

Annual Report 2015 Abridged Version

Pension Fund of Credit Suisse Group (Switzerland)

2015

Editorial

Dear Participants
Dear Pensioners

The Board of Trustees of the Pension Fund has decided on a strategic realignment of the Pension Fund of Credit Suisse Group (Switzerland). As the pension fund environment has been challenging for some years, it was decided that the technical interest rate would be lowered from 3.0% to 2.0% as of the end of 2015. At the same time, the static period tables used hitherto were replaced by generation tables, which automatically reflect the future development of life expectancy and are therefore more meaningful. These changes, which the Board of Trustees regarded as necessary, had a significantly negative effect on the Pension Fund, worsening its result by a net CHF 0.8 billion. The coverage ratio declined within the year under review from 115.8% to 107.8%.

In addition, the Board of Trustees concluded that, due to the difficult market developments and the continuous rise in life expectancy, the current level of benefits could not be financed over the long term in the current way and that strategic adjustments would therefore be necessary. From January 2017, the new "pension model 2017" is being introduced to take account of the economic and social context and the numerous future challenges.

In investment terms, 2015 got off to a turbulent start. In mid-January, the Swiss National Bank (SNB) unexpectedly decided to abandon the EUR minimum exchange rate after nearly three-and-a-half years. This decision took the

markets entirely by surprise, and resulted not only in very volatile currency markets but also in a massive rise in the Swiss franc. At the same time, the SNB further expanded the target range for the three-month Libor. As a result, the yield on 10-year Swiss government bonds dipped into negative territory.

In the reporting year, the markets were also dominated by the Greek crisis and the stock market crash in China. The turbulent developments in the eurozone and Asia unsettled the markets. The European Central Bank launched its first bond buying program, which it then expanded over the course of the year. This in turn induced the SNB to sell Swiss francs in order to counteract this currency's expected appreciation versus the euro. Toward the end of the year, the imminent interest rate decision in the US, coupled with low commodity prices, caused further concern.

The 2015 investment year proved challenging and volatile. The Pension Fund of Credit Suisse Group (Switzerland) posted a performance of 1.6% (prior year: 7.3%).

This abridged report is a summary of the most important events, facts, and figures from the 2015 financial year. You can download the complete annual report plus

explanatory notes from the Pension Fund's website at www.credit-suisse.com/pensionfund.

Yours sincerely

PENSION FUND
OF CREDIT SUISSE GROUP (SWITZERLAND)

For the Management
Martin Wagner, Manager
Guido Bächli, Investment Manager
Matthias Hochrein, Chief Operating Officer

