

Pension Fund
of Credit Suisse Group (Switzerland)



2018 Annual Report Abridged version





Changes to the pension plan from 2020

During the reporting year, the Board of Trustees dedicated a lot of time to developing the existing retirement capital savings plan (introduced in 2017) into a 1e plan. In accordance with legal requirements, the employer passed the corresponding resolutions and the Board of Trustees adopted the changes to the regulations necessary to introduce the 1e plan. An announcement was already made to all insured participants at the beginning of April 2019. Further details on the introduction of the 1e plan with effect from January 1, 2020, will be communicated in the second half of the year.

Investments

Investors faced a number of challenges in 2018. This year began with the sudden return to volatility in the equity markets in January, when investors were quickly reminded that attractive share yields come at a price – in the form of fluctuations. Developments throughout the year varied by region and asset class. US equities, for instance, had achieved above-average capital gains by the end of the third quarter following the initial setback at the start of the year. In contrast, fears of a downturn in the Chinese economy were evident in the reduced growth prospects for European equities.

The impact of the fourth quarter, one of the worst in the history of the equity markets, came as a surprise to many investors as the long-standing prevailing environment of low interest rates and strong profit growth had lulled them into a false sense of security.

“MyPension” portal for insured participants

The “MyPension” portal for insured participants went live in September 2018. The portal allows insured participants to access up-to-date pension data and documents at any time and outside of the workplace; insured participants can also use the portal to their contribution option or to create simulations.

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

Management:
Martin Wagner, Manager
Guido Bächli, Investment Manager
Matthias Hochrein, Chief Operating Officer
Roger Nigg, Chief Pension Services
Sebastian Krejci, Chief Risk Manager

This abridged version of the Annual Report comprises the key facts, figures, and events for the 2018 financial year. You will find the detailed Annual Report on the Pension Fund’s website at www.credit-suisse.com/pensionfund.

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Key figures

Coverage ratio

112.1%

Total assets

CHF 16.3 billion

Performance

–2.2%

Reserve for fluctuations
in asset value

CHF 1.7 billion

Technical interest rate

2.0%

Balance sheet	2018 in CHF mn	2017 in CHF mn
Total assets	16,342	17,064
Active participants' liabilities	6,161	6,236
Pensioners' liabilities	7,827	7,932
Actuarial provisions	355	416
Reserve for fluctuations in asset value	1,736	2,278

Operative account	2018 in CHF mn	2017 in CHF mn
Employee contributions	205	206
Employer contributions	396	398
Purchase amounts	112	100
Net return on investments	411	1,406
Termination benefits on leaving the Pension Fund	545	558
Retirement pensions paid out	418	418
Surviving spouse's pensions paid out	62	60
Disability pensions paid out	23	22

The Pension Fund of Credit Suisse Group (Switzerland), with total assets of some CHF 16.3 billion, over 17,600 active participants, and more than 11,300 pensioners, is one of the largest pension funds in Switzerland. The Pension Fund faced a number of challenges in the 2018 investment year. Against the backdrop of a difficult market environment, it achieved a performance of –2.2%. The net return on investments has more than halved compared with the previous year, and total assets have been reduced by CHF 700 million.

Although the reserve for fluctuations in asset value was continuously replenished throughout the 2017 investment year, it was reduced by CHF 500 million in the 2018 investment year and has therefore not yet reached its target value. The Pension Fund still has no non-committed funds and therefore has limited risk ability.

