

Pension Fund of
Credit Suisse Group (Switzerland)
2015 Annual Report

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Preface

I – Preface

Dear insured participants,
Dear pensioners

Limited Risk Ability

The Pension Fund of Credit Suisse Group (Switzerland) achieved a return of 1.6% in 2015 (2014: 7.3%). Although this performance is above average, it is still lower than the target return and is also lower than the interest paid on the retirement assets of the active participants.

As the coverage ratio at the end of 2014 stood at 115.8% and the reserves for fluctuations in asset value had been almost completely replenished, the Board of Trustees decided to adopt generation tables as the new basis for the actuarial principles and to reduce the technical interest rate from 3% to 2%. This move, which the Board of Trustees believes to be unavoidable, cost the Pension Fund approx. CHF 0.8 billion net, which represented a major burden. The coverage ratio now stands at 107.8% (2014: 115.8%). This means that the Pension Fund has no non-committed funds and only limited risk ability.

Pension Model 2017

The Board of Trustees identified the possibility of limited risk ability at an early stage and concluded that, given the low interest rate environment with negative interest rates, the lower long-term return expectations on the capital markets and the steady rise in life expectancy – three factors that are challenging for all pension funds – it would not be possible to maintain the high levels of benefits in their current form over the long term. During the reporting year, the Board of Trustees therefore made intensive efforts to formulate measures to stabilize the Pension Fund. The result of this work was the new “Pension Model 2017,” in which the Board of Trustees decided to make strategic adjustments that take account of the changed economic and social environment as well as of the numerous future challenges. The insured participants were informed about the Pension Model 2017 in February 2016.

Below are the key facts on the new pension model as of January 1, 2017:

- The risk benefits in the event of disability and death are being expanded. In the future, disability and surviving spouse's pensions will be determined by the pensionable salaries. A new cohabiting partner's pension will also be introduced.
- Adjustments to retirement benefits, in particular:
 - Incremental reduction of conversion rates
 - Introduction of reference age of 65 for all insured participants
 - Changes to the AHV bridging pension
 - Enhanced lump-sum withdrawal options on retirement
 - Reduction of the maximum retirement pension
- Replacement of the existing three plans (savings plan, lump-sum plan, and Plan 58) by one new pension plan with four pension pots. The retirement pension is accumulated in the pension capital pension pot. On retirement, the assets in the retirement capital pension pot will be paid out as a single lump sum.
- Individual investment strategies for insured participants whose total compensation (annual salary and discretionary variable incentive award) exceeds CHF 126,900 will be introduced from 2018.

Investment Activity

2015 got off to a turbulent start with the Swiss National Bank's abandonment of its exchange rate floor against the euro. This move took the markets completely by surprise, triggering a massive spike in the value of the Swiss franc and a sharp fall in the Swiss equity market. This volatility continued throughout 2015. The search for attractive returns proved increasingly difficult, particularly after the introduction of negative interest rates, and presented investors with new challenges. China also failed to impress, amid increasing signs of a slowdown in economic growth. This led to more uncertainty on the capital markets and a crash on the Chinese stock market. Only the Fed's decision to raise US interest rates for the first time in nine years had little impact on the global markets, thanks to good media preparation.

January 2015 made it abundantly clear why stringent risk management is essential. The Pension Fund's systematic hedging of euro-denominated assets was rewarded, as was its generally moderate foreign-currency exposure. This enabled it to maintain its risk ability and accept the volatility on the capital markets, which plays a decisive part in successful investing. Last year once again saw the Pension Fund strengthen the sustainable value of its equity investments to allow it to generate attractive returns with a stable

portfolio. It also increased its exposure to alternative investments with attractive risk-opportunity ratios at the expense of the increasingly unattractive bond investments and in doing so increased its diversification.

Investment Philosophy

The Pension Fund of Credit Suisse Group (Switzerland) gives higher priority to the long-term stability of the portfolio than to short-term return maximization. In doing so, the Pension Fund refrains from a traditional benchmark comparison and follows a risk-oriented investment strategy.

To secure both present and future benefits, it periodically undertakes an asset and liability management study to calculate the return required to stabilize the coverage ratio over the long term and, if possible, to build up reserves for fluctuations in asset value. The most recent asset and liability management report was prepared in 2015.

The Pension Fund bases its asset management on a robust core portfolio combined with an overlay strategy that allows it to respond rapidly to changing market conditions and make tactical adjustments to the asset allocation.

Key Figures

At the end of the year, the number of insured participants and key figures were as follows:

Number of insured participants as of December 31

	2015	2014	Change in %
Active participants with permanent employment contracts	19,073	18,908	0.9
Pensioners as of January 1 of the following year	11,008	11,017	(0.1)
Total number of insured participants and pensioners	30,081	29,925	0.5

Key Figures for the Pension Fund

	2015 in CHF mn	2014 in CHF mn	Change in %
Total assets	15,663.0	15,689.3	(0.2)
Pension liabilities and actuarial provisions	14,398.9	13,373.9	7.7
Non-committed funds	–	–	n/a
Reserve for fluctuations in asset value	1,117.8	2,108.2	(47.0)
Pension benefits and lump-sum payments, termination benefits	1,019.1	1,183.5	(13.9)
Contributions, lump-sum transfers on joining the Pension Fund, and purchases of pension benefits	848.6	846.6	0.2
Net return on investments	204.3	1,036.9	(80.3)
Coverage ratio in %	107.8	115.8	(6.9)

Technical Interest Rate and Cost-of-Living Allowances

The Board of Trustees decided to reduce the technical interest rate used to value the pensioners' liabilities from 3.0% to 2.0% as of the end of 2015. It also decided to adopt generation tables as the new basis for the valuation. These provide a more precise picture of the likely life expectancy and will replace the period tables used in the past.

The reduction in the technical interest rate reflects the reduced expectations for capital market income. The more conservative measurement of the liabilities reduces the pressure on the return that needs to be generated in future. The cost of the necessary increase in the actuarial provisions amounts to approx. CHF 1.2 billion and will be financed by a one-time charge to the provisions accrued for this purpose and to the current account.

Since the entry into force of the Swiss GAAP FER 26 accounting principles, cost-of-living allowances are only paid to pensioners out of non-committed funds. The Board of Trustees considers each year whether to raise the cost-of-living allowance. A cost-of-living adjustment is not mandatory for the Pension Fund of Credit Suisse Group (Switzerland), as the pensions paid are higher than the minimum pension stipulated by law.

As the Pension Fund does not have any non-committed funds, and also in view of the prevailing and historically low inflation environment, the Board of Trustees decided not to grant a renewed increase in the cost-of-living allowance as of January 1, 2016. Pensions were last adjusted on January 1, 2007. The cumulative increase in the cost of living since then amounts to 0.7%.

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

The Board of Trustees of the Pension Fund of Credit Suisse Group (Switzerland) adopted the following resolutions, among others, in 2015:

- Approval of the 2014 annual report and financial statements and discharge of the management
- Approval of non-transparent investments and their continuation
- Approval of the results of the 2015 asset and liability management study
- Approval of the extended "cockpit report" for the attention of the Board of Trustees
- Amendment and communication of selected articles in the 2016 Retirement Savings Plan Regulations
- Approval of the 2017 Retirement Savings Plan Regulations ("2017 Pension Model")
- Amendment of selected articles in the Organizational Regulations
- Amendment of selected articles in the Regulations on Investments and Provisions
- Approval of the administration cost and asset management budgets for 2016
- Approval of the budget for the replacement of the existing IT pension application and of implementation of an application for processing 1e plans and for establishing a portal for insured participants over the period 2015-18
- Setting of the retrospective interest rate at 1.75% for 2015 for all assets
- Setting of the prospective interest rate (exit interest rate) at 1.25% for 2016 for all assets

The Board of Trustees takes regular steps to enhance its expertise and skills in occupational pensions and general investment issues. In 2015, experts in the Pension Fund and external advisors provided training sessions on the topics of asset and liability management and individual investment strategies for the "BVV 2 1e" plans. In addition, members of the Board were also able to attend external training courses. Pension Fund staff also provided new Board members with individual training.

The Pension Fund of Credit Suisse Group (Switzerland) is one of the largest pension funds in Switzerland. It has total assets of over CHF 15 billion, more than 19,000 active participants, and more than 11,000 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. All those responsible for managing the Fund consider it very important to maintain a competitive level of benefits and ensure that the insured participants enjoy comprehensive insurance coverage.

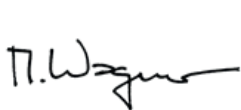
Impact of the Pension Fund's Obligations on the Consolidated Balance Sheet of Credit Suisse Group AG

The pension plans are reported and explained in the consolidated balance sheet of Credit Suisse Group AG in accordance with the US GAAP Accounting Standard. Any overfunding or underfunding of pension plans for active participants and for pensioners is recorded in the balance sheet accordingly. For more detailed figures and accompanying notes, please refer to the 2015 consolidated financial statements of Credit Suisse Group AG.

The results shown regularly 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 statement of funded status under Art. 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV 2).