Overview of Key Figures

Key Figures 2015

Total assets

CHF 15.6 bn

Technical interest rate

2.0%

Total number of participants

30,081

Coverage ratio

107.8%

Active participants

19,073

Performance

1.6%

Pensioners

11,008

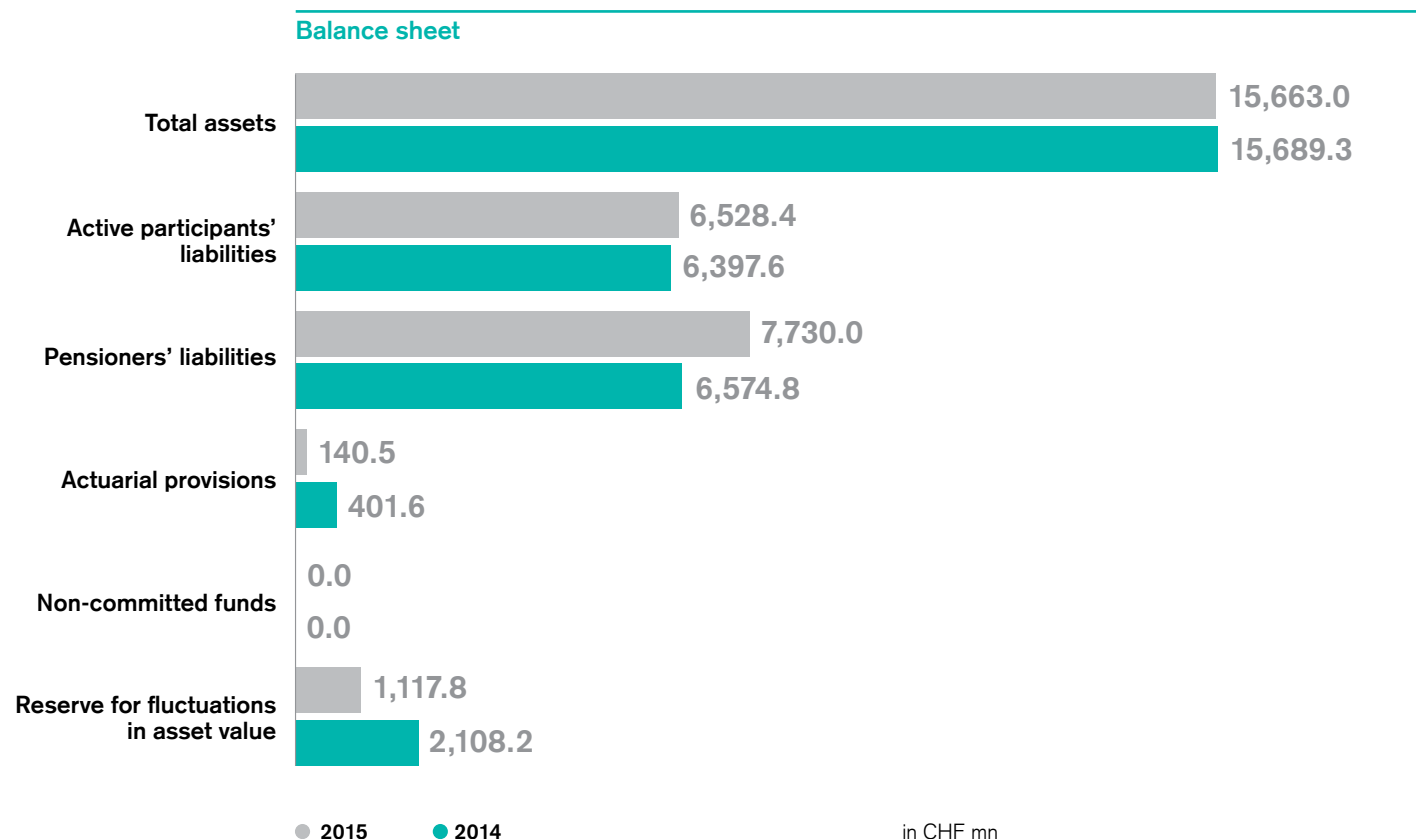
Non-committed funds

CHF 0.0

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Overview of Key Figures

The key figures as at December 31, 2015 were as follows.



Stable Balance Sheet Despite Difficult Environment

The Pension Fund of Credit Suisse Group (Switzerland) showed only a marginal change in total assets in 2015. The net return on investments saw the biggest change: Owing to the low interest rate environment and the challenging market conditions, this declined by 80%. The search for suitable return drivers will remain challenging in future too.

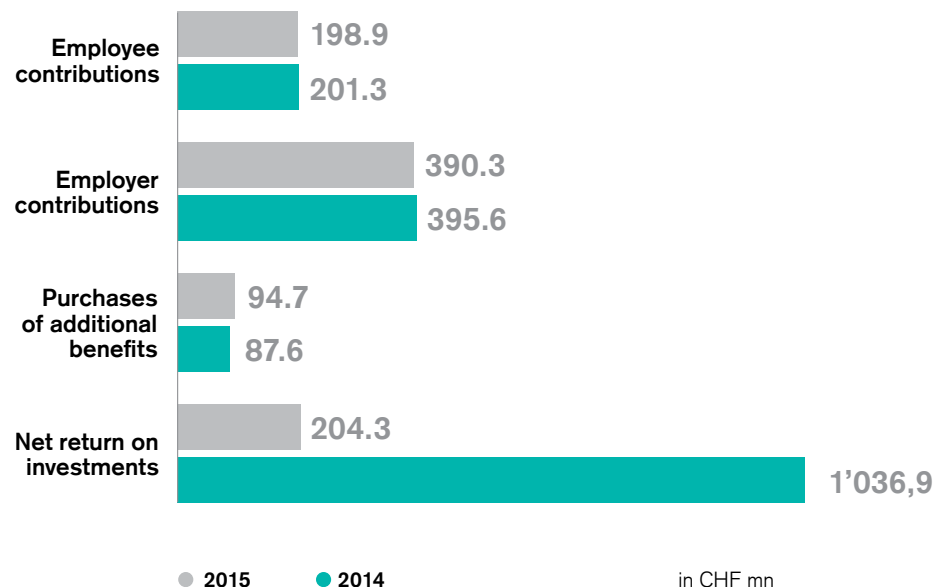
Safe investments such as bonds no longer produce any yields, and investments in high-risk assets are only possible to a limited extent.

The coverage ratio decreased from 115.8% to 107.8% within one year. This was due in particular to a performance that was below the target return, to the year-end cut in the technical interest rate, and to the change-over from period to generation tables. Pensioners' liabilities have increased significantly as a result of these changes and exceed those of the active participants by more than CHF 1 billion.

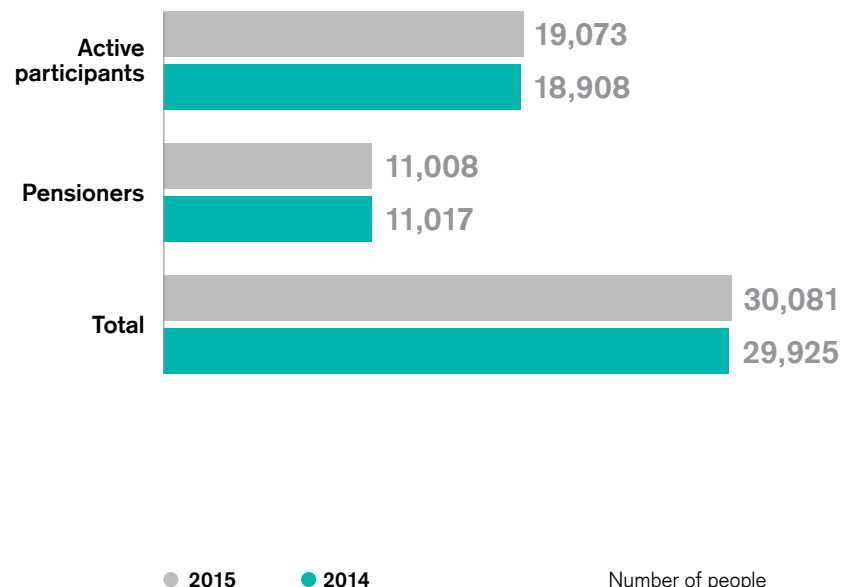
Generation Table

In contrast to the period table, the generation table takes account of the expected increase in life expectancy and thus yields more precise information about the benefit obligations of a pension fund.