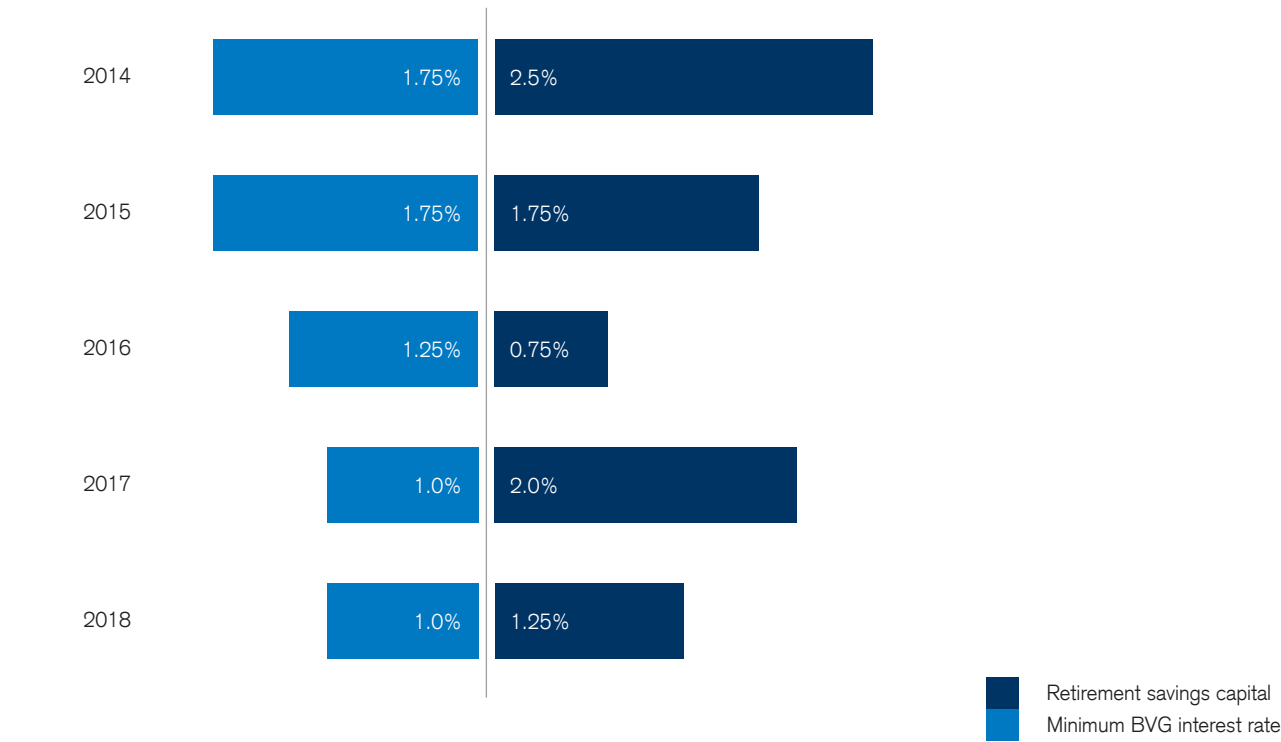


Slightly reduced interest rate

Interest on retirement savings capital

The Board of Trustees of the Pension Fund set an interest rate of 1.25% on the retirement savings capital for the 2018 reporting year. The minimum BVG interest rate is 1.0%.

Comparison of interest on retirement savings capital and minimum BVG interest rate, 2014–2018



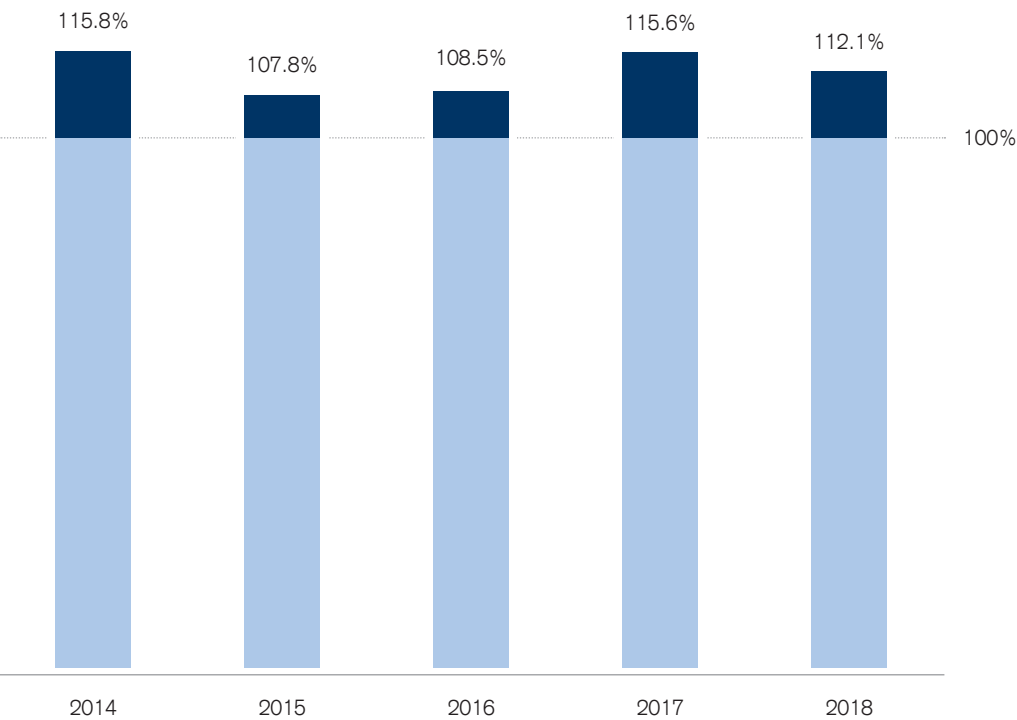
As an all-encompassing pension fund, the Pension Fund of Credit Suisse Group (Switzerland) pays interest on the entire retirement savings capital – including the extra-mandatory portion – at the interest rate set by the Board of Trustees. The Board of Trustees deliberately attaches greater weight to security through the formation of the reserves for fluctuations in asset value and the technical reserves than to the direct participation of the active participants in the performance. In view of the above, the Board of Trustees set an interest rate of 1.25% on the retirement savings capital for 2018.