Yours sincerely

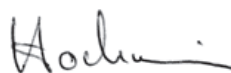
PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)



Martin Wagner
Manager



Guido Bächli
Investment Manager



Matthias Hochrein
Chief Operating Officer

All references to persons in the Annual Report refer equally to both genders.



Auditor's Report

II – Auditor’s Report



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Report of the Statutory Auditor to the Board of Foundation of the

Pension Fund of Credit Suisse Group (Switzerland), Zurich

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of 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, 2015.

Foundation Board’s Responsibility

The Foundation Board is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and with the foundation’s deed of formation and the regulations. 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 Foundation 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, 2015 comply with Swiss law and with the foundation’s deed of formation and the regulations.



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 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 to you be approved.

KPMG AG

Dr. Silvan Loser
Licensed Audit Expert
Auditor in charge

Erich Meier
Licensed Audit Expert

Zurich, April 11, 2016



Balance Sheet and Operative Account

13 Balance Sheet

14 Operative Account

III – Balance Sheet and Operative Account

3.1 Balance Sheet

Assets

	Explanatory note	31.12.15		31.12.14	
		CHF	%	CHF	%
Assets	4.6.4	15,468,547,412	98.8	15,663,638,891	99.8
Liquid funds / money market investments		1,067,681,210	6.8	2,566,465,022	16.4
Bonds		3,050,440,766	19.5	3,710,322,623	23.6
Equities		5,598,397,197	35.7	4,854,627,344	30.9
Alternative investments		3,951,445,777	25.2	2,851,150,753	18.2
Other investments		2,155,703	0.0	2,719,991	0.0
Direct real estate investments		1,153,053,001	7.4	1,140,989,919	7.3
Indirect real estate investments		645,373,757	4.1	537,363,239	3.4
Prepayments and accrued income	4.7.4	194,473,804	1.2	25,612,540	0.2
Total assets		15,663,021,215	100.0	15,689,251,431	100.0

Liabilities

	Explanatory note	31.12.15		31.12.14	
		CHF	%	CHF	%
Liabilities		99,261,509	0.6	151,792,425	1.0
Termination benefits and pensions		37,294,872	0.2	92,375,657	0.6
Other liabilities		14,444,252	0.1	11,809,629	0.1
Loan from Hardship Fund of Credit Suisse Group (Switzerland)	4.7.2	47,522,385	0.3	47,607,139	0.3
Accrued liabilities and deferred income		2,973,282	0.0	2,750,336	0.0
Employer's contribution reserve	4.6.10	44,074,382	0.3	52,617,482	0.3
Pension liabilities and actuarial provisions	4.5	14,398,888,707	91.9	13,373,889,023	85.2
Active participants' liabilities		6,528,396,337	41.7	6,397,550,545	40.8
Pensioners' liabilities		7,729,963,370	49.4	6,574,782,478	41.9
Actuarial provisions	4.5.6	140,529,000	0.9	401,556,000	2.6
Reserve for fluctuations in asset value	4.6.3	1,117,823,336	7.1	2,108,202,165	13.4
Non-committed funds		–	–	–	–
Balance as of January 1		–	–	–	–
Income surplus (+) / expense surplus (–)		–	–	–	–
Total liabilities		15,663,021,215	100.0	15,689,251,431	100.0

Investments in an employer's enterprise are reported and explained in Section 4.6.10 of the Explanatory Notes.

3.2 Operative Account

Operative Account			
	Explanatory note	2015 CHF	2014 CHF
Contributions and transfers-in			
Employee contributions		198,944,212	201,303,186
Employer contributions		390,255,325	395,620,056
Additional employer contributions (actuarial provisions)	4.7.3	6,151,571	32,876,859
Purchase amounts and transfers-in		94,722,238	87,600,753
Transfers-in to employer's contribution reserve	4.6.10	–	9,487,974
Lump-sum transfers on joining the Pension Fund			
Termination benefit transfers		152,177,821	113,677,740
Reimbursements of withdrawals for home ownership		6,341,239	6,032,200
Inflow from contributions and lump-sum transfers on joining the Pension Fund		848,592,406	846,598,768
Regulatory benefits			
Retirement pensions		(399,049,947)	(388,949,110)
Surviving spouse's pensions		(57,141,333)	(55,416,530)
Orphan's pensions		(1,836,405)	(1,892,325)
Disability pensions		(24,090,188)	(23,814,933)
Other regulatory benefits		(33,235,995)	(32,971,646)
Lump-sum payments on retirement		(33,959,810)	(81,952,827)
Lump-sum payments upon death and disability		(4,258,921)	(2,340,579)
Termination benefits			
Termination benefits for leavers		(430,062,917)	(552,864,491)
Withdrawals for home ownership and divorce		(35,480,955)	(43,257,394)
Outflow for benefits and withdrawals		(1,019,116,471)	(1,183,459,835)
Decreases / increases in pension liabilities			
Increase (-) / decrease (+) in active participants' liabilities	4.5.3	(22,836,123)	355,370,043
Interest on active participants' liabilities		(108,009,669)	(152,228,942)
Increase (-) / decrease (+) in pensioners' liabilities	4.5.5	(1,155,180,893)	(191,523,816)
Increase (-) / decrease (+) in actuarial provisions	4.5.6	261,027,000	(125,788,000)
Increase (-) / decrease (+) in employer's contribution reserve	4.6.10	9,489,102	(6,214,656)
Insurance cost			
Contributions to Security Fund		(1,397,200)	(1,403,689)
Increases in pension liabilities and insurance cost		(1,016,907,783)	(121,789,060)
Net result of insurance activities		(1,187,431,848)	(458,650,127)

	Explanatory note	2015 CHF	2014 CHF
Investments			
Income from liquid funds / money market investments		(41,010,823)	25,630,493
Income from bonds		(42,591,461)	149,308,989
Income from stocks and shares		40,055,654	671,105,357
Income from alternative investments		244,542,909	511,108,910
Income from other investments		61,736	69,975
Income from direct real estate investments		71,109,901	65,143,732
Income from indirect real estate investments		49,067,088	52,176,728
Income from currency management		35,778,528	(295,638,921)
Interest on loan from Hardship Fund of Credit Suisse Group (Switzerland)	4.7.2	(765,246)	(132,928)
Interest on employer's contribution reserve	4.6.10	(946,001)	(1,223,120)
Asset management costs	4.6.9	(150,966,042)	(140,650,943)
Net return on investments		204,336,242	1,036,898,272
Other income		16,961	20,488
Other expenses		(610,423)	(531,278)
General administration expense			
General administration	4.7.1	(6,399,411)	(6,486,875)
Auditor and pension actuary		(253,250)	(305,390)
Supervisory authorities		(37,101)	(45,872)
Total general administration expense		(6,689,761)	(6,838,137)
Income surplus / expense surplus before adding to, or releasing from, reserves for fluctuation in asset value		(990,378,830)	570,899,218
Increase (-) / decrease (+) in reserves for fluctuations in asset value		990,378,830	(570,899,218)
Income surplus (+) / expense surplus (-)		-	-

IV

Explanatory Notes

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IV – 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 (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 statutory 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 and in the Commercial Register under number CHE-109.519.562.

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 126,900 (2015 figure).

4.1.3 Plan Statutes and Regulations

As of December 31, 2015, the following deeds and regulations were in force:

- Deed of Foundation, dated May 21, 2012
- Retirement Savings Plan Regulations, January 2015 version, dated October 2, 2014, in force since January 1, 2015
- Organizational Regulations, 2015 version, dated December 2, 2014, in force since January 1, 2015
- Regulations on Investments and Provisions, September 2015 version, in force since September 24, 2015
- Regulations on Partial Liquidation, 2013 version, approved on June 3, 2013

4.1.4 Supreme Body, Management and Authorized Signatories

Board of Trustees

The Board of Trustees is composed of an equal number of employee and employer representatives, 12 in all, whose term of office runs from 2013 to 2016. The names of the members of the Board of Trustees are listed below, along with the composition of the committees and the other governing bodies. Pensioners 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.