Operative account



No. of participants

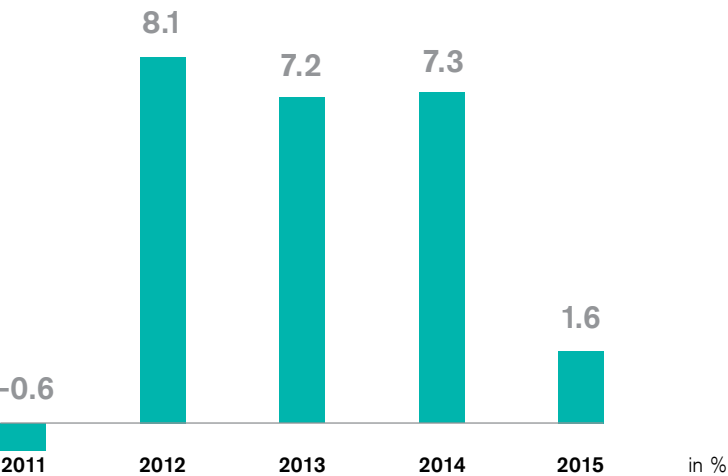


As of the end of 2015, the number of active participants and pensioners rose by 156 individuals to 30,081. This is a small departure from the general trend, given that total numbers have been edging constantly downward over the last few years. Among other things, this is because the number of people joining Credit Suisse Group in 2015 exceeded the number leaving, whereas the opposite was true of the previous year.

Performance

2015: A Challenging Investment Year

The Pension Fund of Credit Suisse Group (Switzerland) posted a performance of 1.6% in 2015.



The chart above shows the performance achieved since 2011. The average performance over the past five years was 4.6%.

Pension Plan Interest Rates

Pension plan interest rates in %

	2011	2012	2013	2014	2015
Savings plan	3.0	2.5	2.0	2.5	1.75
Lump-sum plan	2.0	2.5	2.0	2.5	1.75
Plan 58	2.0	2.5	2.0	2.5	1.75
Minimum BVG interest rate	2.0	1.5	1.5	1.75	1.75

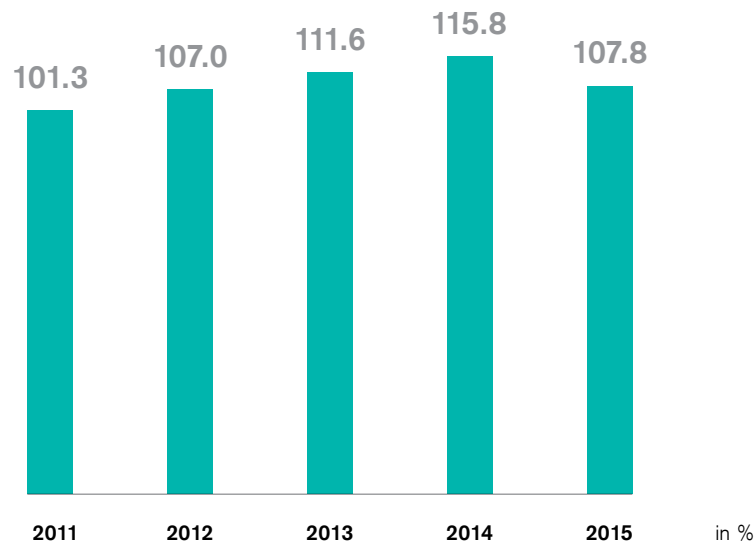
Owing to the tense market situation and the challenging environment for pension funds, the Board of Trustees decided for reporting year 2015 that the interest paid on pension plans would be aligned to the minimum BVG interest rate. Since the Pension Fund of Credit Suisse Group (Switzerland) is an all-encompassing pension fund, however, retirement assets above the BVG minimum will also attract this rate of interest. For the

participants, this results overall in a much higher rate of interest on the pension plans than that required by law.

Under the savings plan, the average rate of interest over the past five years was 2.35%, compared to 1.7% according to the minimum BVG interest rate.

Coverage Ratio

The coverage ratio fell year-on-year from 115.8% to 107.8%.



The chart above traces the development of the coverage ratio of the Pension Fund of Credit Suisse Group (Switzerland) since 2011.

Technical Interest Rate

In 2015, pensioners' liabilities were calculated using a technical interest rate of 2.0%. The technical interest rate reflects expectations in terms of capital market interest rates. The technical interest rate is determined by the Board of Trustees in such a way that current pensions can be financed with an adequate degree of security.



