and precious metals trading portfolio		19,923	19,285
Financial investments		800	1,324
Participating interests		36,034	34,139
Tangible fixed assets		3,038	3,274
Intangible assets		213	261
Accrued income and prepaid expenses		2,202	2,539
Other assets	5	14,588	18,488
<b>Total assets</b>		<b>606,362</b>	<b>589,063</b>
of which subordinated amounts receivable		1,264	183
of which amounts receivable from group companies and qualified shareholders		250,727	242,136
<b>Liabilities and shareholder's equity (CHF million)</b>			
Liabilities from money market instruments	7	54,544	35,260
Due to banks		101,583	95,820
Due to customers, savings and investment deposits		55,637	52,534
Due to customers, other deposits		240,519	232,888
Medium-term notes		1,884	2,412
Bonds and mortgage-backed bonds	7	89,348	107,573
Accrued expenses and deferred income		3,590	3,745
Other liabilities	5	13,374	18,795
Valuation adjustments and provisions	9	1,351	1,028
<b>Total liabilities</b>		<b>561,830</b>	<b>550,055</b>
Share and participation capital	10	4,400	4,400
General reserves		6,678	6,644
Reserves from capital contributions		26,619	22,185
General legal reserves		33,297	28,829
Other reserves		610	610
Retained earnings carried forward		5,159	4,986
Net profit		1,066	183
<b>Total shareholder's equity</b>	12	<b>44,532</b>	<b>39,008</b>
<b>Total liabilities and shareholder's equity</b>		<b>606,362</b>	<b>589,063</b>
of which subordinated amounts payable		21,879	20,438
of which amounts payable to group companies and qualified shareholders		118,093	108,730

## Off-balance sheet transactions

end of	2013	2012
<b>Off-balance sheet transactions (CHF million)</b>		
Contingent liabilities	223,448	247,827
Irrevocable commitments	87,108	77,406
Liabilities for calls on shares and other equity instruments	42	42
Fiduciary transactions	5,089	5,810
<b>Derivative financial instruments (CHF million)</b>		
Gross positive replacement values	52,735	54,088
Gross negative replacement values	51,018	53,437
Contract volume	4,239,043	4,885,466

The company belongs to the Swiss value-added tax group of Credit Suisse Group, and thus carries joint liability to the Swiss Federal Tax Administration for value-added tax debts of the entire Group.

Contingent liabilities to other Bank entities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the Bank parent company's exposure is not defined as an amount but relates to specific circumstances such as the solvency of subsidiaries or the performance of a service.

Further, as shareholder of Credit Suisse International, an unlimited company incorporated in England and Wales, the Bank parent company has joint and several unlimited obligations to meet any insufficiency in the assets in the event of liquidation.



# Notes to the financial statements

## 1 Description of business activities

The Bank parent company is a Swiss bank with total assets of CHF 606.4 billion and shareholder's equity of CHF 44.5 billion as of December 31, 2013.

The Bank parent company is a 100% subsidiary of Credit Suisse Group AG domiciled in Switzerland. Since November 30, 2012, the Bank parent company's business consists of two divisions, Private Banking & Wealth Management and Investment Banking:

- Private Banking & Wealth Management offers comprehensive advice and a wide range of financial solutions to private, corporate and institutional clients. The Private Banking & Wealth Management division comprises the Wealth Management Clients, Corporate & Institutional Clients and Asset Management businesses. Wealth Management Clients serves ultra-high-net-worth and high-net-worth individuals around the globe in addition to affluent and retail clients in Switzerland. Corporate


& Institutional Clients serves the needs of corporations and institutional clients, mainly in Switzerland. Asset Management offers a wide range of investment products and solutions across asset classes and for all investment styles, serving governments, institutions, corporations and individuals worldwide.

- Investment Banking offers investment banking and securities products and services to corporate, institutional and government clients around the world. Its products and services include debt and equity underwriting, sales and trading, mergers and acquisitions advice, divestitures, corporate sales, restructuring and investment research.