Employer Representatives

Philip Hess, Chairman, Zurich

Christine Gatti, Zurich

Thomas Gottstein, Zurich (from November 25, 2015)

Christian G. Machate, Zurich

Hans-Ulrich Meister, Zurich (until November 16, 2015)
Nicole Pauli, Zurich (until December 31, 2015)

Employee Representatives

Thomas Isenschmid, Zurich, Vice-Chairman, Credit Suisse AG, German-speaking Switzerland
Frédéric Baechler, Lausanne, Credit Suisse AG, French-speaking Switzerland
Nannette Hechler-Fayd'herbe, Zurich, Credit Suisse AG, German-speaking Switzerland
Daniel Leuthardt, Aarau, Neue Aargauer Bank AG, affiliated companies
Massimiliano Tagliabue, Lugano, Credit Suisse AG, Ticino (from February 5, 2015)

Retiree Representatives

Martin Klaus, employee representative, Zurich
Hanspeter Kurzmeyer, employer representative, Zurich (until March 30, 2015)
Harald P. Stoehr (from April 15, 2015)

Investment Committee

Philip Hess, Chairman, Zurich
Frédéric Baechler, Lausanne
Nannette Hechler-Fayd'herbe, Zurich
Thomas Gottstein, Zurich (from December 1, 2015)
Thomas Isenschmid, Zurich
Hans-Ulrich Meister, Zurich (until November 16, 2015)
Nicole Pauli, Zurich (until December 31, 2015)

Compensation Committee

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

Audit Committee

Thomas Isenschmid, Chairman, Zurich
Christine Gatti, Zurich
Martin Klaus, Zurich

Training Committee

Thomas Isenschmid, Chairman, Zurich
Matthias Hochrein, representative of Pension Fund management, Zurich

Voting Committee

Philip Hess, Chairman, Zurich
Thomas Isenschmid, Zurich
Martin Klaus, Zurich
Martin Wagner, Manager, Zurich

Management

Martin Wagner, Manager (CEO), member of Pension Fund management, Zurich
Guido Bächli, Investment Manager (CIO), member of Pension Fund management, Zurich
Matthias Hochrein, Chief Operating Officer (COO), member of Pension Fund management, Zurich

4.1.5 Pension Actuary, Auditor, Advisors and Supervisory Authority

Pension Actuary

AON Hewitt (Switzerland) AG, Zurich

Auditor

KPMG AG, Zurich

Real Estate Valuers

Wüest & Partner AG, Zurich

Supervisory Authority

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

4.1.6 Affiliated Employers

As of December 31, 2015, 14 different companies with close business and financial ties to Credit Suisse Group AG were affiliated with the Pension Fund of Credit Suisse Group (Switzerland).

The following changes are shown for 2015:

- CS International Advisors (CSIA) was already fully integrated into Credit Suisse AG in December 2014.
- In 2013, the former Clariden Leu AG was integrated into Credit Suisse AG. As part of a professional reorientation, a small number of insured participants were still listed under Clariden Leu in 2015. As of December 31, 2015, there were no longer any insured participants in this category.

No.	31.12.2015 Name of the company	No.	31.12.2014 Name of the company
1	Credit Suisse Group AG	1	Credit Suisse Group AG
2	Credit Suisse AG	2	Credit Suisse AG
3	Neue Aargauer Bank AG	3	Neue Aargauer Bank AG
4	BANK-now AG	4	BANK-now AG
5	CS Solution Partners AG	5	CS Solution Partners AG
6	Credit Suisse Trust AG	6	Credit Suisse Trust AG
7	Fides Treasury Services AG	7	Fides Treasury Services AG
		8	Existing ex-Clariden Leu
8	CS Sec. USA LLC	9	CS Sec. USA LLC
9	CS AG Singapore Branch	10	CS AG Singapore Branch
10	Schweizerischer Kiosk-Inhaberverband	11	Schweizerischer Kiosk-Inhaberverband
11	Pension Fund of CSG (Switzerland)	12	Pension Fund of CSG (Switzerland)
12	Corby SA	13	Corby SA
13	Sound Capital AG	14	Sound Capital AG (ex-Metropol Partners AG)
		15	CS International Advisors (CSIA)
14	CS Energy Infrastructure Partners AG (CSEIP)	16	CS Energy Infrastructure Partners AG (CSEIP)

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

4.1.7 Corporate Governance

Integrity and Loyalty of the Responsible Persons

The Pension Fund is subject to ASIP's code of conduct, which is mandatory for all ASIP members. The ASIP Charter is intended to help ensure that pension assets are used solely in accordance with their intended purpose and to avoid misuse in the investment and management of such assets.

All internal persons subject to the regulations – including the members of the Board of Trustees, its committees and the employees of the Pension Fund – must confirm their compliance with the loyal conduct regulations using a standardized form. The persons concerned have also 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.

Similarly, external staff entrusted with asset management tasks, such as asset managers, global custodians, investment consultants and investment controllers, are required to submit a written declaration of loyal conduct.

Exercise of Voting Rights under Art. 49a (2) BVV 2

The Pension Fund exercises the shareholders' rights associated with investments in shares in the interest of the insured participants based mainly on financial criteria. In 2015, the exercise of voting rights was confined to listed Swiss joint-stock companies. For routine business matters that are not controversial and do not relate to the points below, the Pension Fund normally follows the proposals of the Board of Directors. The Pension Fund may use professional, independent voting rights advisors.

In the case of the following proposals which could have a long-term impact on the interests of the insured participants, votes are exercised according to the instructions of the Voting Committee:

- Election of the members of the Board of Directors, Chairman of the Board of Directors, members of the Compensation Committee and the independent proxy
- Changes to the articles of incorporation
- Compensation of the Board of Directors, the Executive Board, and the Advisory Board
- Mergers, demergers, conversions, asset transfers, sales of partial areas, and other restructuring measures
- Changes to the capital and voting rights structure

The Voting Committee generally takes its decisions by circular letter following a proposal made by the Investment Manager. The decision is deemed valid if no objections are filed by the members within the prescribed time limit. Resolutions are passed with a majority of votes cast. In the event of a tied vote, the chairman of the Voting Committee has the casting vote.

The Pension Fund publishes details of its voting behavior in a separate report on its website. The Voting Committee rejected a number of motions in 2015, notably those concerning the compensation report, the compensation of the Board of Directors and the Executive Board, as well as the election or re-election of certain members of the Board of Directors or of committees.

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. Both the related accounts and the payments made are checked in detail by the Pension Fund.

Remuneration of the Board of Trustees and the Committees

Employer and employee representatives and members designated by the Pension Fund Management are not compensated for participating in the Board of Trustees and its committees. The representatives of the pensioners receive an annual one-time payment and a meeting attendance fee as follows:

	Annual one-time payment in CHF	Attendance fee in CHF
Board of Trustees	2,000	1,500
Investment Committee (IC)	1,000	750
Voting Committee (VC)	–	750
Compensation Committee (CC)	–	750
Audit Committee (AC)	1,000	750
Training Committee (TC)	–	750

Effective costs are reimbursed against proof of expenditure. Course fees and effective outlays incurred by trustees for necessary training linked to employee benefits insurance are reimbursed.

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 and Change in Number of Active Participants

Active participants in the savings plan

	Men	Women	Total
No. of participants at December 31, 2014	11,932	6,976	18,908
New participants	1,549	1,143	2,692
Departures (total)	(1,542)	(985)	(2,527)
of which through disability	(23)	(12)	(35)
of which through retirement	(142)	(93)	(235)
of which through change of job	(1,365)	(875)	(2,240)
of which through death	(12)	(5)	(17)
No. of participants at December 31, 2015	11,939	7,134	19,073
Change in number of persons	7	158	165
Change in %	0.1	2.3	0.9

4.2.2 Pensioners and Change in Number of Pensioners

Change in number of pensioners

	Men		Women		Total	
	1.1.16	1.1.15	1.1.16	1.1.15	1.1.16	1.1.15
Retirees	5,046	5,043	3,124	3,098	8,170	8,141
Disability pension recipients	279	301	296	317	575	618
Spouse's pension recipients	125	120	1,569	1,548	1,694	1,668
Support pension recipients	18	18	9	8	27	26
Child's pension recipients	283	293	259	271	542	564
Total pensioners	5,751	5,775	5,257	5,242	11,008	11,017
Change in number of persons		(24)		15		(9)
Change in %		(0.4%)		0.3%		(0.1%)

The number of pensioners changed as follows:

Change in number of persons		
	2015	2014
Number of pensioners at the beginning of the financial year	11,017	10,708
New pensioners		
Retired active participants	237	393
Retired disability pension recipients	29	33
Disability pension recipients	52	59
Spouse's pension recipients	116	80
Support pension recipients	2	1
Child's pension recipients	91	139
Termination of pension entitlement		
Death of retiree	(237)	(168)
Death of disability pension recipient	(15)	(3)
Reactivation of disability pension recipient	(9)	(7)
Retirement of disability pension recipient	(44)	(29)
Death of spouse	(89)	(78)
Remarriage of spouse	(1)	–
Expiry of child's pension and support pension	(114)	(124)
Corrections owing to double-count	(27)	13
Number of pensioners at the end of the financial year	11,008	11,017

4.2.3 Age Structure of Active Participants and Pensioners

Average age of fully insured participants		
	on Dec. 31, 2015	on Dec. 31, 2014
Men	42.6	42.5
Women	40.9	40.9

Average age of pensioners		
	on 1.1.2016	on Jan. 1, 2015
Retirees, men	72.3	72.0
Retirees, women	72.6	72.3
Disability pension recipients	53.3	53.8
Surviving spouse's recipients	77.1	76.8
Child's pension recipients	18.5	18.5

4.3 Implementation of Objectives

As an autonomous pension institution, the Pension Fund has the legal form of a foundation. It operates both the savings plan and the lump-sum plan on a defined contribution basis. The savings plan insures the fixed annual salary. The lump-sum plan insures variable discretionary salary components (Awards). The Pension Fund also offers Plan 58, a voluntary plan supplementing the savings plan. Plan 58 allows insured participants to prefinance the pension reduction associated with taking early retirement.