Coverage Ratio

The coverage ratio enables us to determine whether a pension fund is overfunded or underfunded. It is said to be overfunded as soon as the percentage exceeds 100%. The benefit obligations, i.e. the pensions currently being paid, are therefore fully covered by the available retirement assets.

Interview

For more information on the interaction between coverage ratio, technical interest rate and performance, please see the interview with Martin Wagner, Manager of the Pension Fund of Credit Suisse Group (Switzerland).

Mr. Wagner, why has the coverage ratio fallen by eight percentage points by comparison with the previous year?

Several factors have had a negative impact on the coverage ratio. On the one hand, the investment performance of 1.6% in 2015 was lower than the required minimum return. On the other, we reduced the technical interest rate by one percentage point at the end of 2015 and at the same time switched from the period tables previously applied to the Pension Fund to generation tables. These two adjustments, which are charged to the current account and the fluctuation reserve, placed a net financial burden of CHF 0.8 billion on the Pension Fund.



Those are enormous costs. Why were these changes necessary?

The Board of Trustees considered the changes necessary to make the Pension Fund more financially secure. Generation tables, for example, automatically take account of rising life expectancy and are therefore more meaningful. They are based not only on the mortalities observed in the last few years, but also include a forecast for the future expected development. Generation tables have been the international standard for a long time.

What were the reasons for the second change, the reduction in the technical interest rate?

In the past few years, pension funds have been confronted with a very demanding market environment, which was exacerbated further in 2015 with the introduction of negative interest. It has become more difficult to generate a sufficiently high return. From the point of view of the Board of Trustees, this situation will continue for a while yet. The reduction in the technical interest rate to 2.0% takes account of the reduced expectations in terms of capital market returns and reflects economic realities more precisely. It reduces the pressure on the return that needs to be generated in future.

Cost-of-Living Adjustment of Pensions

Despite the tense situation on the financial markets, the Board of Trustees strives to offset part of inflation in the pensions paid to the pensioners. In the last few years, inflation has been very low or even negative.

Interest in %

	2011	2012	2013	2014	2015	Average 2011–2015
Savings plan (active insured)	3.0	2.5	2.0	2.5	1.75	2.35
Minimum BVG interest rate	2.0	1.5	1.5	1.75	1.75	1.7
Technical interest rate (pensioners)	3.5	3.0	3.0	3.0	2.0	2.9
Annual inflation	0.2	–0.7	–0.2	0.0	–1.1	–0.36

Since the entry into force of the Swiss GAAP FER 26 accounting principles, cost-of-living allowances can only be paid to pensioners from non-committed funds.

As the Pension Fund does not have any non-committed funds at its disposal, but also to ensure the financial equilibrium of the Pension Fund, the Board of Trustees decided

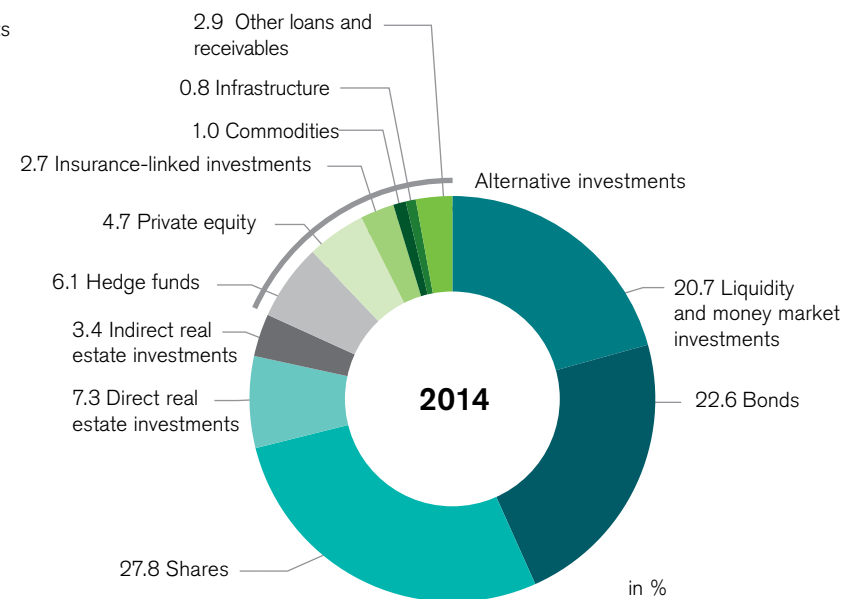
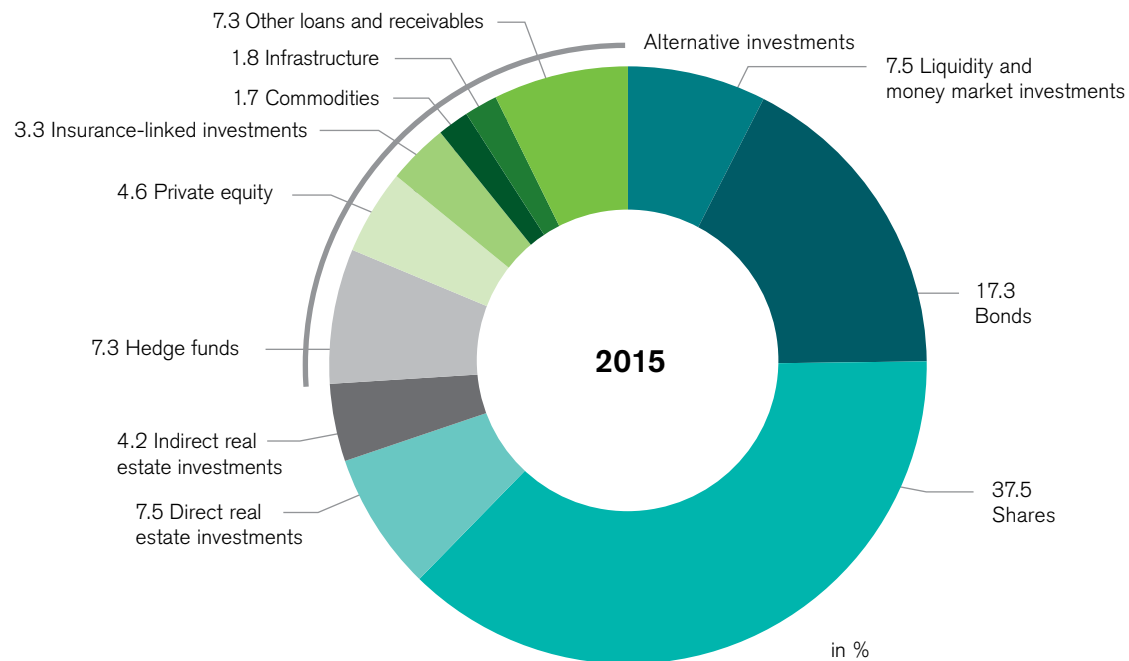
as of January 1, 2016 not to grant any cost-of-living allowance on current pensions.