The two divisions are complemented by Shared Services, which provides support in the areas of finance, operations, human resources, legal and compliance, risk management and information technology.

## 2 Accounting and valuation policies

### Basis for accounting

The Bank parent company's stand-alone financial statements are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks, the corresponding Implementing Ordinance and the  Swiss Financial Market Supervisory Authority FINMA (FINMA) Circular 2008/2, "Accounting – banks" (Swiss GAAP statutory).

The Bank's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the US (US GAAP), which differ in certain material respects from Swiss GAAP statutory.

▶ Refer to "Note 1 – Summary of significant accounting policies" in VII – Consolidated financial statements – Credit Suisse (Bank) for a detailed description of the Bank's accounting and valuation principles.

▶ Refer to "Note 38 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view).

Additional differences between US GAAP and Swiss GAAP statutory are stated below and should be read in conjunction with Note 1 – Summary of significant accounting policies in VII – Consolidated financial statements – Credit Suisse (Bank). Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation and had no impact on net profit or total shareholder's equity.


### Foreign currency translations

Under US GAAP, foreign currency translation adjustments resulting from the consolidation of branches with functional currencies other than the Swiss franc are included in accumulated other


comprehensive income/(loss) (AOCI) in shareholders' equity. Under Swiss GAAP, foreign currency translation adjustments from the consolidation of foreign branches is recognized in trading income.

Under US GAAP, foreign currency translation adjustments for available-for-sale securities are reported in AOCI, which is part of total shareholder's equity, whereas for Swiss GAAP statutory purposes they are included in the statements of income.

### Share-based compensation

Under US GAAP, share-based compensation plans are treated as equity awards. Under Swiss GAAP, such plans are treated as liability awards with changes in  fair value of unsettled awards recognized in the statements of income.

### Treasury shares and derivatives on own shares

Under US GAAP, treasury shares are recognized at cost directly in equity. Under Swiss GAAP, own shares and  derivatives on own shares are recognized as assets or liabilities. Treasury shares can be classified as trading assets and marked to market through the statements of income or as financial investment carried at lower of cost or market. Derivatives on own shares are reported at fair value in other assets or other liabilities.

### Derivatives used for fair value hedging

Under US GAAP, the full amount of unrealized losses on derivatives classified as hedging instruments and the corresponding gains on the hedged available-for-sale securities are recognized in income. Under Swiss GAAP, the amount representing the portion exceeding historical cost of the hedged financial investments is recorded in the compensation account.

### Deferred taxes

US GAAP allows the recognition of deferred tax assets on net operating loss carry-forwards. Such recognition is not allowed for Swiss GAAP statutory purposes.

### Investments in equity securities

Under US GAAP, investments in equity securities where the Bank parent company has the ability to significantly influence the operating and financial policies of an investee are accounted for under the equity method of accounting or the fair value option. Under the equity method of accounting, the Bank parent company's share of the profit or loss, as well as any impairment on the investee, if applicable, are reported in other revenues. Under Swiss GAAP, neither the equity method of accounting nor the fair value option is allowed for such investments. Investments in equity securities that are held with the intention of a permanent investment are recorded as participating interests irrespective of the percentage ownership of voting shares held. Equity securities held for trading purposes that meet the criteria for trading positions are recorded in the trading portfolio at fair value. Equity securities that are not held for permanent investment purposes and do not qualify as trading portfolio positions are recorded as financial investments at lower of cost or market.

### Participating interests

Participating interests are initially recognized at cost. For the purpose of testing the Bank parent company's participating interests for impairment, the portfolio method is applied. An impairment is recorded if the carrying value of a portfolio of participating interests exceeds its fair value.

### Notes on risk management

► Refer to "Note 8 – Trading revenues" and "Note 30 – Derivatives and hedging activities" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on the Bank parent company's policy with regard to risk management and the use of financial derivatives.