4.3.1 Pension Benefits and Contributions in the Savings Plan

Pensionable Salary

The savings plan insures all employees as stipulated by the BVG. This plan insures the fixed annual salary (twelve monthly salary payments) minus a coordination deduction. The coordination deduction is $\frac{1}{3}$ of the annual salary up to the amount of the maximum retirement pension payable under the AHV (CHF 28,200). 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 350,000 for a closed portfolio
- CHF 650,000 for members of the Group Executive Board

Retirement Pension/Retirement Age

Retirement can be taken between the ages of 58 and 70 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, up to 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 temporary disability pension is calculated by converting the projected retirement capital using the conversion rate applicable for the normal retirement age (5.75% and 63 years respectively). 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 death of the insured participant, the surviving spouse will be paid a surviving spouse's pension amounting to 66 $\frac{2}{3}$ % 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 orphan's 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 at least 50% of the pensionable annual salary, whichever is greater.

Contributions by Insured Participants and the Employer in the Savings Plan

The insured participants can choose the level of their savings contribution from the three contribution options: Basic, Standard and Top. The following table shows the contributions for the Standard option:

Contributions, Standard option

Age of insured participant	Insured participants' savings contribution 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%

4.3.2 Pension Benefits and Contributions in the Lump-Sum Plan

Pensionable Salary

The cash portion of the Award is insured, less a coordination deduction of CHF 5,000. The maximum amount of the savings component of the pensionable salary is CHF 750,000, less the pensionable salary under the 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 temporary disability pension amounts to 50% of the risk component of the pensionable salary, but not more than 30% of the maximum pensionable salary under the 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 66⅔% of the insured disability pension. The preconditions for entitlement are the same as for the savings plan. The surviving 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 orphan's 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.

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.

4.3.3 Pension Benefits and Contributions in Plan 58

Plan 58 allows insured participants to prefinance the pension reduction associated with taking early retirement. It is financed 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

The Swiss GAAP FER 26 accounting standard has been adopted.

4.4.2 Significant Accounting Policies and Valuation Methods

The books of account are kept in accordance with the commercial principles of the Swiss Code of Obligations.

Securities

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

Swiss Mortgages (Mortgage Deeds)

Swiss mortgages (mortgage deeds) are recognized in the balance sheet at par value minus any valuation adjustments required for operational purposes. At this time, no valuation adjustments are necessary.

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 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, 2015, the range for the discount rate was between 3.6% and 4.7% (2014: 3.8% and 4.8%).

The market value of the real estate is reviewed annually, and 20% of the real estate holdings are inspected at the time of review. All properties must be inspected at five-year intervals. Indirect real estate holdings are recognized in the balance sheet at market prices.

Alternative Investments

Listed alternative investments are reported in the balance sheet at market value. Non-listed alternative investments are reported according to their net asset value (NAV). The NAV for alternative investments is tested for stable market value by independent experts, corrected where necessary, and extrapolated to the balance sheet date. The task of checking the NAV is performed by the relevant asset manager, plausibilized by the Pension Fund, and discussed and analyzed in regular meetings with the asset manager.

Other Assets

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

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 / Coverage Ratio

4.5.1 Overview of Actuarial Balance Sheet

Actuarial balance sheet			
Actuarial Principles	31.12.2015	31.12.2014	
Technical interest rate	BVG 2010G	BVG 2010 – P2010	Change
	2.0%	3.0%	CHF
	CHF	CHF	
Pension liabilities, savings plan			
Retirement pensions	6,387,549,254	5,436,339,408	951,209,847
AHV bridging pensions	84,872,024	90,039,864	(5,167,840)
Surviving spouse's pensions	700,767,622	586,843,574	113,924,049
Disability pensions	446,777,471	365,850,334	80,927,138
Disability bridging pensions	25,824,239	25,003,102	821,137
Child's pensions and support pensions	35,891,538	33,699,649	2,191,889
Active participants' retirement capital	5,501,776,470	5,347,140,836	154,635,634
Pension liabilities, lump-sum plan			
Surviving spouse's pensions	6,368,887	5,840,198	528,689
Disability pensions	38,521,655	28,041,834	10,479,821
Child's pensions	3,390,680	3,124,516	266,164
Active participants' retirement capital	891,734,757	911,607,204	(19,872,447)
Pension liabilities, Plan 58			
Active participants' retirement capital for early retirement	134,885,110	138,802,505	(3,917,395)
Total pension liabilities	14,258,359,707	12,972,333,022	1,286,026,685
Actuarial provisions			
Provision for increase in life expectancy ¹	15,460,000	236,138,000	(220,678,000)
Provision for reducing the technical interest rate ¹	–	131,496,000	(131,496,000)
Provision for actuarial risks ¹	34,638,000	33,922,000	716,000
Provision for retirement losses conversion rate ¹	90,431,000	–	90,431,000
Total actuarial provisions	140,529,000	401,556,000	(261,027,000)
Pension liabilities and actuarial provisions (PL)	14,398,888,707	13,373,889,022	1,024,999,685
Assets			
Accrued liabilities, deferred income, and other liabilities	(102,234,791)	(154,542,761)	52,307,970
Employer's contribution reserve	(44,074,382)	(52,617,482)	8,543,100
Pension assets (PA)	15,516,712,043	15,482,091,188	34,620,855
Funded status under Art. 44 BVV 2 in % (PA/PL)	107.8	115.8	(8.0)
Reserve for fluctuations in asset value	1,117,823,336	2,108,202,165	(990,378,829)
Non-committed funds	–	–	–

¹ For details see Section 4.5.6

4.5.2 Type of Risk Benefit Coverage, Reinsurance Agreements

The Pension Fund autonomously bears the risks of retirement, disability, and death. It has no reinsurance agreements.

The savings plan (defined contribution system) insures the fixed annual salary components, while the lump-sum plan (defined contribution system) insures the variable salary components (cash portion of the Award). Under Plan 58, active participants also have the option of prefinancing the pension reduction associated with taking early retirement through voluntary payments.

4.5.3 Active Participants' Liabilities

Development of Pension Liabilities, Savings Plan

The pension liabilities consist of the retirement capital of active participants.

Savings capital in the savings plan

	2015 CHF	2014 CHF	Change CHF
Retirement capital as of January 1	5,347,140,836	5,465,308,827	(118,167,991)
Purchase amounts	76,442,915	69,679,396	6,763,519
Termination benefit transfers	148,133,101	111,816,349	36,316,752
Reimbursements of withdrawals for home ownership	6,096,667	4,056,962	2,039,705
Termination benefits for leavers	(357,500,325)	(456,446,413)	98,946,088
Withdrawals for home ownership and divorce	(24,064,993)	(22,983,689)	(1,081,304)
Employee savings contributions	171,452,849	173,172,769	(1,719,920)
Savings contributions by employer	253,106,172	255,936,620	(2,830,448)
Missing employer savings contributions on early retirement	903,316	20,454,687	(19,551,371)
Employer back payments on early retirement	13,605,872	15,680,719	(2,074,847)
Transfer from lump-sum plan to the savings plan for retirement	4,827,937	9,545,430	(4,717,493)
Transfer from Plan 58 to savings plan for retirement	2,927,322	6,542,204	(3,614,882)
Transfer from savings plan to lump-sum plan	(55,619)	(40,000)	(15,619)
Interest paid on savings capital (2015: 1.75% / 2014: 2.5%)	90,516,832	126,670,904	(36,154,072)
Post-financing charged to the Pension Fund on retirement	3,562,447	4,615,876	(1,053,429)
Increases to retirement capital from the employer's contribution reserve	613,707	293,005	320,702
Annuitizing retirement capital on retirement	(201,921,379)	(380,174,033)	178,252,654
Withdrawal of retirement capital on retirement	(16,442,150)	(30,331,285)	13,889,135
Released pension liabilities due to death	(5,414,121)	(5,918,850)	504,729
Released pension liabilities due to disability	(11,788,575)	(18,083,829)	6,295,254
Retirement credit reserves for changeover	(1,207,762)	(4,806,165)	3,598,403
Transfer of external insured participants' savings contributions from lump-sum plan and Plan 58	379,671	358,273	21,398
Accruals / deferrals at period end / Miscellaneous	461,748	1,793,079	(1,331,331)
Retirement capital as of December 31	5,501,776,470	5,347,140,836	154,635,632

Development and Interest on Savings Capital in the Lump-Sum Plan and Plan 58

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

Savings capital in the lump-sum plan

	2015 CHF	2014 CHF	Change CHF
Retirement capital as of January 1	911,607,204	982,456,588	(70,849,384)
Purchase amounts	7,828,236	6,868,190	960,046
Termination benefit transfers	4,044,720	2,005,005	2,039,715
Transfer from savings plan to lump-sum plan	55,619	40,000	15,619
Reimbursements of withdrawals for home ownership	119,968	1,230,750	(1,110,782)
Termination benefits for leavers	(63,452,249)	(82,009,288)	18,557,040
Withdrawals for home ownership and divorce	(9,552,160)	(16,563,525)	7,011,364
Employee savings contributions	27,245,775	27,906,472	(660,697)
Savings contributions by employer	23,547,868	24,121,912	(574,044)
Interest paid on savings capital (2015: 1.75% / 2014: 2.5%)	15,117,762	22,117,187	(6,999,425)
Released pension liabilities due to death	(209,197)	(673,282)	464,084
Released pension liabilities due to disability	(2,610,282)	(1,041,352)	(1,568,930)
Withdrawal of retirement capital on retirement	(16,484,528)	(45,980,298)	29,495,770
Transfer to the savings plan for annuities	(4,827,937)	(9,545,430)	4,717,493
Transfer of external insured participants' savings contributions to the savings plan	(243,671)	(136,023)	(107,648)
Accruals / deferrals at period end / Miscellaneous	(452,370)	810,299	(1,262,669)
Retirement capital as of December 31	891,734,757	911,607,204	(19,872,447)