The chart above shows that inflation over the past five years has been slightly negative at –0.36%. The average interest on the retirement capital of active participants is around 0.6 percentage points lower than the figure for pensioners. If the increase in life expectancy not yet priced in is also taken

into account, the difference comes to around 1.1 percentage points. This fact underscores the decision of the Board of Trustees to reduce the technical interest rate.

Investments

Efficient risk distribution



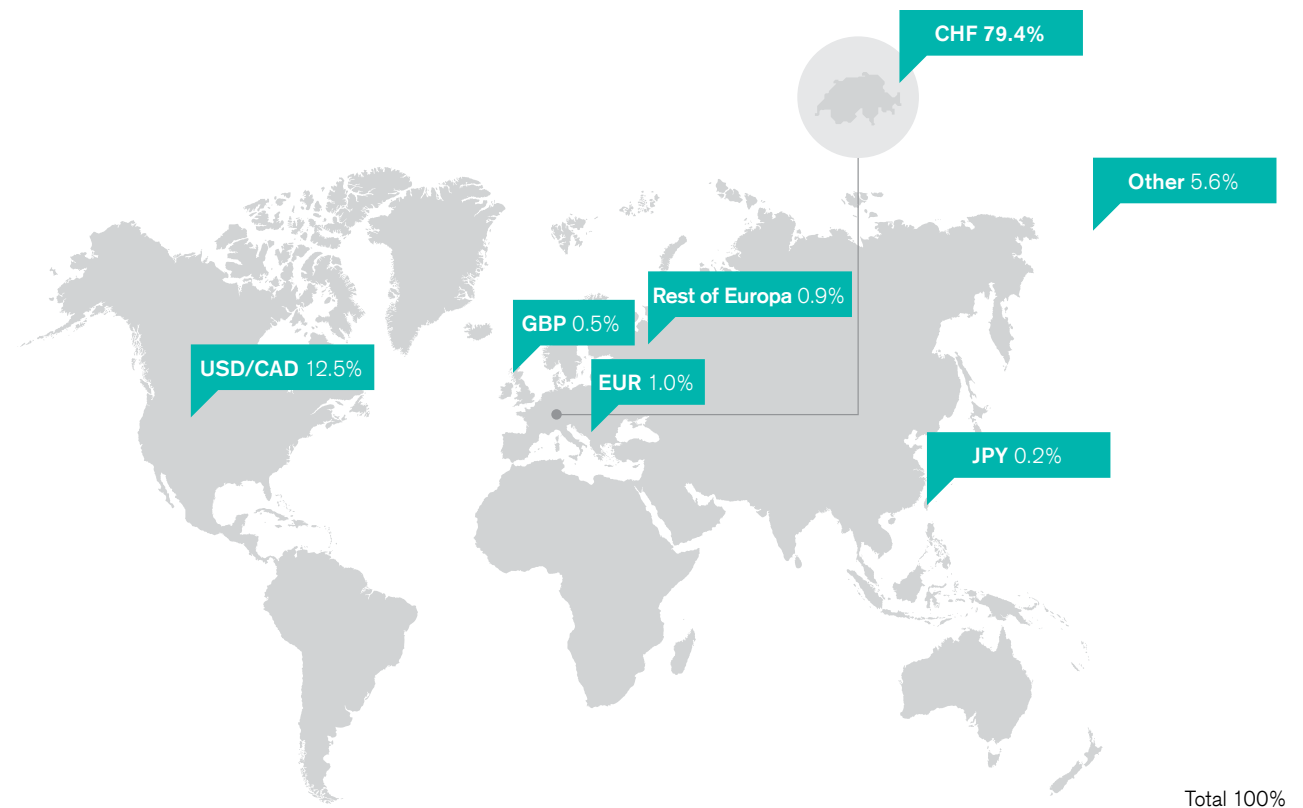
The Pension Fund's investment decisions aim to maintain a stable portfolio with attractive yields that enable at least the defined target return to be generated. As the charts above show, the portfolio is broadly diversified. In addition to investing in traditional investments, the portfolio was supplemented by alternative investments, especially at the expense of increasingly unattractive bonds and liquidity. The higher share of alternative

