Pension Fund of Credit Suisse Group (Switzerland)

2012 Annual Report

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1. Introduction

Dear Insured,
Dear Retirees

The year 2012 turned out more positive than initially expected. Although the euro crisis and the uncertainty triggered by it continued to be a dominant factor on the global markets, the efforts of the central banks to prevent an economic downturn through interest rate cuts, huge market intervention programs and injections of liquidity began to bear fruit in the second half of the year. Investor sentiment improved markedly and most of the equity markets ended the year with double-digit returns. There were also profits to be made in bonds. Falling interest rates led to capital gains, which in addition to the regular coupon income left the performance of bond portfolios comfortably in the positive column. However, the continued low level of interest rates will represent a huge challenge for pension funds going forward. For example, the yield on the 10-year Swiss Confederation bond ended the year at the historically low level of just 0.51%.

In what was a volatile year for investment, the Pension Fund of Credit Suisse Group (Switzerland) achieved a very satisfactory return of 8.1% in 2012 and the funding ratio rose to 107% (2011: 101.3%).

Full Changeover to the Retirement Savings Plan
The past financial year was taken up with the preparatory work for the full changeover to the defined contribution retirement savings plan. The low level of interest rates, the below-target reserves for fluctuations in volatile markets and the continued challenging financial market environment were the main reasons why the Board of Trustees decided in 2011 to transfer the remaining 8,000 active participants born before January 1, 1971 into the more flexible defined contribution system. This will enhance the Pension Fund's ability to achieve long-term stability in a challenging market environment, as there are no minimum return targets for the insured employees under the defined contribution system. The insured employees were informed of the plan changeover well in advance and have been kept up to date on a continuous basis. While at the beginning of the year the focus was on communicating the reasons for the change, the subsequent communication measures have focused on explaining the way this pension model operates, the individual pension benefits under the new plan, and the transitional provisions. 32 presentations were also held on this topic throughout Switzerland, which were attended by around 2,000 insured participants.

Key Figures for the Pension Fund
At the end of the year, the numbers of insured participants and key figures were as follows:

Number of insured participants as of December 31	**2012** Insured participants	**2011** Insured participants	**Change** in %
Active participants with permanent employment contracts	22,263	23,658	-5.9
- of which in the annuity insurance	8,437	9,570	-11.8
- of which in the retirement savings plan	13,826	14,088	-1.9
Pensioners as of January 1 of the following year	10,515	10,129	3.8

Key Figures for the Pension Fund	2012 in CHF mn	2011 in CHF mn	Change in %
Total assets	14,481.2	13,739.4	5.4
Pension liabilities and actuarial provisions	13,336.3	13,156.8	1.4
Non-committed funds	0.0	0.0	n/a
Reserve for fluctuations in asset value	927.7	164.5	464.0
Pension benefits and lump-sum payments, termination benefits	1,154.0	902.7	27.8
Contributions, lump-sum transfers on joining the Pension Fund, and purchases of pension benefits	901.1	1,179.2	-23.6
Net growth in investments	1,061.1	-79.4	n/a
Funding ratio in %	**107.0**	**101.3**	**5.6**

Together with the independent auditors, the Pension Fund carried out a review of the retirement pensions currently being paid both in Switzerland and abroad. The Pension Fund completed this review, which is a legal requirement, with a positive result. Over 99% of the 3,000 pension recipients written to by the Pension Fund submitted the required proof that they are still alive, so that as at the end of November 2012 only five pensions had to be terminated.

The technical interest rate used to value the pensioners' liabilities was reduced from 3.5% to 3.0% at the year-end 2012. This reduction reflects the reduced expectations for interest rates on the capital markets. The more conservative measurement of the liabilities reduces the pressure on the return that needs to be generated in future. The cost of the resultant increase in the actuarial reserves was CHF 296 million, which was financed by the active participants and the employer by drawing on the provisions created for this purpose.

Of great significance for the Pension Fund was the election of the employee representatives to the Board of Trustees, which was completed at the end of the year. An exceptionally large number of employees stood for the election. The turnout of 30.5% across all of the four electoral regions was also a pleasing result. The composition of the Board of Trustees, which has 12 members, was changing as a result of the resignation of two employee representatives and one employer representative. The new Board of Trustees will take up its supervisory duties from May 2013.

The Board of Trustees considers each year whether to raise the cost-of-living allowance. The last pension increase took place in 2007, and the cumulative increase in the cost of living since then has been 3.09%. Cost-of-living allowances can only be paid to pensioners out of non-committed funds. Based on the continued difficult financial situation, recognized provisions for rising life expectancy, and interest rates at historic lows, it was not possible to raise the investment return to the point at which it would have been possible to create non-committed funds. The top priority for the Board of Trustees is to maintain the financial equilibrium of the Pension Fund and ensure the provision of pensions. For this reason, it decided not to grant an increase in the cost-of-living allowance for 2012.

Resolutions and Activities of the Board of Trustees of the Pension Fund

The Board of Trustees adopted the following resolutions, among others, in 2012:

- Approval of the 2011 annual report and financial statements and discharge of the management of the Pension Fund of Credit Suisse Group (Switzerland)
- Election of KPMG AG as statutory auditors and of AON HEWITT (Switzerland) AG as pension actuary
- Amendment of individual articles in the Organizational Regulations in line with the new requirements of the structural reform
- Establishment of an Audit Committee to assist the Board of Trustees in the areas of financial reporting, risk management, and compliance with legal requirements
- Amendment and communication of certain articles in the Retirement Savings Plan Regulations, in particular the addition of the transitional provisions and the reduction of the conversion rate from January 1, 2015 and January 1, 2018 respectively

- Amendment of certain articles in the Investment Regulations and adjustment of the minimum and target return on the basis of a new asset and liability analysis
- Approval of the administration cost and asset management budgets for 2013
- Setting the retrospective interest rate at 2.5% for 2012 for assets in the savings plan, the lump-sum plan, and Plan 58
- Setting the prospective interest rate (mutation interest rate) for 2013 at 1.5% for assets in the savings plan and at 1.0% for assets in the lump-sum plan and Plan 58

The Board of Trustees takes regular steps to enhance its expertise and skills in occupational pensions and general investment issues. In 2012, experts in the Pension Fund carried out training on the topic of real estate. In addition, members of the Board were also able to attend external training courses.

The Pension Fund of Credit Suisse Group (Switzerland) is one of the largest pension funds in Switzerland. It has total assets of over CHF 14 billion, around 22,000 active insured members, and more than 10,000 pensioners. The Board of Trustees and the Management are deeply aware of their responsibilities and thus apply the highest levels of diligence and professionalism in their administration of the Pension Fund. Everyone involved in managing the Fund is constantly striving to maintain the above-average and competitive level of benefits in what is a demanding environment for the Pension Fund and to offer the insured participants comprehensive insurance coverage. Over the past year, the Fund has taken important decisions for the future in order to ensure that our long-term goal – securing the pension benefits we have promised – can be met.

Impact of the Pension Fund's Obligations on the Consolidated Balance Sheet of Credit Suisse Group AG

The pension plans are reported and explained in the consolidated balance sheet of Credit Suisse Group AG in accordance with US GAAP SFAS 158. As a result, the over or underfunded status of defined benefit pension plans for active participants and for pensioners is recorded in the balance sheet on a projected basis. The amount reported is the difference between the fair value of the plan assets and future benefit obligations. For more detailed figures and accompanying notes, please refer to the 2012 consolidated financial statements of Credit Suisse Group AG.

The results shown in the financial statements of Credit Suisse Group AG often differ from the financial statements of the Pension Fund of Credit Suisse Group (Switzerland), which are based on valuations in accordance with Swiss GAAP FER 26 and the funding ratio calculation pursuant to Art. 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2).

Yours sincerely

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

Philip Hess	Urs Bracher
Chairman of the Board of Trustees	Managing Director

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Report of the Statutory Auditor on the financial statements to the Foundation Board of the

Pension Fund of Credit Suisse Group (Switzerland), Zurich

As statutory auditor, we have audited the accompanying financial statements of the Pension Fund of Credit Suisse Group (Switzerland), which comprise the balance sheet, operating account and notes (paragraph 3 and 4) for the year ended December 31, 2012.

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

Responsibility of the expert in occupational benefits
In addition to the auditor, the Foundation Board appoints an expert in occupational benefits to conduct the audit. The expert regularly checks whether the occupational benefit scheme can provide assurance that it can fulfil its obligations and that all statutory insurance-related provisions regarding benefits and funding comply with the legal requirements. The reserves necessary for underwriting insurance-related risks should be based on the latest report provided by the expert in occupational benefits in accordance with Article 52e paragraph 1 of the Occupational Pensions Act (OPA) and Article 48 of the Occupational Pensions Ordinance 2 (OPO 2).

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 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. 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, 2012 comply with Swiss law and with the company's deed of foundation and articles of incorporation.

Reporting on the basis of legal and other requirements

We confirm that we meet the legal requirements on licensing (Article 52b OPA) and independence (Article 34 OPO 2) and that there are no circumstances incompatible with our independence.

Furthermore, we have carried out the audits required by Article 52c paragraph 1 OPA and Article 35 OPO 2. The Foundation Board is responsible for ensuring that the legal requirements are met and that the statutory and regulatory provisions on organisation, management and investments are applied.

We have assessed whether

- organisation and management comply with the legal and regulatory requirements and whether an internal control exists that is appropriate to the size and complexity of the foundation;
- funds are invested in accordance with legal and regulatory requirements;
- the occupational pension accounts comply with legal requirements;
- measures have been taken to ensure loyalty in fund management and whether the Governing Body has ensured to a sufficient degree that fund managers fulfil their duties of loyalty and disclosure of interests;
- the available funds or discretionary dividends from insurance contracts have been used in compliance with the legal and regulatory provisions;
- the legally required information and reports have been given to the supervisory authority;
- the pension fund's interests are safeguarded in disclosed transactions with related entities

We confirm that the applicable legal and statutory requirements have been met.

We recommend that the financial statements submitted be approved.

KPMG AG

Dr. Silvan Loser	Erich Meier
Licensed Audit Expert	*Licensed Audit Expert*

Zurich, March 19, 2013

3. Balance Sheet and Operative Account

3.1 Balance Sheet

Assets	Explanatory note	31.12.2012 CHF	%	31.12.2011 CHF	%
Investments	**4.6.4**	**14,405,106,811**	**99.5**	**13,593,296,061**	**98.9**
Liquid funds / money market investments		1,850,289,334	12.8	1,422,335,488	10.3
Bonds		4,868,065,563	33.6	5,532,390,696	40.3
Stocks and shares		3,472,073,568	24.0	2,457,777,578	17.9
Alternative investments		2,583,628,375	17.9	2,649,049,526	19.3
Other investments		19,051,160	0.1	19,075,936	0.1
Direct real estate investments	4.6.4.3	1,077,556,749	7.4	1,031,206,195	7.5
Indirect real estate investments	4.6.4.3	534,442,062	3.7	481,460,642	3.5
Prepayments and accrued income		**76,102,600**	**0.5**	**146,087,031**	**1.1**
Total assets		**14,481,209,411**	**100.0**	**13,739,383,092**	**100.0**

Liabilities	Explanatory note	31.12.2012 CHF	%	31.12.2011 CHF	%
Liabilities		**100,455,518**	**0.7**	**58,598,526**	**0.4**
Vested benefits and pensions		90,469,591	0.6	58,540,767	0.4
Other liabilities		9,985,927	0.1	57,759	0.0
Accrued liabilities and deferred income		**21,626,455**	**0.1**	**121,516,351**	**0.9**
Employer's contribution reserve	**4.6.8.2**	**95,188,543**	**0.7**	**237,978,825**	**1.7**
Pension liabilities and actuarial provisions	**4.5**	**13,336,274,851**	**92.1**	**13,156,796,158**	**95.8**
Active participants' liabilities	4.5.3	6,660,820,454	46.0	6,903,208,825	50.3
Pensioners' liabilities	4.5.5	6,251,150,367	43.2	5,673,096,041	41.3
Actuarial provisions	4.5.6	424,304,030	2.9	580,491,292	4.2
Reserve for fluctuations in asset value	**4.6.3**	**927,664,044**	**6.4**	**164,493,232**	**1.2**
Non-committed funds		**0**	**0.0**	**0**	**0.0**
Balance as of January 1		0	0.0	0	0.0
Income surplus / expense surplus		0	0.0	0	0.0
Total liabilities		**14,481,209,411**	**100.0**	**13,739,383,092**	**100.0**

Investments in the employer's company are reported and explained in section 4.6.8.1 of the Explanatory Notes.