### Subsequent events

On February 25, 2014, the Bank parent company transferred assets and liabilities of CHF 242 million and CHF 238 million, respectively, relating to its US cross-border business for no consideration to CS International Advisors AG, a wholly owned Swiss subsidiary of the Bank parent company incorporated in December 2013. CS International Advisors AG is a Swiss bank.

On March 18, 2014, a second tranche of ordinary shares in Credit Suisse Capital (Guernsey) I Limited held by the Bank parent company was redeemed at par value resulting in a factual liquidation of the participation. On March 21, 2014, additional liquidation proceeds of CHF 40 million were distributed to the Bank parent company. The net impact of this factual liquidation on the Bank parent company's pre-tax income was a loss of CHF 236 million, which will be recorded in 2014.

On April 3, 2014, Credit Suisse Group AG announced that its previously reported 2013 results were updated to reflect additional litigation provisions in connection with the US tax matter. The impact of those additional provisions were also reflected in the Bank parent company's 2013 results.

► Refer to "Note 3 – Business developments and subsequent events" in VII – Consolidated financial statements – Credit Suisse (Bank) for further information on the US tax matter.

### 3 Additional information on the parent company statements of income

in	2013	2012
<b>Net trading income (CHF million)</b>		
Income from trading in interest-related instruments	(323)	771
Income/(loss) from trading in equity instruments	377	(527)
Income from foreign exchange and banknote trading	1,061	1,002
Income from precious metals trading	51	40
Other gains/(losses) from trading	(365)	(1,140)
<b>Total net trading income</b>	<b>801</b>	<b>146</b>
in	2013	2012
<b>Extraordinary income and expenses (CHF million)</b>		
Gains realized from the disposal of participating interests	230 <sup>1</sup>	137 <sup>2</sup>
Gains realized from the sale of real estate	156	687
Release of reserves for general banking risks and other provisions <sup>3</sup>	320 <sup>3</sup>	234 <sup>4</sup>
Other extraordinary income <sup>5</sup>	101	55
<b>Extraordinary income</b>	<b>807</b>	<b>1,113</b>
Losses realized from the disposal of participating interests	(288) <sup>6</sup>	0
Other extraordinary expenses	(9)	(106) <sup>5</sup>
<b>Extraordinary expenses</b>	<b>(297)</b>	<b>(106)</b>
<b>Total net extraordinary income and expenses</b>	<b>510</b>	<b>1,007</b>

<sup>1</sup> Primarily related to the sale of the ETF business to BlackRock and the sale of the equity and debt underwriting and advisory businesses in France to Credit Suisse Securities (Europe) Ltd.

<sup>2</sup> Primarily related to the sale of the remaining participating interests in Aberdeen Asset Management and the sale of a non-core business in Private Banking & Wealth Management.

<sup>3</sup> Includes the release of replacement reserves.

<sup>4</sup> Includes the release of reserves for general banking risks of CHF 165 million and other provisions economically no longer required of CHF 69 million.

<sup>5</sup> Substantially all related to prior periods.

<sup>6</sup> Includes realized losses of CHF 218 million from the partial redemption of ordinary shares in Credit Suisse Capital (Guernsey) I Limited in December 2013, and realized losses of CHF 70 million from the repatriation and liquidation of three participating interests.

#### Net interest income

Negative interest income is debited to interest income and negative interest expense is credited to interest expense. In 2013 and 2012, negative interest income and negative interest expense were immaterial.