investments reduced the portfolio risk and made a significant contribution to performance.

The charts above compare the financial exposure at the end of 2015 with that at the end of 2014.

Currency Allocation

Currency Allocation 31.12.2015



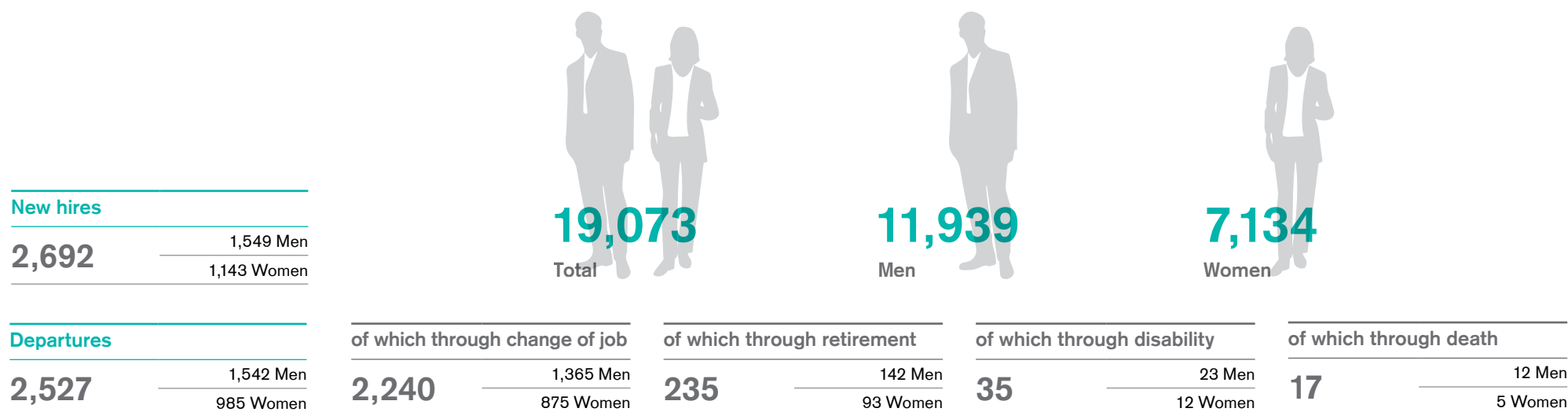
The systematic hedging of euro-denominated assets and the moderate overall foreign currency exposure of the Pension Fund portfolio paid off again in investment year 2015. The foreign currency hedging ensured the degree of risk capacity required for acceptance of the capital markets' volatility. This was key to the success of the investments.

The chart above shows the currencies in which the Pension Fund of Credit Suisse Group (Switzerland) held investments at year-end 2015 after hedging against foreign currency risks.

Number of Participants

Slight increase in total number

No. of participants on 31.12.2015



In comparison to the previous year, the total number of participants increased by 156 persons to 30,081, comprising 19,073 active participants and 11,008 pensioners. This minimal increase in the number of participants did not affect the structure of the participants, i. e. the ratio of active participants to pensioners, in reporting year 2015. This ratio is 1.7, as in the previous year. However, the proportion of pensioners has risen steadily in

recent years: Since 2011, the number of pensioners has increased by 10.0%. The group of active participants accounted for 63.4% of the total at the end of 2015 and that of pensioners 36.6%.