Savings capital in Plan 58

	2015 CHF	2014 CHF	Change CHF
Retirement capital as of January 1	138,802,505	152,926,231	(14,123,726)
Purchase amounts	10,451,086	10,909,554	(458,468)
Reimbursements of withdrawals for home ownership	124,604	744,488	(619,884)
Termination benefits for leavers	(9,110,344)	(14,078,253)	4,967,909
Withdrawals for home ownership and divorce	(1,863,802)	(3,001,399)	1,137,597
Interest paid on savings capital (2015: 1.75% / 2014: 2.5%)	2,375,076	3,440,851	(1,065,776)
Released pension liabilities due to death	–	(419,276)	419,276
Released pension liabilities due to disability	(1,334,172)	(34,679)	(1,299,493)
Transfer to the savings plan to finance retirement pensions	(2,927,322)	(6,542,204)	3,614,882
Withdrawal of retirement capital on retirement	(1,033,132)	(4,641,913)	3,608,781
Transfer of external insured participants' savings contributions to the savings plan	(136,000)	(222,250)	86,250
Accruals / deferrals at period end / Miscellaneous	(463,389)	(278,646)	(184,743)
Retirement capital as of December 31	134,885,110	138,802,505	(3,917,395)

Overall Development of Active Participants' Liabilities

Active participants' liabilities comprise the following:

Active participants' liabilities

	31.12.2015 CHF	31.12.2014 CHF	Change CHF
Retirement capital, active participants	5,501,776,470	5,347,140,836	154,635,634
Retirement capital in the lump-sum plan	891,734,757	911,607,204	(19,872,447)
Retirement capital in Plan 58	134,885,110	138,802,505	(3,917,395)
Total active participants' liabilities	6,528,396,337	6,397,550,545	130,845,792

4.5.4 Total Retirement Savings Capital in Accordance with the Law on Occupational Pensions (“Shadow Account”)

The Pension Fund's benefits in all categories exceed the statutory (BVG) benefit levels several times over. On the balance sheet date, the BVG retirement savings capital amounted to CHF 1,387.0 million (2014: CHF 1,365.3 million).

4.5.5 Pensioners' Liabilities

Development of Pensioners' Liabilities

Pensioners' liabilities comprise the following components:

Pensioners' liabilities			
	31.12.2015	31.12.2014	Change
	CHF	CHF	CHF
Pension liabilities, savings plan			
Retirement pensions	6,387,549,254	5,436,339,408	951,209,846
AHV bridging pensions	84,872,024	90,039,864	(5,167,840)
Surviving spouse's pensions	700,767,622	586,843,574	113,924,048
Disability pensions	446,777,471	365,850,334	80,927,137
Disability bridging pensions	25,824,239	25,003,102	821,137
Child's pensions and support pensions	35,891,538	33,699,649	2,191,889
Pension liabilities, lump-sum plan			
Surviving spouse's pensions	6,368,887	5,840,198	528,689
Disability pensions	38,521,655	28,041,834	10,479,821
Child's pensions	3,390,680	3,124,516	266,164
Total pensioners' liabilities	7,729,963,370	6,574,782,478	1,155,180,891

Cost-of-Living Allowance for Pensioners

Since the entry into force of the Swiss GAAP FER 26 accounting principles, cost-of-living allowances are only paid to pensioners out of non-committed funds. The Board of Trustees considers each year whether to make a cost-of-living adjustment. Such an adjustment is not mandatory for the Pension Fund of Credit Suisse Group (Switzerland), as the pensions paid are higher than the minimum pension stipulated by law.

As the Pension Fund does not have any non-committed funds, and also in view of the prevailing and historically low inflation environment, the Board of Trustees decided not to grant a renewed increase in the cost-of-living allowance as of January 1, 2016. Pensions were last adjusted on January 1, 2007. The cumulative increase in the cost of living since then amounts to 0.7%.

4.5.6 Actuarial Provisions

Actuarial provisions			
	31.12.2015	31.12.2014	Change
	CHF	CHF	CHF
Provision for increase in life expectancy	15,460,000	236,138,000	(220,678,000)
Provision for reducing the technical interest rate	–	131,496,000	(131,496,000)
Provision for actuarial risks	34,638,000	33,922,000	716,000
Provision for retirement losses	90,431,000	–	90,431,000
Total actuarial provisions	140,529,000	401,556,000	(261,027,000)

Provision for Increase in Life Expectancy

Owing to the introduction of generation tables at the end of 2015, the provision for increase in life expectancy is no longer needed and it would be possible to release it altogether. However, the recommendation of the pension actuary is to continue to form a provision and a flat-rate 0.2% (2014: 2.0%) of pensioners'

liabilities will be set aside for this purpose. The flat-rate provision amounts to CHF 15.5 million (2014: CHF 236.1 million).

Provision for Reducing the Technical Interest Rate

The reduction of the technical interest rate from 3% to 2% at the end of 2015 means that the provision for reducing the technical interest rate can be released. As of the end of 2014, the provision amounted to CHF 131.5 million.

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. This flat-rate provision amounts to 2% of the total pensionable salary amount and corresponds to CHF 34.6 million (2014: CHF 33.9 million).

Provision for Retirement Losses

The provision for conversion rate losses was formed for the first time in 2015. It aims to cover expected losses for cases of new retirement where these are not covered by current financing. The amount of the provision is calculated by the pension actuary.

4.5.7 Conclusions of the Last Actuarial Report

In its actuarial report of December 31, 2015, the pension actuary summarized its findings as follows:

Mandate Description

As pension actuary, we prepared an actuarial report based on Art. 52e (1) BVG, as instructed by the responsible persons of the Pension Fund of Credit Suisse Group (Switzerland) (hereinafter referred to as the "Fund").

Declaration of Independence

As pension actuary within the meaning of Art. 52a (1) BVG, we confirm that, within the meaning of Art. 40 BVV 2 and according to the directive of OAK BV W-03/2013, we are independent. Our evaluation results and recommendations are objective.

We fulfill the professional prerequisites required under Art. 52d (2) (a) and (b) BVG regarding appropriate professional training and experience as well as knowledge of the relevant legal provisions. We are licensed by the Swiss Supervisory Commission on Occupational Pensions (OAK BV) based on personal qualifications under Art. 52d (2) (c) BVG regarding good reputation and trustworthiness.

Proviso

At the time our report was prepared, the report from the auditor was not yet available. Our statements are subject to the proviso that there will be no further material changes to the financial statements and that the auditor will recommend them to the Board of Trustees for approval with no restrictions.

Confirmation of Pension Actuary

This actuarial report on the Fund has been prepared in accordance with the code of conduct for the members of the Swiss Chamber of Pension Actuaries (SKPE) as well as their specialist directives. The Pension Fund of Credit Suisse Group (Switzerland) reports its benefit obligations in the balance sheet based on the actuarial principles of the BVG 2010 generation tables, applying a technical interest rate of 2%. The financial situation of the Fund on December 31, 2015, shows:

- a surplus of net assets of CHF 1,117,823,336;
- a coverage ratio in accordance with the appendix to Art. 44 BVV 2 of 107.76% (2014: 115.76%);
- a reserve for fluctuations in asset value of CHF 1,117,823,336;
- no non-committed funds.

Our confirmation is based on the application of the following elements and their assessment:

- The actuarial principles and the technical interest rate
- The specialist principles for the valuation of obligations
- The security measures taken to cover the actuarial risks
- The level of the reserve for fluctuations in asset value
- Accessibility to restructuring
- Structural and financial risk ability

- Current financing
- The expected medium-term development of the financial situation

Based on our review of the Fund at December 31, 2015, we can confirm in accordance with Art. 52e BVG that, as of that date,

- the Fund provides sufficient security to ensure that it can fulfill its regulatory obligations at all times;
- regulatory actuarial provisions on benefits and financing are in line with current statutory requirements.

Aon Hewitt (Switzerland) AG
Responsible pension actuary: Martin Siegrist
Zurich, March 16, 2016

4.5.8 Actuarial Principles and Other Significant Actuarial Assumptions

Actuarial principles / technical interest rate

	31.12.15	31.12.14
Actuarial principles	BVG 2010G	2010 BVG – P2010
Technical interest rate	2.0%	3.0%

4.5.9 Changes in Actuarial Principles and Assumptions

During the reporting year, the Board of Trustees decided to adopt generation tables as the new basis for the actuarial principles and to reduce the technical interest rate from 3% to 2%. This move, which the Board of Trustees saw as unavoidable, cost the Pension Fund approx. CHF 0.8 billion net, which represented a major burden.