3.2 Operative Account

	Explanatory note	2012 CHF	2011 CHF
Ordinary and other contributions and lump-sum transfers			
Employee contributions		231,555,003	235,487,650
Employer contributions		435,966,237	440,984,838
Contributions from third parties		0	0
Additional employer contribution (actuarial provision)	4.7.3	42,125,905	9,016,978
Purchase amounts and one-time payments		79,721,026	84,069,981
Transfers to employer's contribution reserve	4.6.8.2	5,302,707	211,691,834
Lump-sum transfers on joining the Pension Fund			
Vested benefit transfers		99,599,573	190,498,054
Transfers on the assumption of the assets of insured participants in the reserve for fluctuations in asset value		44,548	0
Repayments of withdrawals for home ownership		6,815,140	7,475,095
Inflow from contributions and lump-sum transfers on joining the Pension Fund		***901,130,139***	***1,179,224,430***
Regulatory benefits			
Retirement pensions		- 361,111,638	- 327,645,535
Survivors' pensions (spouses' pensions)		- 52,544,773	- 47,217,334
Survivors' pensions (orphan's pensions)		- 1,856,418	- 1,641,563
Disability pensions		- 23,402,898	- 23,864,074
Other regulatory benefits (AHV bridging pensions)		- 30,061,256	- 30,046,793
Lump-sum payments on retirement		- 96,429,788	- 52,615,274
Lump-sum payments on death or disability		- 9,796,059	- 6,964,206
Vested benefits			
Vested benefits on leaving the company		- 536,260,895	- 361,207,216
Withdrawals for home ownership and divorce		- 42,555,537	- 51,580,493
Outflow for benefits and withdrawals		***-1,154,019,262***	***- 902,782,488***
Decreases / increases in pension liability			
Increase (-) / decrease (+) in active participants' liabilities	4.5.3	242,388,371	- 446,906,866
Increase (-) / decrease (+) in pensioners' liabilities	4.5.5	- 578,054,326	- 313,944,598
Increase (-) / decrease (+) in actuarial provisions	4.5.6	156,187,262	324,383,484
Increase (-) / decrease (+) in employer's contribution reserve	4.6.8.2	142,790,282	- 163,456,957
Expense from transfer of retirement capital from the Supplementary Pension Fund		0	- 15,430,473
Insurance cost			
Contributions to Security Fund		- 2,043,321	- 1,990,661
Increases in pension liability and insurance cost		***- 38,731,732***	***- 617,346,071***
Net result of insurance activities		***- 291,620,855***	***- 340,904,129***

	Explanatory note	2012 CHF	2011 CHF
Return on investments			
Income from liquid funds / money market investments		- 3,506,531	31,237,646
Income from bonds		151,061,635	178,517,755
Income from stocks and shares		637,748,475	- 279,384,653
Income from alternative investments		67,031,399	70,810,184
Income from other investments		796,928	767,533
Income from direct real estate investments		54,144,691	56,804,423
Income from indirect real estate investments		47,979,357	14,136,051
Income from currency management		133,305,470	- 129,405,306
Interest on employer's contribution reserve	4.6.8.2	0	0
Asset management costs	4.7.2	- 27,500,809	- 22,838,632
Net return on investments		***1,061,060,615***	***- 79,354,999***
Other income		**164,357**	**71,056**
Other expenses		**- 588,727**	**- 733,942**
Administration expenses			
Expense for statutory auditor and pension actuary		- 359,720	- 335,405
Expense for supervisory authorities		- 7,052	- 6,250
General administration expenses		- 5,477,806	- 5,338,380
Total administration costs		***- 5,844,578***	***- 5,680,035***
Income surplus / expense surplus before adding to or releasing from reserve for fluctuations in asset value		***763,170,812***	***- 426,602,049***
Increase (-) / decrease (+) in reserve for fluctuations in asset value		**- 763,170,812**	**426,602,049**
Income surplus (+) / expense surplus (-)		***0***	***0***

4. Explanatory Notes

4.1 General Information and Organization

4.1.1 Legal Form and Objectives

A foundation as defined by Art. 80 et seq. of the Swiss Civil Code (SCC), Art. 331 of the Swiss Code of Obligations (SCO) and Art. 48, Para. 2 of the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) has been established under the name Pension Fund of Credit Suisse Group (Switzerland).

The objective of the foundation is to provide employee benefits insurance as defined by the BVG and its implementing ordinances for employees of Credit Suisse Group AG and companies that have close business and financial ties with Credit Suisse Group AG, as well as for said employees' dependants and surviving dependants, against the financial consequences of retirement, disability, and death. The foundation may also make provisions in excess of the legally prescribed minimum benefits, including assistance to alleviate hardship caused by illness, accident, disability, or unemployment.

Employees of companies with close business or financial ties may, through a resolution of the Board of Trustees and in agreement with Credit Suisse Group AG, be included in the foundation on condition that the foundation is provided with the required funds.

In order to achieve its objective, the foundation may conclude insurance contracts or join existing contracts, as long as the foundation itself acts as both policyholder and beneficiary.

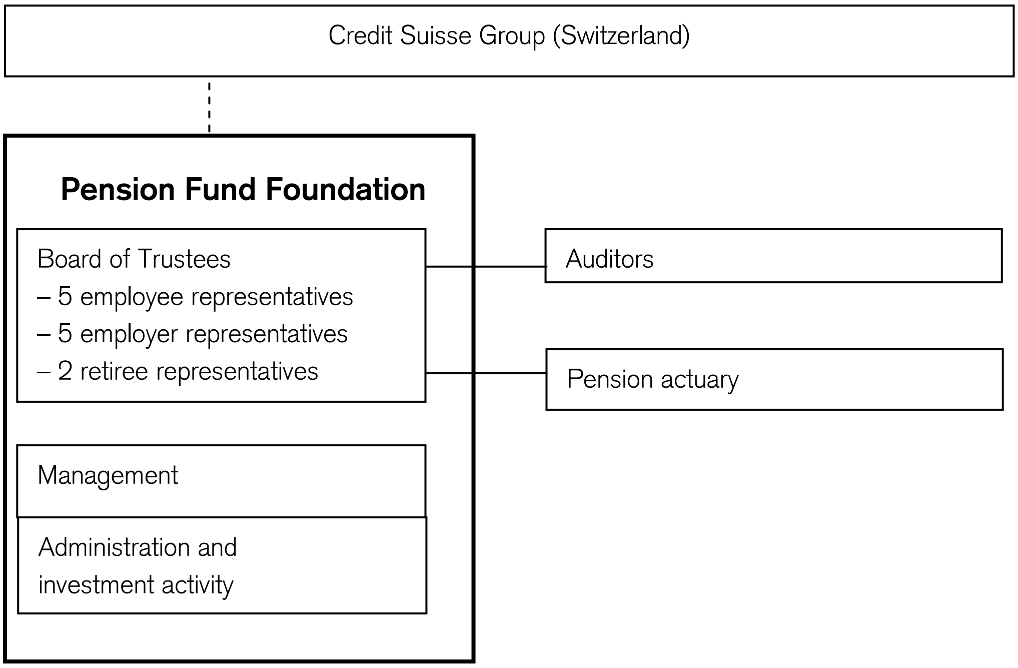
4.1.2 BVG Registration and Registration with the BVG Security Fund

The foundation has been entered in the BVG register of the Canton of Zurich under number 1290.
The foundation is affiliated with the BVG Security Fund. If a pension fund becomes insolvent, the Security Fund guarantees the benefits of the insured participants up to a pensionable salary of CHF 125,280 (2012 figure).

4.1.3 Plan Statutes and Regulations

Deed of Foundation, dated October 5, 2012
Annuity Insurance Regulations, dated January 1, 2012
Retirement Savings Plan Regulations, dated January 1, 2012
Organizational Regulations, 2013 edition, in force since December 17, 2012
Regulations Governing Investments and Provisions, 2013 edition, in force since December 17, 2012
Regulations on Partial Liquidation, dated December 5, 2007, and December 15, 2010 (approval process not yet completed).

4.1.4 Structure of the Foundation



4.1.5 Governing Body of the Pension Fund / Authorized Signatories

The Board of Trustees is composed of an equal number of employee and employer representatives, twelve in all. The names of the members of the Board of Trustees and the other governing bodies are listed below. Retirees are represented by two members on the Board of Trustees. One retiree representative is elected by the company and the other by the Staff Council. The members of the Board of Trustees and the members of the Pension Fund management have joint signatory authority (dual authorization) on behalf of the Pension Fund. The Board of Trustees is further entitled to grant joint signatory authority to other persons and to determine the nature and scope of this authority. The authorized signatories are listed in the Commercial Register.

4.1.5.1 Board of Trustees (Term of Office 2009 to 2013)

Employer Representatives

Philip Hess, Chairman, Zurich
Marco Illy, Zurich
Christian G. Machate, Zurich
Hans-Ulrich Meister, Zurich
Hanspeter Kurzmeyer, Zurich

Employee Representatives

Frédéric Baechler, Lausanne, Credit Suisse AG, French-speaking Switzerland
Suzanne Brasser, Zurich, Credit Suisse AG, German-speaking Switzerland
Thomas Isenschmid, Zurich, Vice-Chairman, Credit Suisse AG, German-speaking Switzerland
Marco Lucheschi, Lugano, Credit Suisse AG, Ticino
Rolf Lüscher, NAB AG Brugg, affiliated companies (until June 30, 2012)
John Andrews, Credit Suisse AG, affiliated companies (from July 1, 2012)

Retiree Representatives
Martin Wetter, employer representative, Zurich
Martin Klaus, employee representative, Zurich

Reserve Members
Thomas von Burg, Credit Suisse AG, German-speaking Switzerland
Richard Neuenschwander, Credit Suisse AG, French-speaking Switzerland
Andreas Zwikirsch, Credit Suisse AG, Ticino

4.1.5.2 Investment Committee

Philip Hess, Chairman, Zurich
Walter Berchtold, Zurich
Thomas Isenschmid, Zurich
Hans-Ulrich Meister, Zurich
Hanspeter Kurzmeyer, Zurich
Frédéric Baechler, Lausanne

4.1.5.3 Compensation Committee

Philip Hess, Chairman, Zurich
Christian G. Machate, Zurich
Martin Klaus, Zurich

4.1.5.4 Audit Committee

Thomas Isenschmid, Chairman, Zurich
Marco Illy, Zurich
Martin Klaus, Zurich

4.1.5.5 Voting Rights Committee

Philip Hess, Chairman, Zurich
Thomas Isenschmid, Zurich
Martin Klaus, Zurich
Urs Bracher, Managing Director

4.1.5.6 Management

Urs Bracher, Managing Director, member of Pension Fund management, Zurich
Guido Bächli, Investment Manager, member of Pension Fund management, Zurich
Matthias Hochrein, COO, member of Pension Fund management, Zurich

4.1.6 Actuary, Auditors and Supervisory Authority

4.1.6.1 Pension Actuary

AON Hewitt (Switzerland) AG, Zurich

4.1.6.2 Auditors

KPMG AG, Zurich

4.1.6.3 Supervisory authority

BVG- und Stiftungsaufsicht des Kantons Zürich (Office for Occupational Insurance and Foundations of the Canton of Zurich), Zurich

4.1.7 Affiliated Employers

As of December 31, 2012, 15 different companies with business ties to Credit Suisse Group AG were affiliated with the Pension Fund of Credit Suisse Group (Switzerland). CS Private Advisors is in the process of being liquidated and most of the staff have transferred to Credit Suisse AG. The companies Clariden Leu AG, Clariden Leu Trust AG, and Swiss Investment Company have been merged with Credit Suisse AG. Metropol Partners AG was spun out of the former Clariden Leu AG and has joined the Pension Fund.

