

2020 Annual Report



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Editorial

I – Editorial

Financial situation

Performance: 6.2%

The Pension Fund of Credit Suisse Group (Switzerland) achieved a performance of 6.2% in the 2020 reporting year (previous year: 11.3%).

Coverage ratio: 120.5% and unlimited risk ability

The coverage ratio as of the end of 2020 stood at 120.5%; this represents a noticeable rise, since it stood at 116.4% as of the end of 2019. Ample reserves exist for fluctuations in asset value; the target value is 16.0%. The Pension Fund thus has non-committed funds and unlimited risk ability. (Note: The target value for the reserve for fluctuations in asset value is to be raised gradually from the current 16% to 20% by 2024.)

Development of the coverage ratio

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Coverage ratio under Art. 44 BVV 2 in %	107.0	111.6	115.8	107.8	108.5	115.6	112.1	116.4	120.5

Key figures

The key figures at year-end were as follows:

Key figures for the Pension Fund

	2020 in CHF mn	2019 in CHF mn
Coverage ratio in %	120.5	116.4
Technical interest rate in %	1.3	1.4
Performance in %	6.2	11.3
Total assets	18,095	17,869
Active participants' liabilities	6,192	6,373
[Vorsorgekapital Rentenbeziehende]	8,032	8,173
Actuarial provisions	641	617
Reserve for fluctuations in asset value	2,380	2,430

Use of the performance: Interest on retirement savings capital

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 and, where appropriate, pensioners in the performance. An investment performance of 6.2% was generated; of this figure, around 0.6% was required to lower the valuation rate for pension obligations and revalue retirement losses. In view of the above, the Board of Trustees set an interest rate of 2.25% on the retirement savings capital for 2020. At the same time, it defined a prospective interest rate of 1.0% for 2021. The prospective interest rate determines the intrayear interest paid on retirement savings capital (e.g. upon departure or retirement).

No cost-of-living allowances

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, 2021. Pensions were last adjusted on January 1, 2007. The cumulative increase in the cost of living since then amounts to 1.8% as measured by the Swiss Consumer Price Index.

Insured participants and pension plan

Number of insured participants

The number of insured participants at the end of the year was as follows:

Number of insured participants as of December 31		
	2020	2019
Active participants with permanent employment contracts	17,893	17,736
[Rentenbeziehende per 1. Januar des Folgejahrs]	11,030	11,227
Total number of active participants and pensioners	28,923	28,963

Changes to the pension plan from 2020

At the beginning of the reporting year, the Pension Fund carved the former retirement capital savings plan (up to 2019) out into a 1e retirement capital savings plan. Insured participants with retirement capital savings had a one-time option in 2019 to transfer their assets accrued in the retirement capital savings to the new 1e retirement capital savings or to the existing pension capital savings. The 1e retirement capital savings plan is organized by Pension Fund 2 of Credit Suisse Group (Switzerland). This option had to be exercised by the end of September 2019.

The new 1e plan offers insured participants with a salary subject to AHV contributions of over CHF 129,060 (as of 2021) the opportunity to select one of six investment strategies for their pension assets.

MyPension portal for insured participants

In the reporting year, the MyPension portal for insured participants was expanded and adapted. The portal complies with stringent requirements for security and data protection, not least by means of two-factor authentication.

Administration costs

The employer fully finances the risk contributions and thus the administration costs. They amount to CHF 235 per beneficiary (previous year: CHF 299).

Investments

Review

Rarely has an event been as influential and momentous for the world as the outbreak of the SARS-CoV-2 virus. The virus and thus the cases of COVID-19 illness spread rapidly across the globalized and networked world population and led to great suffering among many affected people. In view of this tragic turn of events, investment activity in 2020 was often surreal. From an investor's point of view, it was a year of extremes that we will remember for a long time.

At the beginning of the reporting year, capital markets began to reflect the consequences of the lockdowns in prices. Since the actual effects were very difficult to estimate initially, the observed correction soon developed into a full-blown crash. Investors fled risk investments in panic in favor of safe liquidity. Even government bonds or gold, which in normal times are considered safe havens, were sold in large quantities at times to create liquidity. Central banks opened the floodgates again and flooded the system with cheap money. This led to a decoupling of financial markets from the real economy.