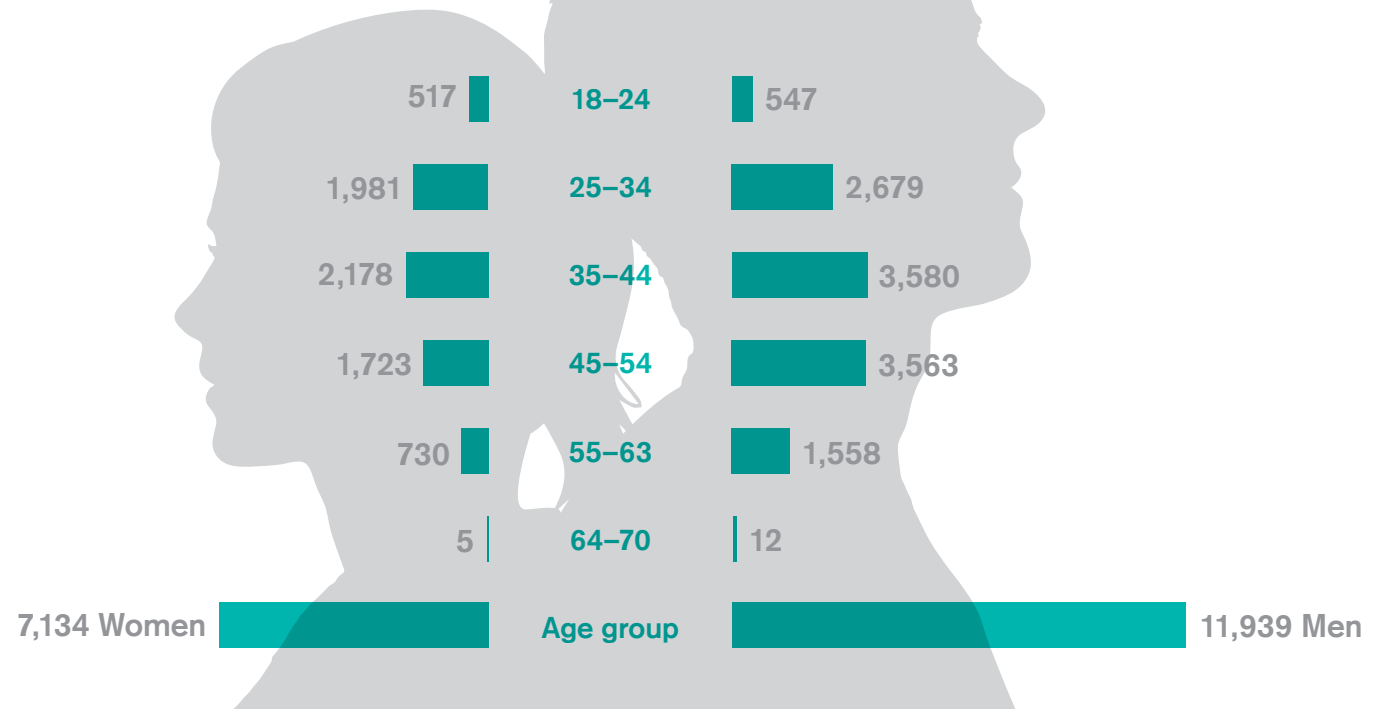
Active Participants

The number of active participants rose year-on-year by 165 to 19,073 – a minor increase of 0.9%. This is mainly due to an increase in the number of people joining Credit Suisse Group (previous year: 1,979). At the same time, the total number of employees leaving the Group declined year-on-year by approximately 740.

The chart above shows the detailed reasons for departure.

Number of Participants

Total of 19,073 active participants

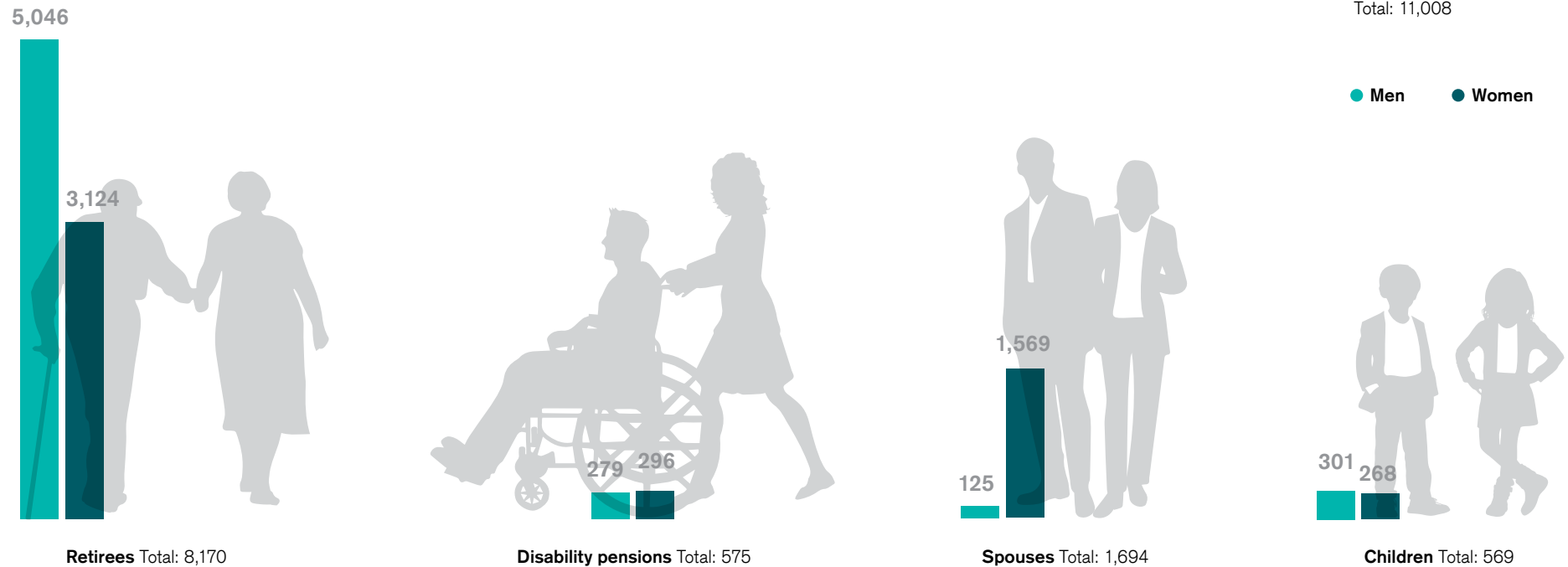


The chart above shows how the number of active participants breaks down by age and gender. The age group of 35- to 44-year-olds is the largest group (5,758), followed by 45- to 54-year-olds (5,286). These therefore account for approximately 27.7% of active participants. Just over a quarter of the active participants are aged 25–34 years.