4.5.10 Funded Status under Article 44 BVV 2

The funded status (or coverage ratio) as defined by Art. 44 BVV 2 is the ratio of pension assets (PA) to pension liabilities (PL), as calculated according to commercial criteria. The pension assets correspond to assets less 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 reporting year, the coverage ratio amounted to 107.8% (2014: 115.8%). Details of the calculation are presented in Section 4.5.1. With this coverage ratio, the Pension Fund has no non-committed funds and only limited risk ability.

Development of the funded status

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Funded status under Art. 44 BVV 2 in %	111.3	100.1	104.9	104.9	101.3	107.0	111.6	115.8	107.8

4.6 Explanatory Notes on Investments and Net Return on Investments

4.6.1 Organization of Investment Activities, Investment Advisors and Investment Managers, Investment Regulations

The Regulations on Investments and Provisions of the Pension Fund of Credit Suisse Group (Switzerland) govern the division of responsibilities, authority, and control functions of the Board of Trustees, the Investment Committee, and the Investment Manager of the Pension Fund.

The Board of Trustees invests 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 and liability management analysis prepared together with Credit Suisse AG in 2015.

A distinction is made between the three investment phases of strategic allocation, tactical allocation, and asset allocation. The following bodies are responsible for the individual phases:

The three phases of allocation	Responsibility
Strategic asset allocation	The Board of Trustees determines ranges and defines risk indicators
Tactical allocation	Investment Committee defines risk guidelines and determines investment policy
Asset allocation within the prescribed ranges and risk guidelines	Investment Manager of the Pension Fund

Selection and Management of Investments

Asset management as a whole is conducted by internal asset managers employed by the Pension Fund. The Pension Fund is responsible for selecting and monitoring investments. As well as managing a proportion of the assets themselves, they delegate asset management to Credit Suisse AG and external asset managers through various submandates. The table below lists the external asset managers. These fulfill all the qualities required of professional asset managers under Art. 48f (4) BVV 2:

Institution	Type of approval
Credit Suisse AG	FINMA
Swiss Rock Asset Management AG	FINMA
Flossbach von Storch AG	Federal Financial Supervisory Authority (BaFin), Germany
Alpha Associates AG	FINMA
Schroder Investment Management AG	FINMA
Black Rock Asset Management	Financial Conduct Authority (FCA), UK
Vontobel Asset Management	FINMA
Twelve Capital AG	FINMA
Parsumo Capital AG	FINMA
SwissLife Asset Management AG	FINMA
Fisch Asset Management AG	FINMA

The majority of the investments are managed by the above-mentioned external asset managers. Investments in direct and indirect real estate, cash and money market investments and certain CHF bond segments are administered in-house by the Pension Fund's asset managers, as is overlay management. Real estate is managed by Wincasa AG. Central custody services (global custody) are provided by Credit Suisse AG.

Security and Risk Allocation of Investments

The Board of Trustees assigns top priority to the risk allocation of investments. To further improve the risk profile, the asset allocation is broadly diversified and supplemented by alternative investments. The lower correlation coefficients with the other asset classes thus allow portfolio risk to be reduced considerably.

Investment Monitoring

The Pension Fund obtains a detailed quarterly derivative report from Credit Suisse AG. In addition, Credit Suisse AG prepares an investment guidelines monitoring report, an investment report and a risk report each month, and a real estate investment management activity monitoring report each year.

Compliance with various limits and the selection of investments based on borrower ratings are dealt with in contractual agreements and are monitored by Compliance at Credit Suisse AG, which provides a monthly investment guidelines monitoring report to the Pension Fund.

4.6.2 Use of Expanded Investment Options (Art. 50 (4) BVV 2) with a Coherent Presentation of Compliance with Security and Risk Allocation (Art. 50 (1)-(3) BVV 2)

The Pension Fund is pursuing the expanded investment possibilities pursuant to Art. 50 (4) BVV 2 by expanding 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 holdings as % of total assets
Alternative investments	0–15	10–30	26.1
Foreign currency investments	0–30	0–40	20.7

The Pension Fund manages its alternative investments with the same care as traditional investments. There are detailed implementation plans for selection, management and monitoring, and specialist external technical advisors are consulted on a continuous basis.

The proportion of assets invested in alternative investments was last defined in the context of the 2015 asset and liability management study; it is coordinated with the other investments and liabilities and the structure of the insured participants as well as the expected future development. Experience shows that alternative investments can provide a valuable supplement to traditional investments, particularly during crisis periods. This means that they can be relied on to help ensure that the Pension Fund fulfills its purpose.

The Pension Fund's alternative investments also make a significant contribution toward the diversification of the total assets and are themselves very broadly diversified:

- The private equity investments mainly consist of around 100 limited partnerships, plus a small number of direct investments
- The hedge funds comprise three portfolios following the trading, corporate risk and systematic approaches
- Investments in insurance-linked securities are split between the non-life and natural disasters sectors
- Investments in commodities consist exclusively of physical gold
- Loans are undertaken in the categories senior secured loans, insurance loans and insurance fixed income

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

The Regulations on 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 reserve for fluctuations in asset value is intended to ensure that the Pension Fund is sustainably financed and that the risks arising from its investments are covered by an adequate capital base.

The target reserve for fluctuations in asset value stands at 17% and was last calculated in the 2015 asset and liability management study. The reserve for fluctuations in asset value is calculated by using value-at-risk approaches and Monte Carlo simulations to determine the target value at which the Pension Fund would be exposed to an acceptable residual risk of underfunding over a five-year period. In the analysis, the maximum acceptable residual risk of underfunding is set at 1%.

The return required to maintain a stable coverage ratio is 2.0% per annum, which is achievable under the scenario used with a risk of 7.7%. To achieve a reserve for fluctuations in asset value of 17% by 2025, a target return of 2.8% p.a. is required.

Note: From 2016, the target return will be 2.1% and 2.9% respectively (instead of 2.0% and 2.8% respectively), based on the recommendation of the pension actuary, AON Hewitt.

Reserve for fluctuations in asset value

	31.12.15	31.12.14	Change
Target in % of pension liabilities and actuarial provisions	17.0	15.8	–
Target in CHF	2,447,800,000	2,113,070,000	334,730,000
Existing reserve for fluctuations in asset value in CHF	1,117,823,336	2,108,202,165	(990,378,830)
Required to reach target in CHF	1,329,976,664	4,867,835	1,325,108,830
Existing reserve for fluctuations in asset value as % of target	45.7	99.8	–

4.6.4 Breakdown of Investments by Investment Category (Financial Exposure)

The Pension Fund bases its asset management on a robust core portfolio combined with an overlay strategy that enables rapid responses to changing market conditions and tactical adjustments to the asset allocation. Using overlay transactions (financial derivative instruments such as futures, forward-exchange contracts, swap transactions, etc.) the overall risk of the portfolio is controlled independently of the strategy of individual portfolio managers. The following table 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, swap transactions 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.

Total Assets after Set-off of Financial Derivative Instruments

Financial exposure

(actual asset allocation)	2015 in CHF mn	2014 in CHF mn	2015 in %	2014 in %	Range Min.–Max.
Liquid funds / money market investments in Swiss francs	633.8	2,313.9	4.1	14.8	
Direct account and money market investments	752.8	2,032.6			
Derivative	(119.0)	172.4			
Bonds < 1 year to cover derivatives	–	108.9			
Liquid funds / money market investments in foreign currencies	519.1	923.7	3.4	5.9	
Direct	314.8	533.9			
Derivative	204.2	324.8			
Bonds < 1 year to cover derivatives	–	65.0			
Total liquid funds / money market investments	1,152.9	3,237.6	7.5	20.7	0–30
Direct	1,067.7	2,566.5			
Derivative	85.2	497.2			
Bonds < 1 year to cover derivatives	–	174.0			
CHF bonds	130.0	903.6	0.8	5.8	
Direct and indirect	130.0	1,012.5			
Derivative	–	–			
Less bonds < 1 year to cover derivatives	–	(108.9)			
Foreign currency bonds	2,546.2	2,632.8	16.5	16.8	
Direct and indirect	2,920.4	2,697.8			
Derivative, exposure-increasing	–	–			
Derivative, exposure-reducing	(374.2)	–			
Less bonds < 1 year to cover derivatives	–	(65.0)			
Total bonds	2,676.2	3,536.4	17.3	22.6	15–45
Direct and indirect	3,050.4	3,710.3			
Derivative	(374.2)	–			
Less bonds < 1 year to cover derivatives	–	(174.0)			
Equity investments in Switzerland	1,182.9	909.0	7.6	5.8	
Direct and indirect	1,063.8	1,081.4			
Derivative, exposure-increasing	119.0	–			
Derivative, exposure-reducing	–	(172.4)			
Equity investments outside Switzerland	4,618.4	3,448.4	29.9	22.0	
Direct and indirect	4,534.5	3,773.2			
Derivative, exposure-increasing	247.1	10.1			
Derivative, exposure-reducing	(163.2)	(334.9)			
Total equities	5,801.3	4,357.4	37.5	27.8	10–40
Direct and indirect	5,598.4	4,854.6			
Derivative	202.9	(497.2)			
Hedge funds	1,134.9	952.6	7.3	6.1	0–10
Private equity	719.3	733.6	4.6	4.7	2–6
Insurance-linked investments	509.6	425.2	3.3	2.7	0–5
Total commodities	256.0	159.5	1.7	1.0	0–5
Direct and indirect	169.9	159.5	1.1	–	
Derivative, exposure-increasing	86.1	–	0.6	–	
Infrastructure	283.7	119.3	1.8	0.8	0–3
Other loans and debt securities	1,134.1	461.0	7.3	2.9	0–10
Other non-traditional investments	–	–	–	–	0–3
Total alternative investments	4,037.6	2,851.2	26.1	18.2	10–30
Mortgages	2.2	2.7	–	–	0–1
Direct real estate investments	1,153.1	1,141.0	7.5	7.3	
Indirect real estate investments	645.4	537.4	4.2	3.4	
Total real estate	1,798.4	1,678.4	11.6	10.7	8–15
Total investments	15,468.6	15,663.6	100.0	100.0	
Prepayments and accrued income	194.5	25.6			
Total assets	15,663.0	15,689.3			
Total foreign currencies	3,230.3	2,914.2	20.7	18.6	0–40
Investments in Credit Suisse AG (not including liquidity)	226.3	287.7	1.4	1.8	0–5