### 4 Pledged assets and assets under reservation of ownership

end of	2013	2012
<b>Pledged assets and assets under reservation of ownership (CHF million)</b>		
Assets pledged and assigned as collateral	25,534	27,098
Actual commitments secured	13,669	15,283

## 5 Other assets and other liabilities

end of	2013	2012
<b>Other assets (CHF million)</b>		
Net positive replacement values	13,608	17,331
Other	980	1,157
<b>Total other assets</b>	<b>14,588</b>	<b>18,488</b>
<b>Other liabilities (CHF million)</b>		
Net negative replacement values	12,156	17,389
Other	1,218	1,406
<b>Total other liabilities</b>	<b>13,374</b>	<b>18,795</b>

## 6 Securities borrowing and securities lending, repurchase and reverse repurchase agreements

end of	2013	2012
<b>Securities borrowing and securities lending, repurchase and reverse repurchase agreements (CHF million)</b>		
Due from banks	18,177	28,158
Due from customers	518	4,726
<b>Cash collateral paid for securities borrowed and reverse repurchase agreements</b>	<b>18,695</b>	<b>32,884</b>
Due to banks	12,588	12,492
Due to customers	339	1,188
<b>Cash collateral received for securities lent and repurchase agreements</b>	<b>12,927</b>	<b>13,680</b>
Carrying value of securities transferred under securities lending and borrowing and repurchase agreements	4,747	3,737
of which transfers with the right to resell or repledge	4,747	3,436
Fair value of securities received under securities lending and borrowing and reverse repurchase agreements with the right to resell or repledge	46,402	73,486
of which resold or repledged	26,150	35,491

## 7 Balance sheet items that include issued structured products at fair value

end of	2013		2012	
	Total book value	Of which reported at fair value	Total book value	Of which reported at fair value
<b>Balance sheet items that include issued structured products at fair value (CHF million)</b>				
Liabilities from money market instruments	54,544	5,568	35,260	4,916
Bonds and mortgage-backed bonds	89,348	11,257	107,573	11,801
<b>Total</b>	<b>143,892</b>	<b>16,825</b>	<b>142,833</b>	<b>16,717</b>

## 8 Liabilities due to own pension plans

Liabilities due to the Bank parent company's own pension plans as of December 31, 2013 and 2012 of CHF 2,841 million and CHF 2,553 million, respectively, are reflected in various liability accounts in the Bank parent company's balance sheet.

▶ Refer to "Note 29 – Pension and other post-retirement benefits" in VII – Consolidated financial statements – Credit Suisse (Bank) for further information.

### Swiss pension plan

The Bank parent company's employees are covered by the pension plan of the "Pensionskasse der Credit Suisse Group AG (Schweiz)" (the Swiss pension plan). All Swiss subsidiaries of Credit Suisse Group AG participate in this plan. The Swiss pension plan is an independent self-insured pension plan set up as a trust and qualifies as a defined contribution plan (savings plan) under Swiss law.

As of January 1, 2013, all covered active employees, which previously were insured in the annuity section of the pension plan, were converted to the savings section. The impact from this conversion was recognized by the Bank parent company upon announcement of this plan amendment in 2011. The annuity section of the plan has ceased accruing new benefits.

The Swiss pension plan's annual financial statements are prepared in accordance with Swiss GAAP FER 26 based on the

full population of covered employees. Individual annual financial statements for each participating company are not prepared. As a multi-employer plan with unrestricted joint liability for all participating companies, the economic interest in the Swiss pension plan's over- or underfunding is allocated to each participating company based on an allocation key determined by the plan.

### Pension plan economic benefit/(obligation), pension contributions accrued and pension expenses

end of / in	Bank parent company's share in over/(under)-funding <sup>1</sup>	Economic benefit/(obligation) recorded by Bank parent company <sup>2</sup>			Pension contributions – accrued liabilities	Pension expenses included in personnel expenses <sup>3</sup>	
	2013	2013	2012	Change	2013	2013	2012
<b>CHF million</b>							
Pension plan – status overfunded	1,453	–	–	–	37	412	465

<sup>1</sup> Represents the Bank parent company's share of 93.89% in the total overfunding of the Swiss pension plan of CHF 1,548 million.

<sup>2</sup> In line with Swiss GAAP statutory accounting guidance, the Bank parent company's economic benefit from its share in the overfunding of the Swiss pension plan is not recorded in the Bank parent company's statutory balance sheet.