Slight decrease

Coverage ratio

The coverage ratio decreased by 3.5 percentage points compared with the previous year, to 112.1%.

Coverage ratio 2014–2018



The coverage ratio indicates the extent to which a pension fund's obligations are covered by its assets. With a coverage ratio of 112.1%, the Pension Fund has limited risk ability (target coverage ratio: 116%).

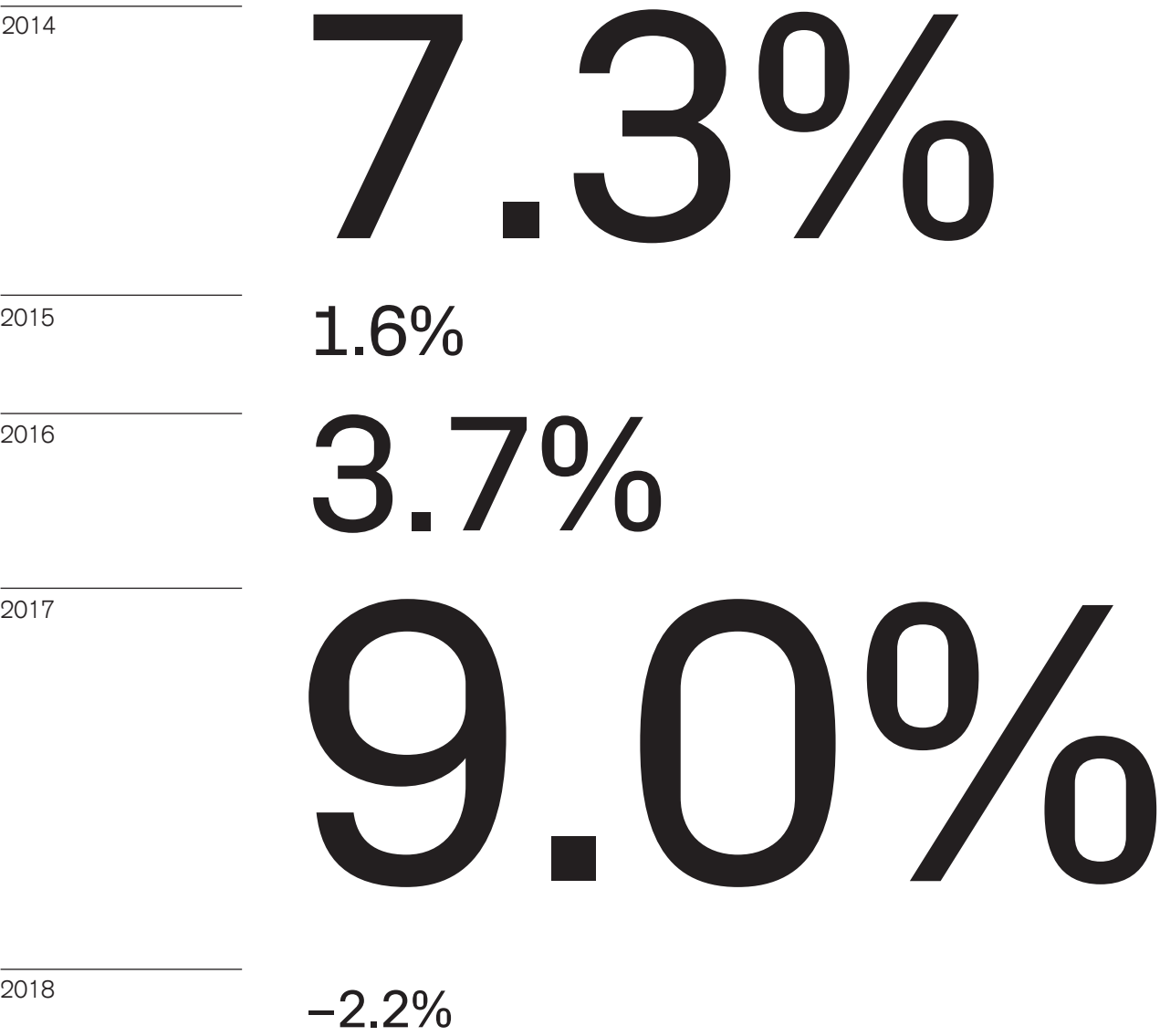
Cost-of-living allowance for pensioners