Liquidity

Liquid funds/money market investments include bank deposits and money market claims. Bonds in overlay management with terms of up to one year are held to hedge exposure to derivative instruments. The financial account shows liquid funds amounting to 7.5% (2014: 20.7%) or CHF 1,152.9 million (2014: CHF 3,237.6 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 159.1 million (2014: CHF 176.6 million).

Bonds

Bond investments with a maturity of more than one year amount to 17.3% or CHF 2,676.2 million (2014: 22.6% or CHF 3,536.4 million). To hedge inflation risk, the Pension Fund entered into inflation-linked swap positions with a nominal value of EUR 130 million and USD 250 million (2014: EUR 130 million / USD 200 million) with a net present value on a CHF basis of –5.4 million and CHF –6.4 million on the balance sheet date (2014: CHF –9.6 million in each case).

Equities

The investments in equities at the end of the reporting year accounted for 37.5% of total assets or a value of CHF 5,801.3 million (2014: CHF 4,357.4 million or 27.8%). The higher figure is largely attributable to direct or indirect investments in equities (+ CHF 743.8 million), but also to greater exposure to equity derivatives (+ CHF 700.1 million).

Alternative Investments

Alternative investments include investments in hedge funds, private equity, insurance-linked investments, commodities, infrastructure, and other loans and debt securities. Overall, the proportion of alternative investments increased year-on-year. The total value of the alternative investments comes to CHF 4,037.6 million or 26.1%, compared to CHF 2,851.2 million or 18.2% in 2014. The hedge fund portfolio was increased during the reporting year. This increases the value of the portfolio to CHF 1,134.9 million (7.3%), compared to CHF 952.6 million (6.1%) in 2014. The fund's exposure to commodities increased from CHF 159.5 million (1%), to CHF 256.0 million (1.7%), mainly because of an investment in gold futures. Private equity investments were largely unchanged as a proportion of total investments, with a value of CHF 719.3 million or 4.6% (2014: CHF 733.6 million, or 4.7%). The value of insurance-linked investments increased from CHF 425.2 million (2.7%) as of December 31, 2014, to a balance sheet value of CHF 509.6 million (3.3%). In addition, the infrastructure portfolio increased to an investment value of CHF 283.7 million as of December 31, 2015, resulting in an approximate doubling of its share to 1.8%. In the "Other loans and debt securities" category, investments amounting to USD 320 million were made in loans to insurance companies via a mandate. This increases the value of this category from CHF 461.0 million or 2.9% to CHF 1,134.1 million or 7.3%. The increase in some categories of alternative investments stems from a combination of the above-mentioned mandate changes and regulatory-related reclassifications from the bond asset class to alternative investments.

The Pension Fund thus continued the strategy of using alternative investments to increase the stability of the total assets and improve diversification. In addition, alternative investments make a substantial contribution toward exploiting opportunities in the financial markets and thus significantly improve the overall return (see also 4.6.8).

Mortgages

The mortgages consist of a residual holding of CHF 2.2 million (2014: CHF 2.7 million). No new mortgage loans will be granted.

Real Estate Investments

Real estate investments are divided into direct real estate investments of CHF 1,153.1 million (2014: CHF 1,141.0 million) and indirect real estate investments, such as real estate investment foundations, real estate investment funds, and real estate investment companies, of CHF 645.4 million (2014: CHF 537.4 million).

The holding in direct real estate investments comprises the following:

Direct real estate investments as at year-end

	2015 in CHF mn	2014 in CHF mn	Change in %
Market value including investment in new buildings	1,153.1	1,141.0	1.1

Number of properties at year-end

	2015	2014	Change in %
Properties under sole ownership (incl. properties under construction)	79	79	–
Properties under joint ownership	3	4	(25.0)
Total	82	83	(1.2)

The indirect real estate investments are focused on the Pension Fund's holdings in the following collective investments:

- CS 1a Immo PK of CHF 88.8 million (2014: CHF 126.1 million)
- CSA Real Estate Switzerland of CHF 102.2 million (2014: CHF 82.4 million)
- CS Real Estate Fund Property Plus of CHF 74.1 million (2014: CHF 117.1 million)
- Swiss Life Immobilienfonds REF (CH) Swiss Properties of CHF 48.2 million (2014: CHF 0.0 million)
- CSA Real Estate Switzerland Commercial of CHF 25.0 million (2014: CHF 23.9 million)

Breakdown of Investments by Currency

The alternative investments in particular are mostly in USD. This leads to undesirable foreign currency risks vis-à-vis the CHF that are hedged systematically.

As of the balance sheet date, some of the USD investments and almost all of the EUR and GBP investments were hedged against the CHF by means of foreign exchange forwards. After the hedging of foreign currencies, CHF investments accounted for 79.3% of total investments, compared to 81.4% in the previous year. The foreign-currency component of 20.7% of total assets is predominantly invested in USD (12.3%), in emerging markets currencies (2.9%), and in Asian currencies excluding Japan (2.8%).

Compliance with the Limitation on Individual Borrowers

The Pension Fund complied with the limitation on individual borrowers pursuant to Art. 54, 54 (a) and (b) BVV 2 in the reporting year 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 total assets. 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 presented in Section 4.6.4.

4.6.6 Open Capital Commitments

Within private equity and infrastructure investments, there was no call on the capital commitments of CHF 586 million (2014: CHF 619 million).

4.6.7 Market Value and Contracting Parties of Securities for 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. Conversely, the Pension Fund 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 borrowed securities.

As of December 31, 2015, securities to the value of CHF 39.3 million (2014: CHF 80.6 million) were on loan. The countervalue of the collateral safekeeping accounts corresponded to 106.3% (2014: 106.4%) of the borrowed securities. In 2015, income from securities lending amounted to CHF 0.6 million (2014: CHF 0.8 million).

4.6.8 Explanatory Notes on the Net Return on Investments

The performance of the total assets is calculated by Credit Suisse AG in accordance with the time-weighted return method.

Performance						
	2011	2012	2013	2014	2015	av. 2011 – 15
in %	(0.6)	8.1	7.2	7.3	1.6	4.6

Average performance				
	Ø 1 year	Ø 3 years	Ø 5 years	Ø 10 years
in %	1.6	5.3	4.6	3.3

The risk or currently expected volatility (ex-ante) of the portfolio is 5.5% p.a.

Performance Contribution by Investment Category

The performance contribution by investment category is presented in the following table. The average weighting is obtained by dividing the sum of the monthly weightings by 12 months.

Performance contribution by investment category				
Investment Category	Av. Weight in %	2015 Performance contribution in %	Av. Weight in %	2014 Performance contribution in %
Liquidity including overlay transactions	9.5	0.3	19.4	(2.9)
Bonds	23.6	(0.5)	23.4	2.1
Equities	33.4	0.2	29.6	4.6
Direct real estate investments	7.3	0.5	7.4	0.4
Indirect real estate investments	3.9	0.3	3.7	0.3
Hedge funds	6.3	0.3	5.6	1.0
Private equity	4.3	0.3	4.1	0.6
Infrastructure	1.4	0.3	0.9	0.3
Commodities	1.0	(0.1)	1.0	0.1
Other alternative investments	9.4	0.2	4.9	0.7
Mortgages	0.0	0.0	0.0	0.0
Total	100.0	1.6	100.0	7.3

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 CHF. In the operative account, this 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 balance sheet 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.

4.6.9 Explanatory Notes on Asset Management Costs

Cost-Transparent Investments

Management costs include all costs incurred in connection with asset management. 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. Moreover, the asset management costs include the total cost of collective investments, inasmuch as the total expense ratio (TER) can be determined by the Swiss Supervisory Commission on Occupational Pensions (OAK). The total cost ratios also include performance-related fees figuring in the accounts that do not yet need to be realized. At 99.9%, the cost transparency ratio reported by the Pension Fund remains as high as in 2014.