<sup>3</sup> Includes a release of employer contribution reserves of CHF 51 million and CHF 142 million in 2013 and 2012, respectively, which were established in 2011 in the context of headcount reductions and the plan amendment announced.

As of December 31, 2013 and 2012, the Bank parent company had an employer contribution reserve of CHF 43 million and CHF 94 million, respectively, of which CHF 12 million and CHF 19 million, respectively, were dedicated to specific events, such as

early retirements, and subject to a waiver by the Bank parent company. In line with Swiss GAAP statutory accounting guidance, contributions to the employer contribution reserves are not recorded in the Bank parent company's statutory balance sheet.

### 9 Valuation adjustments and provisions

	Total 2012	Utilized for purpose	Recoveries, endangered interest, currency differences	New charges to income statement	Releases to income statement	Total 2013
<b>Valuation adjustments and provisions (CHF million)</b>						
Provisions for deferred taxes	102	0	1	11	(54)	60
Valuation adjustments and provisions for default risks	1,090	(205)	73	274	(256)	976
Valuation adjustments and provisions for other business risks <sup>1</sup>	36	(16)	2	121	(6)	137
Other provisions <sup>2, 3</sup>	890	(16)	(25)	737	(432) <sup>4</sup>	1,154
Subtotal	2,016	(237)	50	1,132	(694)	2,267
<b>Total valuation adjustments and provisions</b>	<b>2,118</b>	<b>(237)</b>	<b>51</b>	<b>1,143</b>	<b>(748)</b>	<b>2,327</b>
Less direct charge-offs against specific assets	(1,090)					(976)
<b>Total valuation adjustments and provisions as shown in the balance sheet</b>	<b>1,028</b>					<b>1,351</b>

<sup>1</sup> Provisions are not discounted due to their short-term nature.

<sup>2</sup> Includes provisions in respect of litigation claims of CHF 961 million and CHF 370 million as of December 31, 2013 and 2012, respectively.

<sup>3</sup> Includes provisions for pension benefit obligations from international plans of CHF 2 million and CHF 4 million as of December 31, 2013 and 2012, respectively.

<sup>4</sup> Includes a release of replacement reserves of CHF 320 million.

## 10 Composition of share and participation capital, conditional, conversion and reserve capital

end of	2013			2012		
	Quantity	Total nominal value in CHF million	Share %	Quantity	Total nominal value in CHF million	Share %
<b>Share and participation capital</b>						
Registered shares <sup>1</sup>	4,399,665,200	4,400 <sup>2</sup>	100%	43,996,652	4,400 <sup>2</sup>	100%
Participation securities (at CHF 0.01 par value per share) <sup>3</sup>	1,500,000	0 <sup>4</sup>	0%	1,500,000	0 <sup>4</sup>	0%
<b>Total share and participation capital</b>		<b>4,400</b>			<b>4,400</b>	
<b>Conditional, conversion and reserve capital</b>						
Conditional capital (at CHF 100 par value per share) <sup>5</sup>	–	–	0%	20,000,000	2,000	45%
of which used for capital increases	–	–	0%	0	0	0%
Unlimited conversion capital (at CHF 1 par value per share) <sup>6</sup>	unlimited	unlimited	0%	–	–	0%
of which used for capital increases	0	0	0%	–	–	0%
of which reserved for capital instruments outstanding	0	0	0%	–	–	0%
Reserve capital (at CHF 1 par value per share) <sup>7</sup>	4,399,665,200	4,400	100%	–	–	0%
of which used for capital increases	0	0	0%	–	–	0%
of which reserved for planned capital increases	0	0	0%	–	–	0%

<sup>1</sup> The increase in the number of shares reflects the split of the par value per share from CHF 100 to CHF 1 effective November 19, 2013.

<sup>2</sup> The dividend eligible capital equals the total nominal value. As of December 31, 2013 and 2012, the total nominal value of registered shares was CHF 4,399,665,200. Refer to footnotes 3 and 4 for the conversion of participation securities of Class A into registered shares.