Each year, the Board of Trustees reviews whether to grant a cost-of-living allowance. In view of the prevailing and historically low inflation environment, the Board of Trustees decided not to grant any new increase in the cost-of-living allowance as of January 1, 2018.

Pensions were last adjusted on January 1, 2007. The cumulative increase in the cost of living since then amounts to 2.2%.

Performance

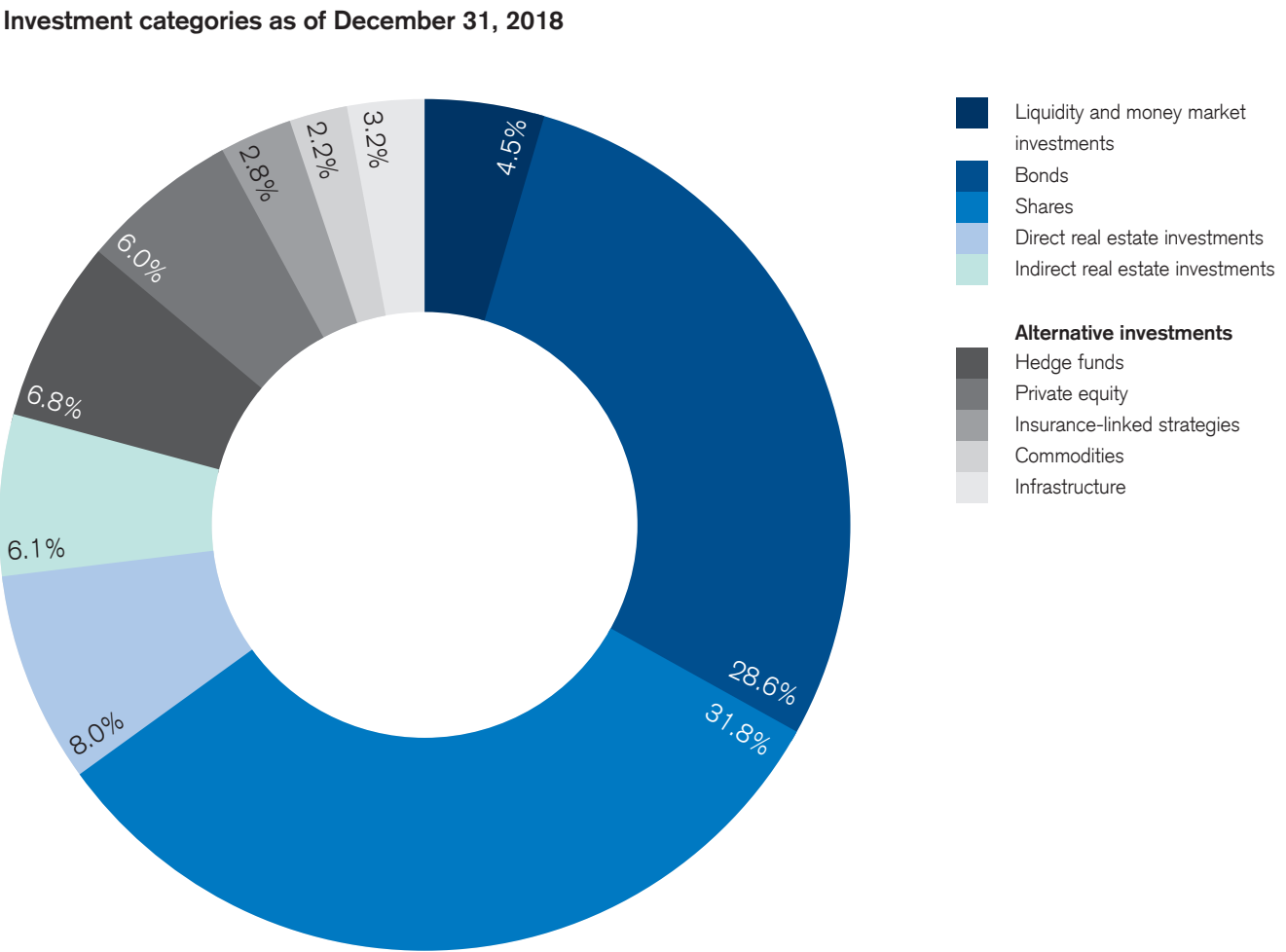
The Pension Fund of Credit Suisse Group (Switzerland) generated an investment performance of –2.2% as of the end of December 2018.