	31.12.2012		**31.12.2011**	
No.	Institution No.	Company name	Institution No.	Company name
1	050	Credit Suisse Group AG	050	Credit Suisse Group AG
2	100	Credit Suisse AG	100	Credit Suisse AG
3	211	Credit Suisse Fleet Management	211	Credit Suisse Fleet Management
4	220	Neue Aargauer Bank AG	220	Neue Aargauer Bank AG
5	227	BANK-now AG	227	BANK-now AG
6	301	CS Securities (Europe) Ltd	301	CS Securities (Europe) Ltd
7	325	CS Solution Partners AG	325	CS Solution Partners AG
8	340	-	340	CS Private Advisors
9	404	Credit Suisse Trust AG	404	Credit Suisse Trust AG
10	416	-	416	Swiss Investment Company
11	450	-	450	Clariden Leu AG
12	455	-	455	Clariden Leu Trust (Switzerland) AG
13	500	CS Sec. USA LLC	500	CS Sec. USA LLC
14	612	CS AG Singapore Branch	612	CS AG Singapore Branch
15	706	Swiss Kiosk-Inhaberverb.	706	Swiss Kiosk-Inhaberverb.
16	711	WINCASA AG	711	WINCASA AG
17	720	Pension Fund of CSG (Switzerland)	720	Pension Fund of CSG (Switzerland)
18	755	Corby SA	755	Corby SA
19	900	Metropol Partners AG		

Various individuals at international organizations of Credit Suisse AG are also insured by the Pension Fund.

4.1.8 Corporate Governance

4.1.8.1 Exercise of Voting Rights under Art. 49a, Para. 2 BVV 2

The Pension Fund exercises the shareholders' rights associated with equity investments in the interest of the insured participants based mainly on financial criteria. The exercise of voting rights is currently confined to companies listed in Switzerland. In relation to routine business, voting rights are in principle exercised in line with the proposals of the Board of Directors. In the case of proposals that could have a major impact on the interests of the insured participants (mergers, reorganizations, sales of subdivisions, changes in the capital structure, or voting rights, etc.), votes are exercised according to the instructions of the Voting Rights Committee. The latter generally takes its decisions by circular letter on the basis of a proposal from the Investment Manager. The decision of the Voting Rights Committee is deemed valid if no objections are filed by the members within the prescribed time limit. In the event of failure to reach a unanimous decision on the exercising of voting rights, the Board of Trustees has the casting vote.

Four matters were referred to the Voting Rights Committee during the 2012 reporting year:

- AGM of UBS AG
  Contrary to the proposal of the Board of Directors, the Voting Rights Committee voted against a) the remuneration report and b) the creation of conditional capital for employee share plans.
- AGM of Transocean Ltd.
  Contrary to the proposal of the Board of Directors, the Voting Rights Committee a) abstained on the approval of the annual report and b) voted against discharging the members of the Board of Directors.
- AGM of Sonova AG
  Contrary to the proposal of the Board of Directors, the Voting Rights Committee a) voted against the remuneration report and b) abstained on discharging the members of the Board of Directors.
- AGM of Financiere Richemont SA
  Contrary to the proposal of the Board of Directors, the Voting Rights Committee voted against various persons proposed for election to the Board of Directors due to a lack of independence.

4.1.8.2 Integrity and Loyalty of the Responsible Persons

To avoid conflicts of interest between the beneficiaries, the executive bodies and management of the Pension Fund and those in charge of administration and asset management, the Board of Trustees has issued regulations for loyal conduct and integrity in accordance with Art. 53a BVG in conjunction with Art. 48f to 48l BVV 2.
The persons concerned have undertaken to disclose their bank accounts at the request of the Board of Trustees and to comply with the rules of Credit Suisse AG governing personal account trading.
In addition, the persons concerned will confirm annually in writing that they have complied with the regulations for loyal conduct and integrity.
At the end of 2012, the Board of Trustees decided to set up an Audit Committee for the Pension Fund which would assist it in governance matters in future. The Audit Committee is responsible for monitoring the areas of financial reporting, risk management and compliance with the legal requirements, and in particular the loyal conduct and integrity regulations. In addition, the members of the Audit Committee take part in the concluding discussions with the auditors on the interim and final audit and in concluding discussions after reviews by the bank's Internal Audit department.
The Pension Fund is also subject to ASIP's code of conduct, which is mandatory for all ASIP members. The ASIP Charter is intended to help ensure that retirement assets are used solely in accordance with their intended purpose and to avoid misuse in the investment and management of such assets.

4.1.8.3 Policy on retrocessions

The payment of retrocessions is dealt with in contractual agreements with the external asset managers. Income accrues in full to the Pension Fund.

4.1.8.4 Remuneration of the Board of Trustees and the Committees

The representatives of the employer and the employees are not remunerated for their activities. Only the retiree representatives are remunerated. They are paid an annual flat-rate payment of CHF 2,000 with an attendance fee of CHF 1,500 for their membership of the Board of Trustees, plus an attendance fee of CHF 750 for membership of the Compensation Committee, and an attendance fee of CHF 1,500, together with an annual flat-rate payment of CHF 2,000, for membership of the Audit Committee.

4.1.8.5 Information Policy

The foundation publishes its monthly performance on its website. Financial reporting is performed as part of the annual report procedure set out in Swiss GAAP FER 26.
All relevant information on the Pension Fund can be found at www.credit-suisse.com/pensionfund.

4.2 Active Participants and Pensioners

4.2.1 Active Participants

Active participants in the annuity plan	Men	Women	Total
No. of participants at December 31, 2011	**6,411**	**3,159**	**9,570**
New participants (not permitted by the regulations)	0	0	0
Departures (total)	- 754	- 379	- 1,133
of which through disability	- 21	- 10	- 31
of which through retirement	- 322	- 157	- 479
of which through change of job	- 404	- 209	- 613
of which through death	- 7	- 3	- 10
of which transfers to savings plan	0	0	0
No. of participants at December 31, 2012	**5,657**	**2,780**	**8,437**
Change in number of persons	- 754	- 379	- 1,133
Change in %	- 11.8	- 12.0	- 11.8

Active participants in the savings plan	Men	Women	Total
No. of participants at December 31, 2011	**8,349**	**5,739**	**14,088**
of which transfers from annuity plan	0	0	0
New participants	1,248	860	2,108
Departures (total)	- 1,346	- 1,024	- 2,370
of which through disability	- 5	0	- 5
of which through retirement	- 4	- 2	- 6
of which through change of job	- 1,335	- 1,022	- 2,357
of which through death	- 2	0	- 2
No. of participants at December 31, 2012	**8,251**	**5,575**	**13,826**
Change in number of persons	- 98	- 164	- 262
Change in %	- 1.2	- 2.9	- 1.9

Total active participants, all plans	Men	Women	Total
No. of participants at December 31, 2011	**14,760**	**8,898**	**23,658**
No. of participants at December 31, 2012	**13,908**	**8,355**	**22,263**
Change in number of persons	- 852	- 543	- 1,395
Change in %	- 5.8	- 6.1	- 5.9

4.2.2 Pensioners

Pensioners	Men		Women		Total	
	1.1.2013	1.1.2012	1.1.2013	1.1.2012	1.1.2013	1.1.2012
Retirement pensions	4,780	4,600	2,922	2,806	7,702	7,406
Disability pensions	288	294	311	330	599	624
Surviving spouse's pensions	103	98	1,539	1,486	1,642	1,584
Support pensions	15	13	9	8	24	21
Child's pensions	278	257	270	237	548	494
Total pensioners	5,464	5,262	5,051	4,867	10,515	10,129
Change in number of persons	202		184		386	
Change in %	3.8		3.8		3.8	

4.2.3 Age Structure of the Active Participants and Pensioners

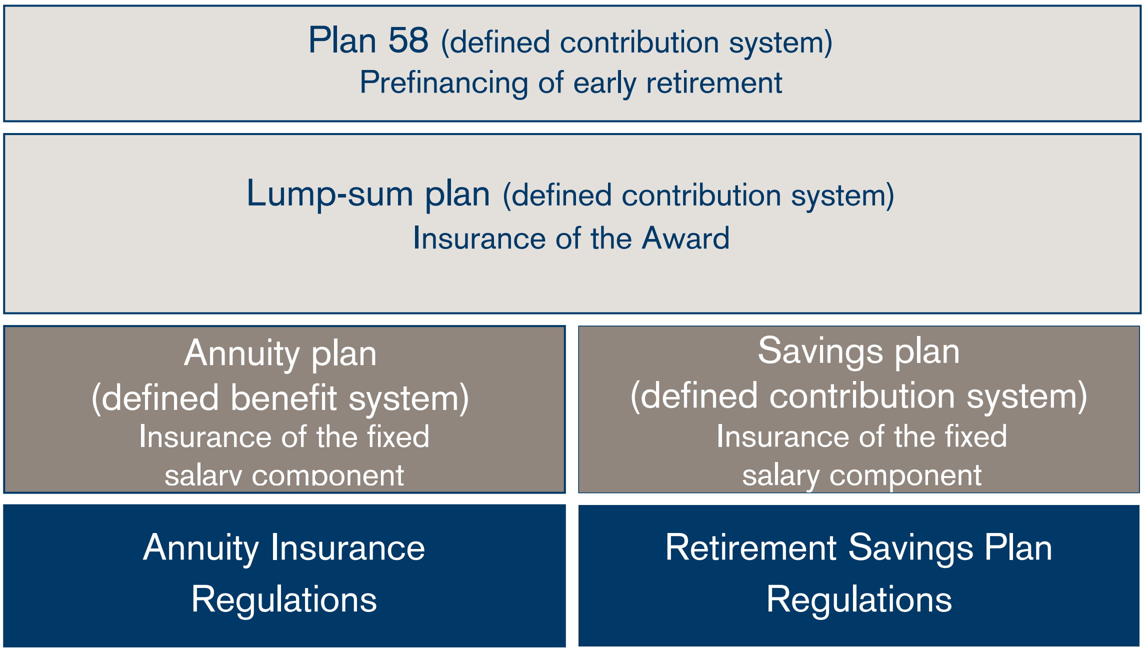
Average age of insured participants	on 31.12.2012	on 31.12.2011
Men	40.7	40.5
Women	38.9	38.6

Average age of pensioners	on 1.1.2013	on 1.1.2012
Retirement pensions, men	71.7	71.8
Retirement pensions, women	72.0	71.9
Disability pensions	53.6	53.5
Surviving spouse's pensions	76.3	75.9
Child's pensions	17.7	17.5

4.3 Implementation of Objectives

4.3.1 Pension Plans, Financing, Financing Method

The Pension Fund as an autonomous pension institution exists in the legal form of a foundation. It comprises a defined benefit system for the annuity plan, a defined contribution system for the savings plan, and a defined contribution system for the lump-sum plan. The annuity and savings plans insure the fixed annual salary. The lump-sum plan insures variable salary components (Awards). The Pension Fund also offers a voluntary supplementary plan to the annuity and savings plans called Plan 58. This plan allows insured participants to prefinance the pension reduction associated with taking early retirement.