<sup>3</sup> For information on principal characteristics of participation securities, refer to Articles 4a, 4b and 4c in the Articles of Association of Credit Suisse AG. On December 27, 2013, the holders of Class A participation securities irrevocably waived their preference rights and agreed to a conversion of the 750,000 Class A participation securities into 7,500 registered shares of Credit Suisse AG. On the same date, the Articles of Association of Credit Suisse AG were amended accordingly. The waiver of preference rights became effective on December 27, 2013 and conversion into registered shares became effective with the entry in the Commercial Register of the Canton of Zurich on January 16, 2014.

<sup>4</sup> The dividend eligible capital equals the total nominal value. As of December 31, 2013 and 2012, the total nominal value of participation securities was CHF 15,000. On December 27, 2013, the shareholder of Credit Suisse AG amended the Articles of Association to convert the Class A participation securities into registered shares of Credit Suisse AG. Following effectiveness of conversion (see footnote 3), only a total nominal value of participation securities of CHF 7,500 is entitled to dividends while a nominal value of CHF 7,500 that was converted into registered shares is entitled to dividends as registered shares.

<sup>5</sup> With the amendment of Article 4d of the Articles of Association of Credit Suisse AG effective November 19, 2013, the conditional capital was cancelled.

<sup>6</sup> For information on principal characteristics of unlimited conversion capital, refer to Article 4d in the Articles of Association of Credit Suisse AG.

<sup>7</sup> For information on principal characteristics of reserve capital, refer to Article 4e in the Articles of Association of Credit Suisse AG.

## 11 Major shareholders and groups of shareholders

end of	2013			2012		
	Quantity	Total nominal value in CHF million	Share %	Quantity	Total nominal value in CHF million	Share %
<b>Direct shareholder</b>						
Credit Suisse Group AG	4,399,665,200 <sup>1</sup>	4,400	100%	43,996,652 <sup>1</sup>	4,400	100%

<sup>1</sup> All shares with voting rights. The increase in the number of shares reflects the split of the par value per share from CHF 100 to CHF 1 effective November 19, 2013.

### Indirect shareholders

In a disclosure notification that the Group published on April 6, 2013, Credit Suisse Group AG (Group parent company) was notified that as of February 25, 2013, The Olayan Group, through its registered entity Crescent Holding GmbH, held 88.5 million shares, or 6.7%, of the registered Credit Suisse Group AG shares (Group shares) issued as of the date of the notified transaction. No further disclosure notification was received from The Olayan Group relating to holdings of registered Group shares in 2013.

In a disclosure notification that the Group parent company published on October 31, 2013, the Group parent company was notified that as of October 23, 2013, Qatar Investment Authority,

through its registered entity Qatar Holding LLC, held 82.0 million shares, or 5.2%, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification was received from Qatar Investment Authority relating to holdings of registered Group shares in 2013.

In a disclosure notification that the Group parent company published on November 9, 2013, the Group parent company was notified that as of November 4, 2013, Harris Associates L.P. held 81.5 million shares, or 5.2%, of the registered Group shares issued as of the date of the notified transaction. No further disclosure notification was received from Harris Associates L.P. relating to holdings of registered Group shares in 2013.