Since 2013, the Pension Fund has relied on an internal risk management unit that supports the investment area. This unit, plus an understanding of the risk-return ratio in each market phase, was instrumental to the Pension Fund's ability to benefit from the strong returns on the capital markets in 2017 yet avoid major losses in 2018. These factors, together with a robust core portfolio, made it possible to achieve a performance of 6.6% across 2017 (+9.0%) and 2018 (–2.2%).

Investments

The Pension Fund of Credit Suisse Group (Switzerland) has a broadly diversified portfolio.



The Pension Fund of Credit Suisse Group (Switzerland) conducts an annual detailed asset and liability management study, in which it analyzes whether the assets and benefit obligations are aligned with one another in the medium and long term. This constitutes the basis for defining the Pension Fund's investment strategy, risk ability, risk tolerance, and performance objectives.

Slight decrease

Number of insured participants

For the second consecutive year, the number of active participants and the number of pensioners decreased.

Number of insured participants as of December 31, 2018

Active participants

17,623

Pensioners

11,313

	2018	2017
Active participants:	17,623	18,522
Pensioners:	11,313	11,342
Total number of insured participants:	28,936	29,864

The number of active participants and the number of pensioners dropped slightly in 2018. The total number decreased by 899 persons to 28,936. At the end of 2018, the Pension Fund had 17,623 active participants and 11,313 pensioners. The number of pensioners therefore dropped slightly for the second year in a row. Active participants account for 61% of the total number, with pensioners accounting for 39%.

Active participants

The total number of active participants has fallen again, by 4.9% – from 18,522 to 17,623.