4.3.1.1 Pension Benefits and Contributions in the Annuity Plan

Employees who were aged over 40 on January 1, 2010, (born in 1970 or earlier) are insured in the annuity plan. The fixed annual salary (12 monthly salary payments) minus a coordination deduction is insured under the annuity plan. The coordination deduction is $^{1}/_{3}$ of the annual salary up to the amount of the maximum retirement pension payable under the AHV (CHF 27,840). The coordination deduction for part-time employees is adjusted in proportion to the level of employment. The maximum pensionable salary is:

- CHF 250,000 for employees and for members of Senior Management
- CHF 650,000 for members of the Group Executive Board

All participants in the annuity plan will be transferred to the savings plan with effect from January 1, 2013. The annuity plan will then be terminated.

Retirement Pension / Retirement Age

Retirement can be taken between the ages of 58 and 65 at the request of the bank or the insured participant. The retirement pension will amount to:

At age	58:	82	% of the insured retirement pension
	59:	87	% of the insured retirement pension
	60:	91	% of the insured retirement pension
	61:	94	% of the insured retirement pension
	62:	97	% of the insured retirement pension
	63:	100	% of the insured retirement pension
	64:	103	% of the insured retirement pension
	65:	106	% of the insured retirement pension

The retirement pension is increased by 3% for members of senior management and by 9% for members of the Executive Board.
At the request of the insured participant, 50% of the pension can be drawn as a lump sum.
The retirement pension is supplemented by the retiree's child's pension and an AHV bridging pension. The AHV bridging pension amounting to half of the anticipated AHV pension is paid from the date the insured participant effectively retires (but not before age 60) to the time he / she starts receiving the retirement pension from the Swiss Federal Old Age and Survivors' Insurance.

Disability Pension

The disability pension corresponds to the insured retirement pension when disability occurs. If the insured participant is awarded a pension before the Swiss Federal Disability Insurance (IV) has reached a decision, an advance will be paid on the IV pension in the form of a disability bridging pension. The disability pension is supplemented by a disabled person's child's pension.

Death Benefits

In the event of the death of the insured participant, the surviving spouse will be paid a surviving spouse's pension amounting to 66 $^{2}/_{3}$% of the insured retirement pension or of the retirement or disability pension already being drawn, provided that the surviving spouse fulfills one of the following criteria:

- He / she has a child or children to support
- He / she is entitled to a disability pension or becomes so entitled within the 12 months following the death of the insured participant
- He / she is aged 45 or over

If the surviving spouse is not entitled to a pension, he / she will receive a lump-sum payment equal to three times the annual surviving spouse's pension.
The surviving spouse's pension is supplemented by a lump sum payable at death and by orphans' pensions for entitled children.
The lump sum payable at death corresponds to 50% of the pensionable annual salary provided that there is entitlement to a surviving spouse's pension. In all other cases, the lump sum payable at death corresponds to the termination benefits or 50% of the pensionable annual salary, whichever is greater.

Vested Benefits on Leaving the Company

The vested benefits comprise:

- The cash value of the accrued benefits and the capital available in the supplementary account
- At least the amounts paid in for the purchase of additional retirement benefits, plus interest (at the BVG minimum interest rate) for every year between the date on which the purchase amount was received and the date the insured participant leaves the Fund, together with the normal contributions made by the insured participant for full insurance coverage during the contribution period plus an additional 4% for each year of age beyond age 20. However, this supplement may not exceed 100% of the contributions made. The age is determined by the difference between the calendar year in which the insured participant leaves the company and the year of birth.

The cash value of the accrued benefits corresponds to the amount that a person of the same age and salary as the departing insured participant would have to pay in if he / she wanted to purchase exactly the same insurance benefits as the departing member has insured under the Pension Fund.

Contributions by Insured Participants and the Employer in the Annuity Plan

Age of insured participant	Insured participant's contribution as a % of pensionable salary	Employer contribution
40 to 44	10.0%	The employer pays a total contribution equal to 200% of the total of employee contributions (250% in the case of members of the Executive Board) on behalf of insured participants.
45 to 65	11.5%	

Change from Annuity Plan to Savings Plan as of January 1, 2013

On December 13, 2011, the Board of Trustees decided to transfer the insured participants in the annuity plan over to the savings plan with effect from January 1, 2013. In order to ease the impact of the changeover from the defined benefit system to the defined contribution system for the insured participants, the company has paid CHF 203 million into the employer's contribution reserve. This contribution is available to the Pension Fund for the purpose of financing pension plan changeover contributions. For details about the pension plan changeover, please refer to the separate communication at www.credit-suisse.com/pensionfund.

4.3.1.2 Pension Benefits and Contributions in the Savings Plan

Employees who were aged under 40 on January 1, 2010 (born in 1971 or later) are insured in the savings plan, as are all employees joining the company on or after January 1, 2010. The fixed annual salary (12 monthly salary payments) minus a coordination deduction is insured. The coordination deduction is $^{1}/_{3}$ of the annual salary up to the amount of the maximum retirement pension payable under the AHV (CHF 27,840). The coordination deduction for part-time employees is adjusted in proportion to the level of employment. The maximum pensionable salary is:

- CHF 250,000 for employees and for members of Senior Management
- CHF 650,000 for members of the Group Executive Board

Retirement Pension / Retirement Age

Retirement can be taken between the ages of 58 and 65 at the request of the bank or the insured participant. The pension is calculated by multiplying the available retirement capital by the pension conversion rate corresponding to the age of the insured participant.

At the request of the insured participant, 50% of the pension can be drawn as a lump sum.
The retirement pension is supplemented by the retiree's child's pension and an AHV bridging pension. The AHV bridging pension amounting to the anticipated AHV pension is paid from the date the insured participant effectively retires (but not before age 63) to the time he / she starts receiving the retirement pension from the Swiss Federal Old Age and Survivors' Insurance.

Disability Pension

The amount of the annual disability pension is calculated by converting the projected retirement capital using the conversion rate applicable for the normal retirement age, respectively 6.05% and 63 years. It will be at least 40% of the pensionable salary. The disability pension is supplemented by a disabled person's child's pension.

Death Benefits

In the event of the death of the insured participant, the surviving spouse will be paid a surviving spouse's pension amounting to 66 $^{2}/_{3}$% of the insured disability pension or of the retirement or disability pension already being drawn, provided that the surviving spouse fulfills one of the following criteria:

- He / she has a child or children to support
- He / she is entitled to a disability pension or becomes so entitled within the 12 months following the death of the insured participant
- He / she is aged 45 or over

If the surviving spouse is not entitled to a pension, he / she will receive a lump-sum payment equal to three times the annual surviving spouse's pension.

The surviving spouse's pension is supplemented by a lump sum payable at death and by orphans' pensions for entitled children.

The lump sum payable at death corresponds to 50% of the pensionable annual salary provided that there is entitlement to a surviving spouse's pension. In all other cases, the lump sum payable at death corresponds to the vested benefits or 50% of the pensionable annual salary, whichever is greater.

Vested Benefits on Leaving the Company

The vested benefits comprise the accrued retirement capital.

Contributions by Insured Participants and the Employer in the Savings Plan

Age of insured participant	Insured participant's savings contribution (Standard option) as % of pensionable salary	Employer's savings contribution as % of pensionable salary	Employer's risk contribution as % of pensionable salary
17 to 24 (insured only against the risks of death and disability)	0.0%	0.0%	2.0%
25 to 34	7.5%	7.5%	6.0%
35 to 44	9.0%	13.0%	6.0%
45 to 54	10.5%	17.5%	6.0%
55 to 65	10.5%	25.0%	6.0%

The insured participants can choose the level of their savings contribution from the three contribution options: Basic, Standard and Top.

4.3.1.3 Pension Benefits and Contributions in the Lump-Sum Plan

The cash portion of the Award is insured, less a coordination deduction of CHF 5,000. Since January 1, 2006, the maximum amount of the savings component of the pensionable salary has been CHF 750,000, less the pensionable salary under the annuity or savings plan. The death and disability benefits are based on the average savings component of the last three pensionable annual salaries.

Retirement Benefits

The accrued savings capital is paid out on retirement from the age of 58.

Disability Pension and Disabled Person's Child's Pension

The disability pension amounts to 50% of the pensionable salary risk component, but not more than 30% of the pensionable salary under the annuity or savings plan. In addition, the savings contributions are waived. The disability pension is supplemented by a disabled person's child's pension.

Death Benefits

In the event of the death of the insured participant, the surviving spouse will be paid a surviving spouse's pension amounting to $66^{2}/_{3}$% of the insured disability pension. The preconditions for entitlement are the same as for the annuity plan. The spouse's pension will be paid until such time as the deceased would have reached normal retirement age. The surviving spouse's pension can also be drawn as a lump sum.
The surviving spouse's pension is supplemented by a lump sum payable at death and by orphans' pensions for entitled children.
The lump sum payable at death is equal to the accrued retirement capital, but not less than 50% of the risk component of the pensionable annual salary.

Vested Benefits on Leaving the Company

The vested benefits equal the accrued retirement capital.

Contributions by Insured Participants and the Employer in the Lump-Sum Plan

Employees may choose from employee savings contributions of 3%, 6%, or 9% of the savings component of the pensionable salary. The employer pays a savings contribution of 6% and, in addition, a risk contribution of 3% of the savings component of the pensionable salary.

4.3.1.4 Pension Benefits and Contributions in Plan 58

Plan 58 allows insured participants to prefinance the pension reduction associated with taking early retirement. It is funded solely by personal payments by active participants. There are no employer contributions.

4.4 Significant Accounting Policies and Valuation Methods, Consistency

4.4.1 Statement of Compliance with Swiss GAAP FER 26

Accounting, balance sheet reporting and valuation are carried out in accordance with the provisions of Swiss GAAP FER 26.

4.4.2 Significant Accounting Policies and Valuation Methods

4.4.2.1 Securities

Securities are stated at market value on the balance sheet date.

4.4.2.2 Mortgages and Other Loans

Mortgages and other loans are shown in the balance sheet at par value minus any valuation adjustments required for operational purposes. At this time, no valuation adjustments are necessary.

4.4.2.3 Real Estate

Direct real estate holdings are reported in the balance sheet at market value. The basis on which Wüest & Partner determines the market value is the sum of the discounted net cash flow at the time of the valuation (DCF method). A risk-based real interest rate is applied in the discounting calculation. This comprises a risk-free interest rate, together with a premium for the real-estate risk (immobility of capital), the macro-location, the micro-location depending on utilization, and the premiums for property quality and investment risk. As of December 31, 2012, the range for the discount rate was between 4.2% and 4.9% (2011: 4.4% and 5.1%).
The market value of the real estate is reviewed annually, and 20% of the real estate holdings are inspected at the time of the review. All properties are to be inspected at five-yearly intervals.
Indirect real estate holdings are recognized in the balance sheet at market value.

4.4.2.4 Alternative Investments

Listed alternative investments are recognized at market value. Non-listed alternative investments are reported according to their net asset value (NAV). The NAV for private equity investments is tested for impairment by an independent expert, corrected where necessary, and extrapolated to the balance sheet date. The task of checking the NAV is performed by Alpha Associates AG, Zurich.