Due to the reduction in liquid assets and investments in collective investments, asset management costs have increased to CHF 151.0 million (2014: CHF 140.7 million).

The following table shows the transparent investments (based on the cost transparency ratio of 99.9% as of the balance sheet date) and their share of total costs:

Asset management costs				
	2015	2014	2015	2014
	in CHF mn	in CHF mn	in %	in %
Direct asset management costs	35.1	28.8	23.2	20.5
Private equity, sum of all key cost figures	29.2	41.0	19.4	29.1
Hedge funds, sum of all key cost figures	50.7	47.1	33.6	33.4
Traditional collective investments, sum of all key cost figures	12.9	7.9	8.6	5.6
Other alternative collective investments, sum of all key cost figures	23.0	16.0	15.2	11.4
Total	151.0	140.7	100.0	100.0

The collective investments, which reflect the sum of all key cost figures for traditional collective investments, are invested in Swiss bonds, foreign currency bonds, Swiss equities, foreign equities, and indirect real estate. The sum of all key cost figures for other alternative collective investments comprises insurance-linked investments, commodities, infrastructure, and other loans and debt securities such as senior secured loans and loans to insurers.

The following table shows the market values of the cost-transparent collective investments and compares these with the respective key cost figures. The significantly higher asset management costs for alternative investments is often due to performance-based fees, i.e. costs which are reflected in a corresponding positive performance contribution on the income side (see Section 4.6.8):

Key cost figures in % as of 31.12.2015			
	Cost figure	Market value	Asset management
	in CHF mn	in CHF mn	costs in %
Private equity, sum of all key cost figures	29.2	698.5	4.2
Hedge funds, sum of all key cost figures	50.7	1,134.9	4.5
Traditional collective investments, sum of all key cost figures	12.9	7,392.9	0.2
Other alternative collective investments, sum of all key cost figures	23.0	1,569.1	1.5

If the asset value of the cost-transparent investments is viewed in relation to total investments, this results in the cost transparency ratio as shown in the following table. This also shows asset management costs as a percentage of cost-transparent investments:

Key cost figures				
	2015	2014	2015	2014
	in CHF mn	in CHF mn	in %	in %
Total cost-transparent investments	15,451.0	15,644.3		
Total assets	15,468.6	15,663.6		
Cost transparency ratio			99.9	99.9
Asset management costs according to the operative account in % of cost-transparent investments			0.98	0.90

The asset management costs calculated using the total expense ratio have no net effect on expenses, since the respective costs have the effect of increasing the income from the asset categories (see the respective positions in the operative account under "Net return on investments"). The related costs are also factored into the investment performance.

Non-Transparent Investments

The non-transparent collective investments within the meaning of Art. 48a (3) BVV2 amount to CHF 17.6 million, or 0.1%, compared with CHF 19.3 million in 2014, and comprise the following items in the private equity asset class:

Non-transparent investments

Product name	ISIN	Provider	31.12.2015 CHF mn
CSFB Strategic Partners III VC, LP	n/a	Blackstone	2.6
CSFB Strategic Partners III, LP	n/a	Blackstone	3.3
DB Secondary Opportunities Fund A	n/a	Deutsche Bank AG	0.2
DB Secondary Opportunities Fund C	n/a	Deutsche Bank AG	1.0
DB Secondary Opportunities Fund D (DaVinci)	n/a	Deutsche Bank AG	1.9
DB Secondary Opportunities Fund II	n/a	Deutsche Bank AG	8.6
Total invested capital			17.6

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

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 AG or its subsidiaries are regarded as investments in an employer's enterprise in accordance with Art. 57 BVV 2. A special regulation for banks (Notifications of the Federal Social Insurance Office on Occupational Pension Provision no. 84 (486), and a letter from the Office for Occupational Insurance and Foundations of the Canton of Zurich (BVS) of February 12, 2008) must also be taken into account whereby investments that solely have the nature of business transactions rather than investments are not deemed to be investments in an employer's enterprise if the employer is a bank. 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 total figure for investments in an employer's enterprise declined significantly during the reporting year.

Investments in an employer's enterprise (Art. 57 BVV 2, taking into account the special regulation for banks)

	31.12.2015 CHF mn	31.12.2014 CHF mn
Bonds	–	45.3
Credit Suisse Group AG shares	131.0	130.6
Buffer capital notes	83.4	85.9
Real estate with rental income from Credit Suisse Group AG greater than 50%	12.0	25.9
Total investments in an employer's enterprise	226.3	287.7

The following assets are subject to the special regulation for banks:

Liquidity required for operations

	31.12.2015 CHF mn	31.12.2014 CHF mn
Liquid funds / money market investments ("look through" view)	1,538.2	3,083.3
Gain / loss on foreign-exchange forwards and swap transactions	(90.7)	(209.7)
Total liquidity required for operations	1,447.5	2,873.6

In total, an asset value of CHF 1,673.8 million (10.7% of the investments) was invested with the employer as at December 31, 2015, compared to CHF 3,161.3 million (20.2%) the previous year.

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

Employer's Contribution Reserve

No contributions were paid from the employer's contribution reserve during the reporting year.

Change in the employer's contribution reserve

	2015 CHF	2014 CHF	Change CHF
Reserve at January 1	52,617,482	45,179,707	7,437,775
Increase due to retained additional benefits purchased by employer	580,885	2,373,753	(1,792,868)
Increase due to a surplus in adjustment to actuarial provisions by employer	–	607,297	(607,297)
Increase through special cases	254,428	26,972	227,456
Increase from employer for early retirement	–	9,487,974	(9,487,974)
Released by employer for early retirement	(9,487,973)	(4,217,519)	(5,270,454)
Released withholding uplift CHANGEOVER	(277,370)	(1,328,121)	1,050,751
Released by increase in retirement capital	(559,071)	(735,701)	176,630
Reserve at December 31 before interest	43,128,381	51,394,362	(8,265,981)
Interest on the reserve at beginning of year (1.75% / 2014: 2.5%)	946,001	1,223,120	(277,119)
Reserve at December 31	44,074,382	52,617,482	(8,543,100)

4.7 Explanatory Notes on Other Balance Sheet and Operative Account Items

4.7.1 General Administration

The general administration expense amounted to CHF 6.4 million compared to CHF 6.5 million the previous year. The costs for the external auditor and the costs of supervision are not included under general administration. They are reported separately in the operative account.

With total administration costs of CHF 6.69 million or CHF 222 per beneficiary (2014: CHF 6.84 million and CHF 229 respectively), the Pension Fund is well below the average for private pension funds, which is CHF 345 per beneficiary (see 2015 Swisscanto study).

4.7.2 Loan from Hardship Fund of Credit Suisse Group (Switzerland)

In 2014, the Hardship Fund of Credit Suisse Group (Switzerland) and the Pension Fund of Credit Suisse Group (Switzerland) entered into a loan agreement. In return for the loan, the Hardship Fund receives interest ("current account interest income") in the amount of the performance of the total assets of the Pension Fund for the calendar year in question. The loan amounts to CHF 47.5 million (2014: CHF 47.6 million).

4.7.3 Additional Employer Contributions

In 2015, the employer paid the Pension Fund a total of CHF 23.4 million (2014: CHF 32.9 million) in additional contributions for employees retiring. In the operative account, CHF 6.15 million of this is reported as a direct additional employer contribution toward strengthening the actuarial provisions. This amount is used to compensate for the reduction in retirement benefits in the event of early retirement by insured participants and includes voluntary contributions, missing savings contributions from the time of early retirement until the official date of retirement, and missing actuarial provisions for insured participants who retire according to the transitional rules. The difference of CHF 16.99 million was credited to the insured participants concerned in other areas (e.g. as reimbursements of withdrawals for home ownership or as purchases of pension benefits).

4.7.4 Prepayments and Accrued Income

The balance sheet figure of CHF 194.5 million (2014: CHF 25.6 million) includes the transfer of liquidity amounting to CHF 170.9 million to a hedge fund mandate and to loans to insurance companies for investment in January 2016. The liquidity transfer was arranged in USD (equivalent to CHF 149.2 million) and in EUR (equivalent to CHF 21.7 million) in December 2015. The foreign currency amounts are reported in the breakdown of financial exposure under Section 4.6.4.

4.8 Supervisory Authority Requirements

No requirements have been imposed by the supervisory authority.

4.9 Further Information Regarding Financial Situation

4.9.1 Partial Liquidations

The Board of Trustees has determined that there were no partial liquidations in 2013, 2014 or 2015.

4.9.2 Pledge of Assets

To manage the asset allocation more efficiently, the Pension Fund uses equity index futures in particular. 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 totaling CHF 1.5 billion. In order to secure the margin requirements on the accounts mentioned, a credit limit of CHF 950 million (equivalent to 6.1% of the investments compared to 6.1% in the previous year) has been contractually agreed which, in addition to funding the margin for futures, can be used to fund margin payments for OTC transactions and traded options contracts.

4.9.3 Legal Proceedings in Course

There are currently no significant legal proceedings in course.

4.10 Events Subsequent to the Balance Sheet Date

None.



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