The average age of male participants is 41.4 years, while the average age of their female counterparts is 39.2 years.

Number of Pensioners

Small decrease in number of pensioners



For the first time in years, the number of pensioners decreased slightly – by nine persons to a total of 11,008. Pensioners comprise retirees and recipients of a disability pension, as well as persons receiving a surviving spouse's pension or a child's pension. Despite the lower total number, the number of retirees increased further. Fewer employees retired in 2015, however, and

the number of disability pensions and child's pensions being paid decreased from the previous year.

Three-quarters of the pensioners are retirees (total of 8,170). Year-on-year, the number of surviving spouse's pensions rose by 26 to 1,694.

Number of Pensioners

Total number of pensioners: 11,008



The chart above illustrates the distribution of pensioners by age and gender. The under-58 age group comprised just over 1,000 persons at the end of 2015. The 70- to 79-year-olds are by far the largest group with a total of 3,661 persons.

The average age of pensioners increased by 0.6% to 69.3 years compared to the previous year. The oldest male participant is 100 years old, and the three oldest female participants are 102 years old.

Board of Trustees and Management

The Pension Fund of Credit Suisse Group (Switzerland) offers its participants attractive, comprehensive and competitive pension provision which goes well beyond the minimum required by law.

Current Board of Trustees (2013–2016 Term of Office)

As the highest governing body, the Board of Trustees manages and supervises the Pension Fund of Credit Suisse Group (Switzerland). The Board of Trustees, comprising an equal number of employee and employer representatives, determines the overall strategy for the Pension Fund and monitors its implementation.

Employer Representatives



Philip Hess

Chairman of the Board of Trustees, Credit Suisse



Christine Gatti

Group Accountant & Head of Group Finance Switzerland, Credit Suisse



Christian G. Machate

Global Head Compensation & Benefits, Credit Suisse



Thomas Gottstein

Chief Executive Officer Swiss Universal Bank



Nicole Pauli

Head of Product Management Switzerland, Credit Suisse

Changes to the Board of Trustees

In spring 2015, the Executive Board of Credit Suisse Group AG appointed Harald P. Stoehr as successor to Hanspeter Kurzmeyer, former Global Head of Human Resources at Credit Suisse.

Furthermore, shortly before the end of the year, Thomas Gottstein, CEO of Swiss Universal Bank, was appointed by the Executive Board of Credit Suisse Group AG as the new employer representative on the Board of Trustees. Thomas Gottstein has been a member of the Board of Trustees since December 1, 2015 as successor to Hans-Ulrich Meister, who left the bank at the end of 2015.

Moreover, Nicole Pauli, Head of Product Management Switzerland at Credit Suisse, left the Board of Trustees at the end of the year under review.

Retiree Representatives



Harald P. Stoehr

Employer Representative



Martin Klaus

Employee Representative

Employee Representatives



**Thomas
Isenschmid**

Vice-Chairman,
Employee
Representative for
German-speaking
Switzerland



**Frédéric
Baechler**

Employee
Representative for
French-speaking
Switzerland



**Nannette
Hechler-
Fayd'herbe**

Employee
Representative for
German-speaking
Switzerland



**Daniel
Leuthardt**

Employee
Representative for
Companies Affiliated
with Credit Suisse



**Massimiliano
Tagliabue**

Employee
Representative for
Ticino

Management

The Management comprises the Manager, the Investment Manager, and the Chief Operating Officer (COO) and is headed by the Manager. The Manager defines insurance relationships and entitlement to benefits and is ultimately responsible for the technical and commercial management of the foundation. He prepares decisions for the Board of Trustees in line with the Pension Fund's overall strategy.



**Martin
Wagner**

Manager



Guido Bächli

Investment Manager



**Matthias
Hochrein**

Chief Operating Officer

Full 2015 Annual Report

The full version of the annual report contains extensive information on the Pension Fund's performance in 2015, a detailed presentation of the financial statements, and explanatory notes. You can download the complete 2015 annual report from the Pension Fund's website at www.credit-suisse.com/pensionfund.

Any Questions?

If you have any questions regarding the benefits offered by the Pension Fund, please contact your pensions advisor at the Pension Fund. You can find the contact details at www.credit-suisse.com/pensionfund.

Unless dictated otherwise by the context, the terms "pension fund," "foundation" and "pension institution" refer to the "Pension Fund of Credit Suisse Group (Switzerland)" when used in this annual report. Only the German version of the full annual report is valid for legal purposes. Any gender-specific terms used refer to both men and women. The term spouse includes registered partners in accordance with the Federal Act on the Registration of Partnerships for Same-Sex Couples.