4.4.2.5 Other Assets

Other investments, claims and current account deposits are recognized at par value, minus any valuation adjustments required for operational purposes. At this time, no valuation adjustments are necessary.

4.4.2.6 Currency Management

Foreign currencies are regarded as an asset class in their own right. They are reported in the balance sheet at market value.

4.4.3 Changes in Accounting Policy and in Bookkeeping

There have been no changes in accounting policy or bookkeeping since the previous year.

4.5 Actuarial Risks / Risk Benefit Coverage / Funding Ratio

4.5.1 Overview of Actuarial Balance Sheet

Actuarial balance sheet	**31.12.2012**	**31.12.2011**	**Change**
Actuarial principles	2010 BVG - P2010	2010 BVG - P2010	
Technical interest rate (active participants / pensioners)	4.0% / 3.0%	4.0% / 3.5%	
	CHF	CHF	CHF
Pension liabilities, annuity plan			
Actuarial provisions for current pensions	5,857,477,017	5,297,334,413	560,142,604
Actuarial provisions for current bridging pensions	98,746,905	85,821,089	12,925,816
Actuarial provisions for awarded cost-of-living allowances	232,877,722	240,202,696	- 7,324,974
Pension liabilities for active participants	4,033,083,149	4,364,132,508	- 331,049,359
Pension liabilities, savings plan			
Actuarial provisions for current temporary pensions	15,451,388	9,123,185	6,328,203
Retirement capital, active participants	1,410,176,765	1,268,017,129	142,159,636
Retirement capital, active participants on an hourly wage	0	0	0
Retirement capital and waiver of savings contribution	4,550,317	1,834,840	2,715,477
Pension liabilities, lump-sum plan			
Actuarial provisions for current pensions	24,793,174	22,860,942	1,932,232
Actuarial provisions for awarded cost-of-living allowances	156,157	184,495	- 28,338
Retirement capital in the lump-sum plan	1,058,566,202	1,111,783,856	- 53,217,654
Retirement capital and waiver of contributions to lump-sum plan	17,097,687	15,734,381	1,363,306
Pension liabilities, Plan 58			
Retirement capital for early retirement (Plan 58)	158,994,338	159,275,332	- 280,994
Total pension liabilities	12,911,970,821	12,576,304,866	335,665,955
Actuarial provisions			
Provision for increase in life expectancy 1)	115,786,000	49,669,000	66,117,000
Provision for flexible retirement 2)	0	505,555,292	- 505,555,292
Provision for actuarial risks 3)	39,136,000	25,267,000	13,869,000
Provision for the plan changeover 4)	269,382,030	0	269,382,030
Total actuarial provisions	424,304,030	580,491,292	- 156,187,262
Pension liabilities and actuarial provisions	**13,336,274,851**	**13,156,796,158**	**179,478,693**
Assets	**14,481,209,411**	**13,739,383,092**	**741,826,319**
Liabilities			
Accrued liabilities, deferred income, and other liabilities	122,081,973	180,114,877	- 58,032,904
Employer's contribution reserve	95,188,543	237,978,825	- 142,790,282
Reserve for fluctuations in asset value	927,664,044	164,493,232	763,170,812
Total liabilities and provisions	**1,144,934,560**	**582,586,934**	**562,347,626**
Net assets	**13,336,274,851**	**13,156,796,158**	**179,478,693**
Pension liabilities and actuarial provisions	**13,336,274,851**	**13,156,796,158**	**179,478,693**
Non-committed funds	**0**	**0**	**0**
Funding ratio under Art. 44 BVV 2	106.96	101.25	5.71

1) 1% of the pension liabilities and actuarial provisions in the annuity and savings plan (2011: 0.5% of the pension liabilities for active participants and actuarial provisions for pensioners in the annuity plan)
2) In 2011, 3% of the pension liabilities for active participants + CHF 374,631,292 for the reduction in the technical interest rate for active participants > age 45
3) 2.0% of the total pensionable salary in the savings and annuity plan (2011: 2.5% of total pensionable salary in the annuity plan)
4) Provision for the pension plan changeover in accordance with the decision of the Board of Trustees

4.5.2 Type of Risk Benefit Coverage, Reinsurance

The Pension Fund bears the full risks of retirement, disability, and death. It has no reinsurance agreements. The annuity plan (defined benefit system) and the savings plan (defined contribution system) insure the fixed salary components, while the lump-sum plan (defined contribution system) insures the variable salary components (cash portion of the Award). Active participants also have the option under Plan 58 to prefinance the pension reduction associated with taking early retirement through voluntary payments.

4.5.3 Active Participants' Liabilities

4.5.3.1 Development of Pension Liabilities, Annuity Plan (Defined Benefit System)

The pension liabilities comprise the expected benefits of active participants in the annuity plan as follows:

Active participants' liabilities under the annuity plan	**31.12.2012**	**31.12.2011**	**Change**
	CHF	CHF	CHF
Pension liabilities for active participants	4,033,083,149	4,364,132,508	- 331,049,359
Total pension liabilities	4,033,083,149	4,364,132,508	- 331,049,359

The sharp decrease in the pension liabilities for active participants is due to the fact that the plan is now closed to new entrants. Therefore active participants may only leave the plan or retire.

4.5.3.2 Development of Pension Liabilities, Savings Plan (Defined Contribution System)

The pension liabilities consist of the retirement capital of active participants and of insured participants employed on an hourly wage.

Savings capital in the savings plan	**2012**	**2011**	**Change**
	CHF	CHF	CHF
Retirement capital as of January 1	1,268,017,129	975,906,897	292,110,232
Transfer of pension liabilities from annuity plan (voluntary switches)	0	1,025,355	- 1,025,355
Purchase amounts	22,166,925	22,768,843	- 601,918
Company purchase amount (CDI)	0	129,034	- 129,034
Vested benefit transfers	85,568,668	171,974,894	- 86,406,226
Repayment of withdrawals for home ownership	1,430,168	2,272,528	- 842,360
Vested benefits on leaving the company	- 186,416,957	- 120,486,685	- 65,930,272
Withdrawals for home ownership and divorce	- 13,131,873	- 12,061,658	- 1,070,215
Savings contributions by employees	92,250,728	86,450,193	5,800,535
Savings contributions by employer	117,205,298	107,746,245	9,459,053
Interest paid on savings capital (2012: 2.5% / 2011: 3.0%)	29,842,980	30,446,199	- 603,219
Released pension liabilities due to death	- 2,868,436	- 51,137	- 2,817,299
Released pension liabilities due to disability	- 1,942,489	- 56,330	- 1,886,159
Released retirement capital due to retirement	- 1,584,874	- 202,193	- 1,382,681
Accruals / deferrals at period end / miscellaneous	- 360,502	2,154,944	- 2,515,446
Retirement capital as of December 31	**1,410,176,765**	**1,268,017,129**	**142,159,636**

4.5.3.3 Development and Return on Savings Capital in the Lump-Sum Plan and Plan 58 (Defined Contribution System)

The pension liabilities comprise the retirement capital in the lump-sum plan and in Plan 58.

Savings capital in the lump-sum plan	2012 CHF	2011 CHF	Change CHF
Retirement capital as of January 1	1,111,783,856	1,091,680,817	20,103,039
Purchase amounts	20,010,491	25,943,892	- 5,933,401
Vested benefit transfers	10,344,258	12,213,178	- 1,868,920
Transfer from Plan 58	778,894	0	778,894
Transfer to annuity plan	- 168,552	0	- 168,552
Repayment of withdrawals for home ownership	787,519	676,554	110,965
Vested benefits on leaving the company	- 84,562,444	- 59,680,001	- 24,882,443
Withdrawals for home ownership and divorce	- 12,033,671	- 17,537,592	5,503,921
Savings contributions by employees	31,539,195	35,665,833	- 4,126,638
Savings contributions by employer	27,378,356	30,866,109	- 3,487,753
Interest paid on savings capital (2012: 2.5% / 2011: 2.0%)	24,955,085	21,180,698	3,774,387
Released pension liabilities due to death	- 4,224,062	- 1,193,773	- 3,030,289
Released pension liabilities due to disability	- 1,953,503	- 451,269	- 1,502,234
Withdrawal of retirement capital on retirement	- 65,763,360	- 27,280,539	- 38,482,821
Accruals / deferrals at period end / miscellaneous	- 305,860	- 300,051	- 5,809
Retirement capital as of December 31	**1,058,566,202**	**1,111,783,856**	**- 53,217,654**

Savings capital in Plan 58	2012 CHF	2011 CHF	Change CHF
Retirement capital as of January 1	159,275,332	150,521,411	8,753,921
Purchase amounts	21,362,791	21,048,399	314,392
Repayment of withdrawals for home ownership	74,585	488,106	- 413,521
Transfer to retirement capital in retirement savings plan and annuity plan	- 780,984	- 924,701	143,717
Vested benefits on leaving the company	- 12,742,318	- 6,101,457	- 6,640,861
Withdrawals for home ownership and divorce	- 3,182,218	- 2,842,526	- 339,692
Interest paid on savings capital (2012: 2.5% / 2011: 2.0%)	3,684,763	3,006,179	678,584
Released pension liabilities due to death	0	- 250,089	250,089
Retirement capital converted to retirement pensions	- 8,621,214	0	- 8,621,214
Withdrawal of retirement capital on retirement	0	- 5,422,644	5,422,644
Accruals / deferrals at period end / miscellaneous	- 76,399	- 247,346	170,947
Retirement capital as of December 31	**158,994,338**	**159,275,332**	**- 280,994**

4.5.3.4 Overall Development of Active Participants' Liabilities

Active participants' liabilities comprise the following:

Active participants' liabilities	31.12.2012 CHF	31.12.2011 CHF	Change CHF
Pension liabilities, annuity plan			
Pension liabilities for active participants	4,033,083,149	4,364,132,508	- 331,049,359
Pension liabilities, savings plan			
Retirement capital, active participants	1,410,176,765	1,268,017,129	142,159,636
Pension liabilities, lump-sum plan			
Retirement capital in the lump-sum plan	1,058,566,202	1,111,783,856	- 53,217,654
Pension liabilities, Plan 58			
Retirement capital in Plan 58	158,994,338	159,275,332	- 280,994
Total active participants' liabilities	**6,660,820,454**	**6,903,208,825**	**- 242,388,371**

4.5.4 Sum of BVG Retirement Accounts (Shadow Account)

The Pension Fund's benefits in all categories exceed the statutory (BVG) benefit levels many times over. On the balance sheet date, the BVG retirement savings capital amounted to CHF 1,486.8 million (2011: CHF 1,512.3 million).

4.5.5 Pensioners' Liabilities

4.5.5.1 Development of Pensioners' Liabilities

Pensioners' liabilities comprise the following components:

Pensioners' liabilities	31.12.2012 CHF	31.12.2011 CHF	Change CHF
Pension liabilities, annuity plan			
Actuarial provisions for current pensions	5,857,477,017	5,297,334,413	560,142,604
Actuarial provisions for current bridging pensions	98,746,905	85,821,089	12,925,816
Actuarial provisions for awarded cost-of-living allowances	232,877,722	240,202,696	- 7,324,974
Pension liabilities, savings plan			
Actuarial provisions for current temporary pensions	15,451,388	9,123,185	6,328,203
Retirement capital and waiver of savings contribution	4,550,317	1,834,840	2,715,477
Pension liabilities, lump-sum plan			
Actuarial provisions for current pensions	24,793,174	22,860,942	1,932,232
Actuarial provisions for awarded cost-of-living allowances	156,157	184,495	- 28,338
Retirement capital and waiver of contributions to lump-sum plan	17,097,687	15,734,381	1,363,306
Total pensioners' liabilities	**6,251,150,367**	**5,673,096,041**	**578,054,326**

4.5.5.2 Cost-of-Living Allowance for Pensioners

The Pension Fund seeks to compensate pensioners in part for the effects of inflation on current pensions. The Board of Trustees resolved not to increase the cost-of-living allowance because of a lack of non-committed funds.