Age category as of December 31, 2018



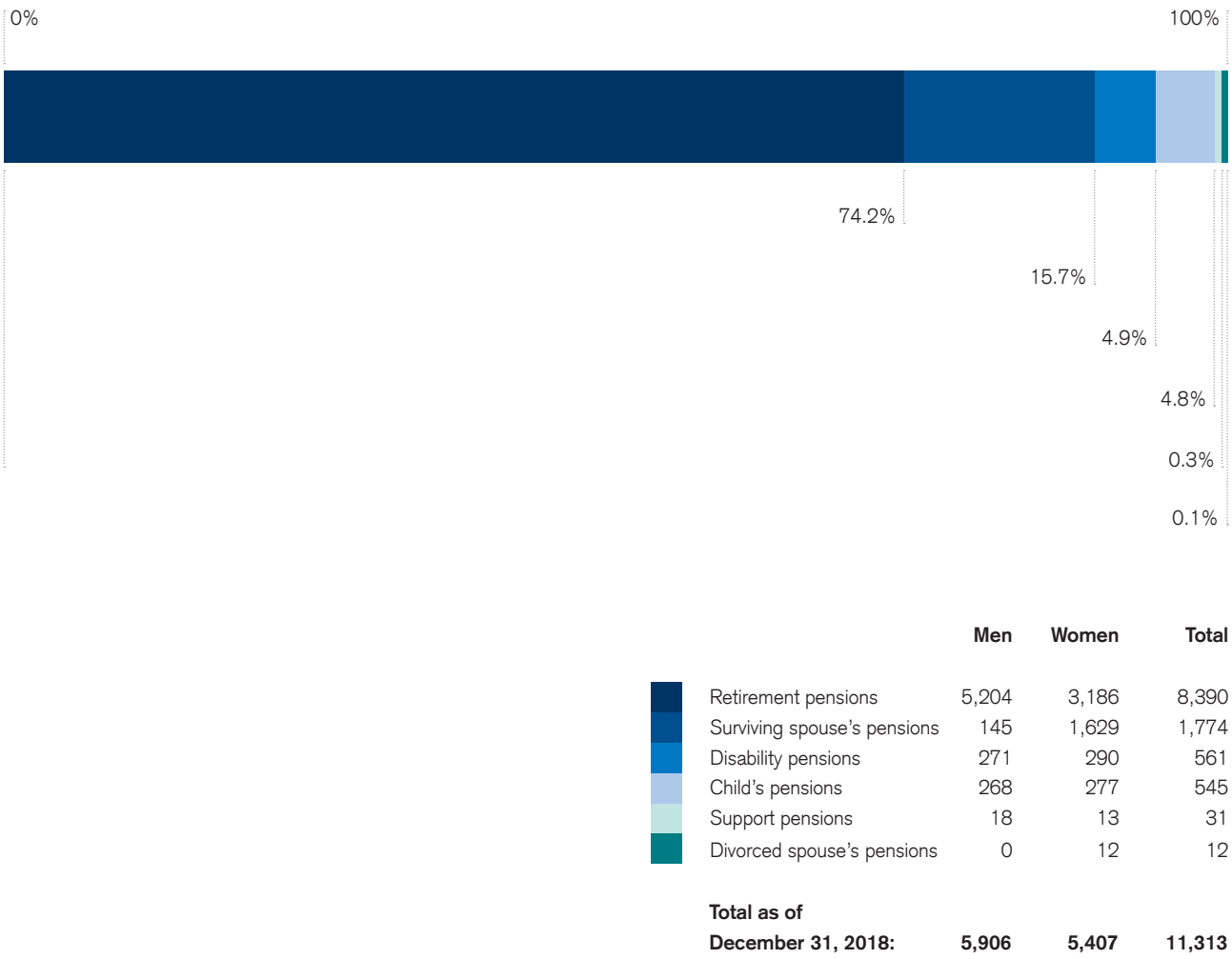
	2018	2017
Men:	10,853	11,472
Women:	6,770	7,050
Total number of active participants:	17,623	18,522

The largest age category, comprising 5,177 active participants, is participants between 35 and 44 years old. The average age of active participants is 43.3 years for men and 41.3 years for women.