## 12 Shareholder's equity

	2013	2012
<b>Shareholder's equity (CHF million)</b>		
Share and participation capital	4,400	4,400
General reserves	6,644	5,543
Reserves from capital contributions	22,185 <sup>1</sup>	18,387 <sup>1</sup>
General legal reserves	28,829	23,930
Other reserves	610	610
Retained earnings	5,169	4,996
of which carried forward from previous year	4,986	3,720
of which net profit/(loss)	183	1,276
<b>Total shareholder's equity as of January 1</b>	<b>39,008</b>	<b>33,936</b>
Capital contribution	4,468 <sup>2</sup>	3,500
Other changes	0	1,399 <sup>3</sup>
Dividend	(10)	(10)
Net profit	1,066	183
<b>Total shareholder's equity as of December 31 (before profit allocation)</b>	<b>44,532</b>	<b>39,008</b>
Share and participation capital	4,400	4,400
General reserves	6,678	6,644
Reserves from capital contributions	26,619 <sup>1</sup>	22,185 <sup>1</sup>
General legal reserves	33,297	28,829
Other reserves	610	610
Retained earnings	6,225	5,169
of which carried forward from previous year	5,159	4,986
of which net profit	1,066	183
<b>Total shareholder's equity as of December 31 (before profit allocation)</b>	<b>44,532</b>	<b>39,008</b>

<sup>1</sup> Subject to approval by the Swiss Federal Tax Administration.

<sup>2</sup> Includes a contribution in kind of preferred shares in Credit Suisse Holdings (USA), Inc. from Credit Suisse Group AG to the Bank parent company in the amount of CHF 3,578 million.

<sup>3</sup> Substantially all related to Clariden Leu integration.

## 13 Amounts receivable from and payable to affiliated companies and loans to members of the Bank parent company's governing bodies

end of	2013	2012
<b>Amounts receivable from and amounts payable to affiliated companies and loans to members of the Bank parent company's governing bodies (CHF million)</b>		
Amounts receivable from affiliated companies	5,547	6,341
Amounts payable to affiliated companies	1,846	2,917
Loans to members of the Bank parent company's governing bodies	65	49

## 14 Significant transactions with related parties

Transactions (such as securities transactions, payment transfer services, borrowings and compensation for deposits) with related parties are carried out on an arm's length basis.

## 15 Fire insurance value of tangible fixed assets

end of	2013	2012
<b>Fire insurance value of tangible fixed assets (CHF million)</b>		
Real estate	2,256	2,445
Other fixed assets	245	328

## 16 Liabilities for future payments in connection with operating leases

end of	2013	2012
<b>Liabilities for future payments in connection with operating leases (CHF million)</b>		
Total	2,113	2,343

## 17 Fiduciary transactions

end of	2013	2012
<b>Fiduciary transactions (CHF million)</b>		
Fiduciary placements with third-party institutions	5,089	5,749
Fiduciary placements with affiliated and associated banks	0	61
<b>Total fiduciary transactions</b>	<b>5,089</b>	<b>5,810</b>

## 18 Number of employees

end of	2013	2012
<b>Number of employees (full-time equivalents)</b>		
Switzerland	17,100	18,400
Abroad	4,400	4,800
<b>Total number of employees</b>	<b>21,500</b>	<b>23,200</b>



## 19 Foreign currency translation rates

		End of		Average in
	2013	2012	2013	2012
1 USD / 1 CHF	0.89	0.92	0.93	0.93
1 EUR / 1 CHF	1.23	1.21	1.23	1.20
1 GBP / 1 CHF	1.47	1.48	1.45	1.48
100 JPY / 1 CHF	0.85	1.06	0.95	1.17

## 20 Outsourcing of services

Where the outsourcing of services through agreements with external service providers is considered significant under the terms of [FINMA Circular 2008/7](#) "Outsourcing banks" those agreements comply with all regulatory requirements with respect to business

and banking confidentiality, data protection and customer information. At the Bank, outsourcing of services is in compliance with [Circular 2008/7](#).

## 21 Risk assessment

► Refer to "Note 39 – Risk assessment" in VII – Consolidated financial statements – Credit Suisse (Bank) for information on the Bank parent company's risk assessment in accordance with the Swiss Code of Obligations.

# Proposed appropriation of retained earnings

## Proposed appropriation of retained earnings

end of	2013
<b>Retained earnings (CHF million)</b>	
Retained earnings carried forward	5,159
Net profit	1,066
<b>Retained earnings available for appropriation</b>	<b>6,225</b>
Dividend	10
To be carried forward	6,215
<b>Total</b>	<b>6,225</b>