In order to guarantee cost-of-living allowances previously awarded, the Pension Fund has set aside actuarial provisions totaling CHF 233.0 million (2011: CHF 240.4 million). The fact that cost-of-living allowances previously awarded have been guaranteed does not, however, constitute an entitlement to any further increases.

4.5.6 Structure of the Actuarial Provisions

Actuarial provisions	31.12.2012 CHF	31.12.2011 CHF	Change CHF
Provision for increase in life expectancy	115,786,000	49,669,000	66,117,000
Provision for flexible retirement and reduction in the technical interest rate	0	505,555,292	- 505,555,292
Provision for actuarial risks	39,136,000	25,267,000	13,869,000
Provision for the plan changeover	269,382,030	0	269,382,030
Total actuarial provisions	**424,304,030**	**580,491,292**	**- 156,187,262**

4.5.6.1 Provision for Increase in Life Expectancy

A provision of 1.0% (2011: 0.5%) of the pension liabilities in the annuity plan (excluding the actuarial provisions for bridging pensions), the pension liabilities in the savings plan, and the pension liabilities in the lump-sum plan was set aside to cover expected future increases in life expectancy. The provision amounts to CHF 115.8 million (2011: CHF 49.7 million).

4.5.6.2 Provision for Flexible Retirement

In 2011, this provision of CHF 505.6 million consisted of two positions. A provision for the costs generated by reduction rates insufficient for actuarial requirements (CHF 131.0 million) and a provision for the reduction in the technical interest rate (CHF 374.6 million). The technical interest rate used to measure the pension liabilities was reduced with effect from December 31, 2012. Due to the reduction in the pension conversion rate from January 1, 2015 there will no longer be an underfunding deficit when participants retire. Until then, these losses will be financed out of risk premiums. The provision recognized previously was therefore released (see section 4.5.9).

4.5.6.3 Provision for Actuarial Risks

The provision for actuarial risks is used to smooth out the financial impact of accumulated financial losses due to death and disability. It is formed on a flat-rate basis and amounts to 2.0% of the total pensionable salary in the annuity plan. It amounts to CHF 39.1 million (2011: 2.5% of the total pensionable salary in the annuity plan, corresponding to CHF 25.3 million).

4.5.6.4 Provision for the Plan Changeover

In light of the upcoming transfer of insured participants from the annuity plan to the savings plan, the employer paid CHF 203.0 million into the employer's contribution reserve in 2011 in order to partly finance the plan changeover costs. After the changeover costs became known at the end of 2012, part of this employer's contribution reserve (CHF 139.4 million) was transferred to the provision for financing the plan changeover. The remaining provision (CHF 130.0 million) was financed out of the provision for the reduction of the technical interest rate. Please also see sections 4.5.9 and 4.6.8.2.

4.5.7 Conclusions of the Last Actuarial Report

In its actuarial report of December 31, 2012, the pension actuary summarized its findings as follows:
The actuarial report on the Pension Fund of Credit Suisse Group (Switzerland) has been prepared in accordance with the principles and guidelines for pension actuaries and the FRP 1, 2, 4 and 5 guidelines on actuarial practice issued by the Swiss Chamber of Pension Actuaries. The Pension Fund reports its benefit obligations in the balance sheet on the basis of the actuarial principles of the 2010 BVG - P2010, using a technical interest rate of 4.0% for active participants and 3.0% for pension recipients. The financial situation of the Pension Fund as of December 31, 2012, was as follows

- *a surplus of net assets of CHF 927,664,044 and*
- *a funding ratio in accordance with the Amendment to Art. 44 BVV 2 of 106.96%.*

The technical assumptions used (2010 BVG - P2010) are in our view appropriate for the Pension Fund. The technical interest rate of 3.0% used for pension recipients is in line with the stipulations of FRP guideline 4. The ongoing increase in life expectancy has been taken into account by creating an appropriate provision.

As of December 31, 2012, the reserve for fluctuations in asset value amounted to 44.0% of its target level. If the reserve was at its target level, this would represent a funding ratio of 115.8%. As a result, the Fund has not yet reached its full risk capacity with regard to investment risk.

Based on our assessment of the financial situation of the Pension Fund as of December 31, 2012, we confirm that as of that date

- *The Pension Fund offers the security in accordance with Art. 52e, Para. 1 BVG that it can fulfill its regulatory obligations*
- *The actuarial provisions on benefits and financing provided for in its regulations are in line with current statutory requirements*

Based on our assessment, we can confirm that the Fund's current financing is sufficient to meet its benefit obligations. The benefit obligations are, in light of the technical assumptions used, adequately backed by the retirement assets, the technical provisions, the contributions and the expected return on the investments.

4.5.8 Actuarial Principles and Other Significant Actuarial Assumptions

Actuarial principles / technical interest rate	31.12.2012	31.12.2011
Actuarial principles	2010 BVG - P2010	2010 BVG - P2010
Technical interest rate for active participants / pension recipients	4.0% / 3.0%	4.0% / 3.5%

4.5.9 Change in the Technical Interest Rate on Current Pensions

The technical interest rate used to value current pensions was reduced from 3.5% to 3.0% at the year-end 2012. The required increase in actuarial provisions of CHF 296.1 million resulting from this reduction in the technical interest rate was financed out of the provision that had been established for this purpose.

In view of the fact that the active participants will be transferred to the defined contribution system with effect from January 1, 2013, the Board of Trustees decided not to reduce the technical interest rate for active participants as well. The provision created for this reduction was used to fund a provision of CHF 130.0 million for the plan changeover. An amount of CHF 79.5 million was left over from the original provision, which was allocated to the reserve for fluctuations in asset value.

Costs of the reduction in the technical interest rate / creation of the provision for the plan changeover	Charged to the Pension Fund	Charged to the employer's contribution reserve	Total
	CHF mn	CHF mn	CHF mn
Release of provision for flexible retirement / reduction in technical interest rate	505.6		505.6
Costs of the reduction in the technical interest rate for pensioners from 3.5% to 3.0%	- 296.1		- 296.1
Creation of provision for plan changeover costs	- 130.0	- 139.4	- 269.4
Allocated to reserve for fluctuations in asset value	**79.5**		

4.5.10 Funding Ratio under Art. 44 BVV 2

The funding ratio under Art. 44 BVV 2 is the ratio of net assets, as calculated according to commercial criteria, to pension liabilities. The net assets calculated correspond to the assets less the accrued liabilities and deferred income and the employer's contribution reserve. The pension liabilities correspond to the combined total of pension liabilities and actuarial provisions. At the end of the year under review, the funding ratio amounted to 107.0% (previous year: 101.3%).

Funding ratio under Art. 44 BVV 2	**31.12.2012** CHF	**31.12.2011** CHF	**Change** CHF
Assets	**14,481,209,411**	**13,739,383,092**	**741,826,319**
Accrued liabilities and deferred income	- 21,626,455	- 121,516,351	99,889,896
Liabilities	- 100,455,518	- 58,598,526	- 41,856,992
Employer's contribution reserve	- 95,188,543	- 237,978,825	142,790,282
Retirement assets (RA)	**14,263,938,895**	**13,321,289,390**	**942,649,505**
Pension liabilities and actuarial provisions (PL)	**13,336,274,851**	**13,156,796,158**	**179,478,693**
Funding ratio (in %) under Art. 44 BVV 2 (RA / PL)	**106.96**	**101.25**	**5.71**

Development of the funding ratio	**Year (Dec. 31)**									
	2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Funding ratio under Art. 44 BVV 2	108.4	110.3	115.6	112.8	111.3	100.1	104.9	104.9	101.3	107.0

4.6 Explanatory Notes on Investments and Net Return on Investments

4.6.1 Organization of Investment Activities, Investment Rules and Regulations

The Regulations Governing Investments and Provisions of the Pension Fund of Credit Suisse Group (Switzerland) govern the division of responsibilities, authority, and control functions between the Board of Trustees, the Investment Committee, and the Investment Manager of the Pension Fund.
A distinction is made between the three investment phases of strategic allocation, tactical allocation, and securities selection / day-to-day business. The following bodies are responsible for the individual phases:

Strategic asset allocation	Board of Trustees determines bandwidths
Tactical allocation	Investment Committee determines bandwidths
Asset allocation within the prescribed bandwidths	Investment Manager of the Pension Fund

Since January 1, 2005, asset management has been conducted by the asset managers employed by the Pension Fund. As well as managing a proportion of the assets themselves, they delegate asset management to Credit Suisse AG and other Group companies and external asset managers through various submandates.
The external asset managers are Alpha Associates AG, Swiss Rock Asset Management AG, ARECON AG, and Flossbach von Storch AG. The external mandates are concentrated on the asset categories foreign equities, private equity, infrastructure, hedge funds and corporate credit bonds. Real estate management is carried out by WINCASA AG.

Custody services are provided by Credit Suisse AG.

The Pension Fund obtains a detailed quarterly report on derivative operations from Credit Suisse AG. In addition, Credit Suisse AG prepares a compliance monitoring report and an investment report each month.

4.6.2 Expansion of Investment Possibilities (Art. 50, Para. 4, BVV 2)

The Pension Fund is pursuing the expanded investment possibilities in accordance with Arts 53-56 and 56a, Paras. 1 and 5, as well as Art. 57, Para. 2 of BVV 2 by extending the limits for alternative investments and foreign currencies as follows:

Investment Category	Limit in accordance with Art. 55 BVV 2 as % of total assets	Limit in accordance with the Regulations Governing Investments and Provisions as % of total assets	Current holding as % of total assets
Alternative investments	0–15	10–25	18.0
Foreign currency investments	0–30	0–40	13.7

Since fall 2002, the Board of Trustees has invested the assets on the basis of a cautious investment strategy geared toward the preservation of capital. Alternative investment instruments supplement traditional investment instruments. The Board of Trustees makes its investment decisions on the basis of the asset / liability analysis prepared by Credit Suisse AG in 2012.

Selection, Management, and Monitoring of Investments

The Pension Fund is responsible for selecting and monitoring investments. At the level of individual securities, investments are managed mainly via mandates, most of which have been issued to Credit Suisse. The selection of investments based on borrower ratings is stipulated in contractual agreements and is monitored by Compliance at Credit Suisse, which provides a monthly compliance report to the Pension Fund.

Certainty and Risk Allocation of Investments

The Board of Trustees assigns top priority to the risk allocation of investments. To further spread the risk, the asset allocation is broadly diversified and supplemented by alternative investments. An evaluation of the alternative investments showed that the portfolio risk had been considerably reduced due to the lower correlation coefficients with the other asset classes.
Alternative investments are held via diversified collective investments. As part of its private equity investments, the Pension Fund holds a direct venture portfolio worth CHF 13.5 million (2011: CHF 11.8 million). The Pension Fund acquired this portfolio from Credit Suisse AG in 2006. The private equity portfolio is managed and valued by Alpha Associates AG, Zurich.