Pensioners

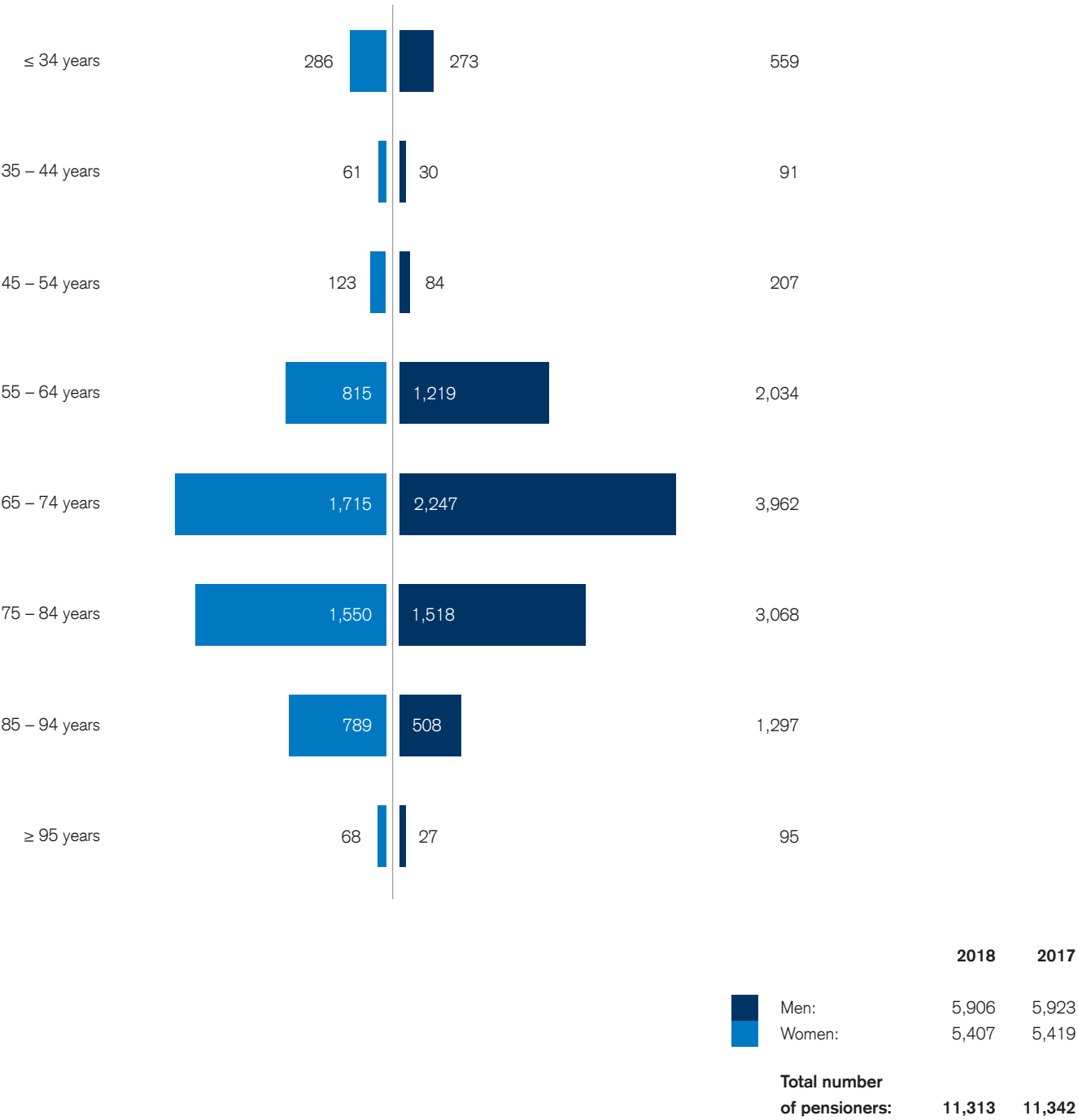
The total number of pensioners had decreased slightly by 29 persons to 11,313 as of the end of the year. This figure includes all recipients of a pension, including retirement pension recipients, disability pension recipients, surviving spouse’s pension recipients, child’s pension recipients, and support pension recipients.

Type of pension as of December 31, 2018



The 8,390 retirement pension recipients account for the majority of pensioners, making up 74% of the total. The 1,774 recipients of a surviving spouse’s pension constitute the second-largest group at 15%. The Pension Fund also paid 12 divorced spouse’s pensions in the 2018 reporting year. Such divorced spouse’s pensions only came into being in 2017, following an amendment to the divorce law.

Number of pensioners by age (as of December 31, 2018)



The 65 to 74-year-olds comprise by far the largest group of pension recipients in numerical terms, with a total of 3,962 persons. There are 95 insured participants in the 95-plus age group.

MyPension

The new MyPension portal provides insured participants with access to everything they need to know about their pension provision.

The MyPension portal for the Pension Fund of Credit Suisse Group (Switzerland) went live last autumn. The portal provides convenient access to all the necessary information about pension provision, and also to important data and documents. Two-factor authentication ensures that stringent security and data protection standards are met.