4.6.3 Target Reserve for Fluctuations in Asset Value and Calculation of the Reserve

The Regulations Governing Investments and Provisions issued by the Board of Trustees prescribe the formation of a separate reserve for fluctuations in asset value based on criteria set by specialists. The target reserve for fluctuations in asset value must ensure financial stability over a period of one year with a probability of at least 98% (value-at-risk approach).
The reserve for fluctuations in asset value was calculated by the Private Banking & Wealth Management division of Credit Suisse AG with a probability of 98% based on the value-at-risk approach. The potential return was determined firstly based on historic data, and secondly by formulating expected returns for each asset category or by deriving them from an equilibrium model. The full changeover to a defined contribution system was simulated in the calculation of the pension liabilities and actuarial provisions. The return required to stabilize the funding ratio is 3.1% per annum, which is achievable under the scenario used with a risk of 7.7%. The target reserve for fluctuations in asset value was increased from 15.4% of pension liabilities and actuarial provisions to 15.8% in the year under review.
The return required to reach a reserve for fluctuations in asset value of 15.8% within a six-year period is 4.4% per annum.

Reserve for fluctuations in asset value	31.12.2012	31.12.2011	Change
Target in % of pension liabilities and actuarial provisions	15.8	15.4	
Target in CHF	2,107,130,000	2,026,150,000	80,980,000
Existing reserve for fluctuations in asset value in CHF	927,664,044	164,493,232	763,170,812
Required to reach target in CHF	1,179,465,956	1,861,656,768	- 682,190,812
Existing fluctuations in asset value as % of target	44.0	8.1	

Increase in target as a result of a Board of Trustees decision following the ALM study in December 2012

4.6.4 Breakdown of Investments into Investment Categories (Financial Exposure)

In the year under review, the Board of Trustees and the Investment Committee continued to follow the cautious investment strategy introduced in fall 2002. Using overlay transactions (futures, forward-exchange contracts, swap transactions) the overall risk of the portfolio is controlled independently of the strategy of the individual portfolio managers. Section 4.6.4.1 shows the actual asset allocation (financial exposure) on the balance sheet date. Foreign currencies are partially hedged, while equity exposure has been built up in part through futures. In addition, futures are used to manage duration. Bonds with a term of less than one year are shown as a separate item under liquid funds, as their short maturities mean that they are more similar to fixed-term deposits with terms of up to one year and are therefore used like liquid funds as cover for derivatives. This has the effect of reducing the sum invested in bonds.

4.6.4.1 Total Assets After Setoff of Financial Derivative Instruments

Financial exposure (actual asset allocation)	**2012** in CHF mn	**2011** in CHF mn	**2012** in %	**2011** in %	Min.	**Range**	Max.
Liquid funds CHF	1,884.4	1,682.3	13.1	12.4			
Direct account and money market investments	1,615.4	1,086.0					
Derivative	- 105.1	- 89.3					
Bonds < 1 year to cover derivatives	374.1	685.7					
Liquid funds held in foreign currencies	- 625.4	- 1,011.3	- 4.3	- 7.4			
Direct	234.8	336.3					
Derivative	- 861.4	- 1,347.6					
Bonds < 1 year to cover derivatives	1.1	0.0					
Total liquid funds	**1,259.0**	**671.1**	**8.6**	**4.9**	**0**	**-**	**50**
Direct	1,850.3	1,422.3					
Derivative	- 966.5	- 1,436.9					
Bonds < 1 year to cover derivatives	375.2	685.7					
Bonds CHF	2,146.3	2,587.7	14.9	19.0			
Direct and indirect	2,520.5	3,273.4					
Derivative	0.0	0.0					
Less bonds < 1 year to cover derivatives	- 374.1	- 685.7					
Foreign currency bonds	2,074.2	2,288.6	14.4	16.8			
Direct and indirect	2,347.6	2,259.0					
Derivative, exposure-increasing	0.0	43.1					
Derivative, exposure-reducing	- 272.3	- 13.5					
Less bonds < 1 year to cover derivatives	- 1.1	0.0					
Total bonds	**4,220.5**	**4,876.4**	**29.3**	**35.9**	**25**	**-**	**50**
Direct and indirect	4,868.1	5,532.4					
Derivative	- 272.3	29.6					
Less bonds < 1 year to cover derivatives	- 375.2	- 685.7					
Equity investments in Switzerland	807.7	583.9	5.6	4.3			
Direct and indirect	702.6	494.6					
Derivative, exposure-increasing	105.1	91.6					
Derivative, exposure-reducing	0.0	- 2.2					
Equity investments outside Switzerland	3,903.2	3,281.2	27.1	24.1			
Direct and indirect	2,769.5	1,963.2					
Derivative, exposure-increasing	1,142.6	1,332.5					
Derivative, exposure-reducing	- 8.9	- 14.5					
Total equity investments	**4,710.9**	**3,865.1**	**32.7**	**28.4**	**0**	**-**	**40**
Direct and indirect	3,472.1	2,457.8					
Derivative	1,238.8	1,407.3					
Private equity	456.5	418.6	3.2	3.1	2	-	6
Hedge funds	1,406.9	1,481.8	9.8	10.9	5	-	15
Commodities	229.9	102.8	1.6	0.8	0	-	5
Infrastructure	145.1	166.2	1.0	1.2	0	-	3
Other alternative investments	345.2	479.6	2.4	3.5	0	-	6
Total alternative investments	**2,583.6**	**2,649.0**	**18.0**	**19.5**	**10**	**-**	**25**
Other investments	**19.1**	**19.1**	**0.1**	**0.1**	**0**	**-**	**1**
Direct real estate investments	1,077.6	1,031.2	7.5	7.6			
Indirect real estate investments	534.4	481.5	3.7	3.5			
Total real estate	**1,612.0**	**1,512.7**	**11.2**	**11.1**	**5**	**-**	**20**
Total investments	**14,405.1**	**13,593.3**	**100.0**	**100.0**			
Prepayments and accrued income	76.1	146.1					
Total assets	**14,481.2**	**13,739.4**					
Total in foreign currencies	1,986.0	2,886.3	13.7	21.0	0	-	40
Investments in Credit Suisse Group AG	391.0	658.3	4.8	4.8	0	-	5

4.6.4.2 Explanatory Notes on Liquidity and Securities Investments (excluding Real Estate Investments)

Liquid funds include bank deposits and money market claims. Bonds with terms of up to one year are held to hedge exposure to derivative instruments. The financial account shows liquid funds amounting to 8.6% (2011: 4.9%) or CHF 1,259.0 million (2011: CHF 671.1 million). This item also includes current exposure from foreign-exchange forwards, which are used by the Pension Fund to partly hedge foreign currency exposure, of CHF 143.1 million (2011: CHF - 305.6 million).

Bond investments with a maturity of over one year amount to 29.3% or CHF 4,220.5 million (2011: 35.9% or CHF 4,876.4 million). At the balance sheet date, the Pension Fund did not hold any interest rate swap positions (2011: none). To hedge inflation risk, the Pension Fund entered into three inflation-linked swap positions with a nominal value of EUR 130 million during the financial year; at the reporting date they had a net present value of EUR 2.1 million.

Investments in **stocks and shares** rose to CHF 4,710.9 million or 32.7% (2011: CHF 3,865.1 million or 28.4%) of investments at the end of the reporting year. In terms of derivatives, futures are used to increase exposure and to a limited degree call and put options are used to optimize returns.

Alternative investments include investments in hedge funds, private equity, commodities, infrastructure, and other alternative investments. On the balance sheet date, CHF 1,406.9 million (2011: CHF 1,481.8 million) was invested in hedge funds. On December 31, 2012, the book value of the private equity investments amounted to CHF 456.5 million (2011: CHF 418.6 million). The value of the investments in commodities increased from CHF 102.8 million to CHF 229.9 million. This reflected an investment in physical gold with a value of CHF 133 million on the reporting date (2011: CHF 0). CHF 145.1 million (2011: CHF 166.2 million) is invested in the infrastructure asset class. In 2011, the alternative investments amounted to CHF 479.6 million; as a result of the maturity and partial conversion into shares of mandatory convertible notes of Credit Suisse Group, the total value of the alternative investments fell to CHF 345.2 million in 2012, representing 18.0% (2011: 19.5%) of the investments.

Mortgages are listed under **other investments.** The mortgages consist of a residual holding of CHF 19.1 million (2011: CHF 19.1 million). Existing mortgage loans will be increased or extended on request, but in principle no new mortgage loans will be granted.

4.6.4.3 Explanatory Notes on Real Estate Investments

Real estate investments are divided into direct real estate investments of CHF 1,077.6 million (2011: CHF 1,031.2 million) and indirect real estate investments, such as real estate investment foundations, real estate investment funds, and real estate investment companies, of CHF 534.4 million (2011: CHF 481.5 million).
The largest indirect real estate investments are the Pension Fund's holdings of CHF 116.1 million (2011: CHF 109.3 million) in CS Real Estate Fund Property Plus, CHF 104.2 million (2011: CHF 98.1 million) in CS 1a Immo PK real estate fund, CHF 101.2 million (2011: CHF 86.0 million) in Swiss Prime Site AG, CHF 71.9 million (2011: CHF 67.1 million) in CSA Real Estate Switzerland, and CHF 39.5 million (2011: CHF 45.1 million) in CS Real Estate Hospitality.
Direct real estate investments comprise the following:

Value of direct real estate investments at year-end	**2012 in CHF mn**	**2011 in CHF mn**	**Change in %**
Market value incl. investment in new buildings	1,077.6	1,031.2	4.5

Number of properties at year-end	2012	2011	Change in %
Number of properties owned directly (incl. properties under construction)	79	79	0
Number of co-owned properties	4	4	0
Total	**83**	**83**	**0**

4.6.4.4 Breakdown of Investments into Currencies

Most investments in private equity and other alternative investments are made in US dollars. This leads to undesirable currency risks vis-à-vis the Swiss franc that are hedged systematically.
On the balance sheet date, large proportions of the US dollar investments were hedged against the Swiss franc by means of forward-exchange contracts. After the hedging of foreign currencies, Swiss franc investments accounted for 86.3% of total investments, compared to 78.8% in 2011. The foreign-currency component of 13.7% of total assets is predominantly invested in East Asian currencies excluding Japan (4.7%) and in emerging markets (4.1%).

4.6.4.5 Compliance with the Limitation of Individual Borrowers Pursuant to Art. 54, 54a and Art. 54b BVV 2

The Pension Fund complied with the limitation of individual borrowers pursuant to Art. 54, 54a and 54b BVV 2 throughout the year under review and on the balance sheet date.

4.6.5 Current (Open) Financial Derivative Instruments

In the Pension Fund, financial derivative instruments are used on a continuous basis to hedge risks. However, they are not used to exert a leverage effect on the total assets. On the balance sheet date, the maximum investment limits in accordance with Art. 55 BVV 2 were complied with. Derivatives increasing exposure were covered by the available liquidity, and derivatives reducing exposure by the corresponding underlying assets. The market values of these derivatives are shown in section 4.6.4.1.

4.6.6 Securities Lending

Securities lending refers to the loan of Pension Fund securities to Credit Suisse AG against payment of a commission. Securities listed on a Swiss or foreign exchange or traded in an organized market for which prices are published regularly are suitable for such transactions. When securities are lent, title or rights to the securities, together with the accessory rights, transfer to Credit Suisse AG. The Pension Fund, in contrast, acquires a claim for restitution of securities of the same type, quality, and quantity.
In order to secure the claim to the restitution of securities of the same type, quality, and quantity, Credit Suisse AG is required to deposit collateral for the Pension Fund in a collateral safekeeping account, the value of which must at all times equal at least 105% of the market value of the securities lent.
The following may be used as collateral: interest-bearing bonds issued by the Swiss Confederation, cantons, and municipalities, as well as by companies that have a current long-term rating of at least 'A,' 'A2' or the equivalent from a ratings agency recognized by FINMA and are issued in the countries and currencies of an EU member state or the US, Canada, Australia, Switzerland, or Japan.
Stocks and shares traded on a stock exchange or another regulated market that is open to the public and established in Switzerland, an EU member state, or the US, and which have been issued by companies represented in the main stock exchange indices of the aforementioned countries, may also be used as collateral.
Stocks, shares, and bonds of Credit Suisse Group AG, subsidiaries of Credit Suisse AG, and asset-backed securities may not be used as collateral.
Stocks and shares from a single issuer may represent no more than 2.5% of the total collateral value and of the market capitalization of said issuer, and corporate bonds may represent no more than 5% of the outstanding issue and of the total collateral value.
As of December 31, 2012, securities to the value of CHF 178.4 million (2011: CHF 370.8 million) were on loan. The countervalue of the collateral deposited was 105.3% of the securities lent.

4.6.7 Explanatory Notes on the Return on Investments

4.6.7.1 Overview of Performance

The performance of the total assets is calculated by Credit Suisse in accordance with the modified Dietz method, which is in line with the corresponding international standards.

	Performance					
	2008	2009	2010	2011	2012	∅ 2008 – 2012
	in %	in %	in %	in %	in %	in %
Total assets	- 8.5	8.4	3.2	- 0.6	8.1	1.9
Pictet BVG Index 1993	- 6.6	9.6	3.0	3.2	5.9	2.9
Pictet 2005 BVG 40 plus	- 20.7	17.8	5.5	- 0.9	10.0	1.4

The book-entry return, i.e. the net return on investments (excluding the interest on the employer's contribution reserve) divided by the average total assets during the year, equals 7.5% for the year under review (2011: - 0.6%).

4.6.7.2 Average Performance

	Performance			
	∅ 1 year	∅ 3 years	∅ 5 years	∅ 10 years
	in %	in %	in %	in %
Total assets	8.1	3.5	1.9	3.6
Pictet BVG Index 1993	5.9	4.0	2.9	4.0
Pictet 2005 BVG 40 plus	10.0	4.8	1.4	n/a

4.6.7.3 Performance Contribution by Investment Category

Investment category	2012		2011	
	∅ Weighting in %	Performance contribution in %	∅ Weighting in %	Performance contribution in %
Liquidity incl. overlay	13.6	0.9	16.4	- 1.2
Bonds	33.1	1.1	37.1	1.5
Stocks and shares	22.1	4.8	18.7	- 2.2
Direct real estate investments	7.4	0.5	7.9	0.5
Indirect real estate investments	3.7	0.3	2.9	0.1
Hedge funds	10.6	0.1	10.9	0.1
Private equity	3.3	0.2	3.2	0.5
Infrastructure	1.2	0.1	1.2	0
Commodities	0.9	-0.1	0.8	- 0.1
Other alternative investments	4	0.2	0.8	0.1
Mortgages	0.1	0	0.1	0
Total	100	8.1	100	- 0.6

The average weighting is obtained by dividing the sum of the monthly weightings by 12 months.

For reasons of diversification, the Pension Fund invests in shares of foreign companies, foreign currency bonds, and a broad range of alternative investments. These investments sometimes lead to unwanted foreign currency exposure. The overall risk of the portfolio is controlled using overlay transactions, and unwanted foreign currency exposure is hedged in Swiss francs. In the operative account, it is shown separately as "Income from currency management." The overlay transactions also include active and cost-efficient management of the interest rate and inflation risks using swaps, the results of which are reported under "Income from bonds" in the operative account. The result from the two overlay transactions is reported in the "Liquidity" investment category in the table above. The average equity weighting is based on the market value of the investments on the reporting date and not the exposure as modified by the futures positions. However, the impact of the equity futures positions is included in the performance contribution figure.

4.6.8 Explanatory Notes on Investments in an Employer's Enterprise and the Employer's Contribution Reserve

4.6.8.1 Investments in an Employer's Enterprise

As the employer, Credit Suisse Group AG and its subsidiaries transferred all employee and employer contributions to the Pension Fund on a monthly basis.

All investments with Credit Suisse Group AG or its subsidiaries are regarded as investments in an employer's enterprise in accordance with Art. 57 BVV 2 except for monies that are in the nature of business transactions rather than investments. In this context, monies invested in liquid form for a specified period of time with a view to proposed (re)investment also constitute business transactions. Gains and losses from foreign-exchange forwards and swap transactions are also reported under this item. The investment in buffer capital notes was boosted by CHF 50 million in the year under review, while the maturity of the Credit Suisse Group mandatory convertible notes led to the Pension Fund receiving CHF 380 million in CS shares. After selling the majority of the conversion allocation, the Fund held CS shares to the value of CHF 109.2 million on the reporting date.

Investments in an employer's enterprise (Art 57 BVV 2)	**31.12.2012** CHF mn	**31.12.2011** CHF mn
Liquidity required for operations	2,802.7	1,871.6
– of which liquid funds / money market investments	- 2,656.2	- 2,175.4
– of which gain / loss on foreign exchange forwards and swap transactions	- 146.5	303.8
Bonds	172.5	219.8
Credit Suisse Group AG equities	109.2	33.2
Buffer capital notes	83.4	23.1
Mandatory convertible notes	0	355.6
Real estate with rental income from Credit Suisse Group AG greater than 50%	25.9	26.6
Total investments in an employer's enterprise	**391.0**	**658.3**

The Board of Trustees receives regular information on the Pension Fund's total exposure to Credit Suisse Group AG and its subsidiaries and the liquidity required for operations.

4.6.8.2 Employer's Contribution Reserve

In the light of the upcoming transfer of insured participants from the annuity plan to the savings plan, the employer paid CHF 203.0 million into the employer's contribution reserve in 2011 in order to partly finance the plan changeover costs. After the changeover costs became known at the end of 2012, part of this employer's contribution reserve was transferred to a provision for financing the plan changeover.

Change in the employer's contribution reserve	**2012** CHF	**2011** CHF	**Change** in %
Reserve at January 1	237,978,825	74,521,868	219.3
Interest on the reserve at beginning of year (0.0% / 2011: 0.0%)	0	0	n/a
Increase due to retained additional benefits purchased by employer	1,054,723	3,081,258	- 65.8
Increase due to purchase amounts from employer (guarantee payment for plan changeover 2013)	0	203,000,000	n/a
Increase from employer for early retirement	5,302,707	8,691,834	- 39.0
Released due to creation of provision for the plan changeover	- 139,346,617	0	n/a
Released by employer (CDI Clariden Leu)	0	- 5,294,457	n/a
Released by employer (sale of SPS)	- 361,956	0	n/a
Released by employer for early retirement	- 9,439,139	- 1,672,013	464.5
Released due to Supp. PF transfer to PF at employer's expense	0	- 44,349,665	n/a
Reserve at December 31	**95,188,543**	**237,978,825**	- 60.0

4.7 Explanatory Notes on Other Balance Sheet and Operative Account Items

4.7.1 Administration Expense

After deduction of income on services, the net administration expense amounted to CHF 5.8 million, compared with CHF 5.7 million in the previous year. The slight increase is due in particular to the costs relating to the full plan changeover.

4.7.2 Asset Management Costs

The asset management costs include all costs incurred in connection with asset management other than those already charged to the asset management mandates. The reported costs comprise personnel costs for the asset management staff employed by the Pension Fund, occupancy and infrastructure costs, management and all-in fees, transaction costs, custody fees, and compliance and reporting costs. The asset management costs for 2012 include property management costs for the first time. Together with a significant rise in the assets under management - resulting from the positive performance in 2012 and the transfer of the Supplementary Pension Fund to the Pension Fund on September 30, 2011 involving a transfer of CHF 703 million of assets - the asset management costs increased from CHF 22.8 million in 2011 to CHF 27.5 million in 2012.

The Pension Fund not only invests directly in individual stocks, but also in collective investments. As the costs of collective investments are charged directly to the investment vehicles themselves, they are not reported in the asset management costs in the operative account.
As of December 31, 2012, the Pension Fund held CHF 801.1 million in collective investments which publish a total expense ratio. The average TER is 0.53%, which would correspond to an absolute figure of CHF 4.3 million in relation to the holdings on the balance sheet date. The relevant collective investment vehicles are invested in the categories foreign equities, commodities, and indirect real estate.

The Pension Fund also holds investment vehicles where the costs are not completely transparent. These are:

Investment category	Product name	ISIN	Provider	No. of units	31.12.2012 Price (CHF)	CHF mn
Hedge funds	Pensus	n/a	Credit Suisse AG	901,279.7	1,266.6	1,141.5
Other alternative investments: insurance-linked securities	IRIS P-Fund	GG00B5V7T522	Credit Suisse AG	268,911.1	973.7	261.8
Private equity		n/a	Alpha Associates AG	n/a	n/a	456.5
Total invested capital						**1,859.8**

In private equity, the investments are spread over around 60 different vehicles known as "limited partnerships". The amount invested in any individual vehicle ranges between less than CHF 1 million and around CHF 20 million. Only the overall management fee payable for the private equity investments is reported under the asset management costs; the investments are therefore considered to be non-transparent.

In accordance with the requirements of the Swiss Supervisory Commission on Occupational Pensions (OAK BV), we expect that it will be possible to determine the asset management costs of private equity investments from the financial year 2013 onwards, so that this investment category can in future be qualified as cost-transparent. As no binding regulations from the OAK BV on the reporting of asset management costs were yet in force at the balance sheet date, the provisions of Art. 48, Para. 3 BVV 2 could not yet be implemented in relation to private equity investments.

The full breakdown of asset management costs was as follows:

Asset management costs	Value of investments at 31.12.2012 in CHF mn	As a % of the investments	Asset management costs in CHF mn
Investments for which costs reported in the operative account	11,744.2	81.5%	27.5
Collective investments which report a TER	801.1	5.6%	4.3
Non-transparent investments	1,859.8	12.9%	
	14,405.1	**100.0%**	**31.8**

4.7.3 Additional Employer Contribution (Actuarial Provisions)

The employer paid the Pension Fund a total of CHF 42.1 million (2011: CHF 9.0 million) in additional contributions to the actuarial provisions. This amount is used to compensate for the reduction in retirement benefits in the event of early retirement by insured participants.

4.8 Supervisory Authority Requirements

No requirements have been imposed by the supervisory authority.

4.9 Further Information Regarding the Financial Situation

4.9.1 Pledging of Assets

The Pension Fund uses futures in order to manage the asset allocation more efficiently. These transactions are operated using margin accounts, on which profits and losses are settled on a daily basis. In order to ensure that these accounts, which are held at Credit Suisse AG, have sufficient funding at all times, the Pension Fund has granted Credit Suisse AG a right of lien under a general deed of pledge. In order to secure the margin requirements on the accounts, a credit limit of CHF 950 million (equivalent to 6.6% of the investments) has been agreed with Credit Suisse AG by contract, which in addition to the funding margin for futures can be used to fund margin payments for OTC transactions and traded options contracts.

4.9.2 Legal Proceedings in Course

There are currently no significant legal proceedings in course.

4.10 Events Subsequent to the Balance Sheet Date

On December 13, 2011, the Board of Trustees decided to transfer the insured participants in the annuity plan over to the savings plan with effect from January 1, 2013. In order to mitigate the consequences of the plan changeover for active participants, a provision for the plan changeover of CHF 269,382,030 was created as of December 31, 2012. Half of this provision was financed by the Pension Fund and half by the employer (from the employer's contribution reserve). As of January 1, 2013, this provision will be released and credited to insured participants' individual retirement capital accounts.

CREDIT SUISSE

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