Insured participants can calculate their estimated retirement pensions and have the opportunity to simulate various scenarios that might influence their retirement benefits. These include purchases, early retirement, an advance withdrawal to finance home ownership, or changes in their level of employment. Contribution options can also be adjusted in the MyPension portal.

The portal provides information on benefit entitlements for insured participants or their families in the event of disability or death, along with access to the relevant documents and forms.

With the introduction of MyPension, the Pension Fund will gradually be reducing its postal communications. Important documents such as insurance certificates, individual account statements, and forms can be downloaded easily from the portal.

Further information and login instructions can be found on the Pension Fund website:
www.credit-suisse.com/pensionfund



Useful information

The Pension Fund of Credit Suisse Group (Switzerland) offers insured participants a high level of benefits in the event of retirement, disability, or death. Take the opportunity to optimize your pension fund benefits.



Changes in your circumstances
Analyze your pension situation on a regular basis. Changes in your circumstances, such as salary adjustments or divorce, can have an impact on your pension benefits.



Pension benefits
You can increase your pension benefits on retirement by changing the contribution option for your savings contributions, or by purchasing additional pension benefits.



Individual purchases
December 1 is the cut-off date for individual purchases, as well as for choosing your contribution option.



Order of beneficiaries
The order of beneficiaries lets you specify which surviving dependants benefit in the event of your death. To do this, please send us the completed "General order of beneficiaries" form.



Cohabiting partner
You can make your cohabiting partner your beneficiary in the event of your death by submitting the required documents to the Pension Fund ("Cohabiting partner contract" and/or "General order of beneficiaries" form).



Advance withdrawal for residential property
An advance withdrawal from the Pension Fund could enable you to finance the purchase of your own home.

Find out more by visiting the Pension Fund website at www.credit-suisse.com/pensionfund, or contact your pensions advisor. Contact details can be found on the Pension Fund website.

Board of Trustees

Employer representatives



Philip Hess

Chairman of the Board of Trustees



Christian Stark

Head of Group Performance Analytics & Governance (from May 2018)



Christian G. Machate

Global Head of Compensation, Benefits, Payroll & IAM



Thomas Gottstein

Chief Executive Officer, Swiss Universal Bank



Michel Degen

Head of Credit Suisse Asset Management Switzerland & EMEA (from May 2018)

Employee representatives



Thomas Isenschmid

Vice-Chairman, Employee representative for German-speaking Switzerland



Daniel Ammon

Employee representative for German-speaking Switzerland



Jean-Noël Granges

Employee representative for French-speaking Switzerland



Massimiliano Tagliabue

Employee representative for Ticino



Thomas Bärlocher

Employee representative for companies affiliated with Credit Suisse

Retiree representatives



Harald P. Stoehr

Employer representative



Martin Klaus

Employee representative

Board of Trustees, 2017–2020 term of office

The Board of Trustees is the supreme body of the Pension Fund of Credit Suisse Group (Switzerland), and manages and monitors the Pension Fund’s activities. The Board of Trustees consists of an equal number of employee and employer representatives, 12 in all, whose term of office runs from 2017 to 2020. It determines the Pension Fund’s overall strategy, oversees its full implementation, and ensures that the promised benefits are delivered.

Management

Chief Executive Officer



Martin Wagner

Manager Pension Fund of Credit Suisse Group (Switzerland)

Members of the Pension Fund Management



Guido Bächli

Investment Manager



Matthias Hochrein

Chief Operating Officer



Roger Nigg

Chief Pension Services



Sebastian Krejci

Chief Risk Officer

The Manager is in charge of managing the Pension Fund. The Investment Manager, Chief Operating Officer, Chief Pension Services, and Chief Risk Manager report to the Manager. Together they constitute the Pension Fund Management.

Detailed information on the financial year

The full version of the Annual Report contains extensive information on the Pension Fund's performance in 2018, a detailed presentation of the financial statements, as well as explanatory notes. The 2018 Annual Report can be downloaded from the Pension Fund's website at www.credit-suisse.com/pensionfund.

Questions and contact

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

Unless dictated otherwise by the context, the terms "Pension Fund," "foundation," and "pension plan" 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.



**PENSION FUND
OF CREDIT SUISSE GROUP (SWITZERLAND)**
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