As more was learned about the virus, uncertainty gradually decreased and as a result, capital markets, especially equity markets, were able to recover significantly. The vaccines against the new type of virus were developed in record time and proved to be highly effective. Following a tumultuous year fueled by low interest rates, high liquidity in the system, and the hope of an early return to some sort of new normality, some stock markets climbed above or came close to their historical highs.

Investments by the Pension Fund

For many years, the Pension Fund of Credit Suisse Group (Switzerland) has successfully relied on a combination of a robust core portfolio and dynamic, active overlay management. In 2019, the portfolio of credit loans was significantly reduced, thus increasing liquidity. This liquidity made it possible in the course of 2020 to take advantage of opportunities, especially in the area of credit loans. Active management of the equity component also contributed significantly to the overall performance of 6.2%. Equity and bond investments accounted for the largest share, at 2.0% and 2.4% respectively. Real estate and alternative investments contributed another 0.9% and 0.8%, respectively, with above-average returns.

Sustainable investment of assets and environment, social, and governance (ESG) criteria

On behalf of the Board of Trustees, the ESG Committee continued to examine the sustainability of investments in 2020 and continued to push ahead with the sustainability strategy.

The ESG Committee sees the protection of the rights of shareholders in the Pension Fund as an important part of its sustainability strategy. Within the framework of strong active ownership, the ESG Committee has expanded its voting activity. The Pension Fund exercised its voting rights at more than 400 annual general meetings in the reporting year. In addition to listed Swiss companies, voting rights were exercised for the first time at general meetings of foreign companies throughout Europe. To ensure structured and uniform voting, the ESG Committee has defined its own voting policies. The ESG Committee plans to further expand its voting rights activities to include additional markets in the future, such as North America.

As well as protecting shareholders' rights, the ESG Committee focuses on strategic dialogue (engagement) with the companies. In 2020, a partnership with engagement specialist EOS at Federated Hermes was concluded.

The Pension Fund uses ESG ratings to measure the sustainability of its equity and bond investments and reports them to the Board of Trustees on a quarterly basis. Furthermore, in 2020, the Pension Fund participated in the climate scenario analysis of the Federal Office for the Environment (Paris Agreement Capital Transition Assessment, PACTA) and made its data fully available for analysis in support of this important study. The ESG Committee is currently analyzing the results to incorporate them in the future design of the sustainability strategy.

Board of Trustees

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

In the reporting year, the Board of Trustees of the Pension Fund of Credit Suisse Group (Switzerland) focused primarily on the following items of business:

- 2019 Annual Report and financial statements and discharge of the management
- Election of PricewaterhouseCoopers AG as the independent auditors for 2020
- Asset and liability management study
- Pension Fund regulations, amendments
- Regulations on investments, amendments
- Regulations on provisions, amendments
- Regulations on partial liquidation, amendments
- Proposal concerning sustainable investments (ESG)

Continuing education and introduction programs

The Board of Trustees takes regular steps to enhance its expertise and skills in employee benefits insurance and general investment issues. In the reporting year, experts within the Pension Fund provided training sessions on the topics of asset and liability management and sustainable investments (ESG). In addition, members of the Board were able to attend external training courses. Pension Fund staff also provided new Board members with individual training.

Responsibility

The Pension Fund of Credit Suisse Group (Switzerland), with total assets of some CHF 18.1 billion, around 18,000 active participants, and more than 11,000 pensioners, is one of the largest pension funds in Switzerland. 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. Those responsible for managing the Fund consider it very important to maintain a competitive level of benefits and ensure that the insured participants enjoy the most comprehensive insurance coverage possible.

We would like to thank you, the insured participants, for the trust you place in us.

PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)



Philip Hess

Chair of the Board of Trustees



Martin Wagner

Manager

All references to persons in this annual report refer equally to both genders.



Balance sheet and operative account

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II – Balance sheet and operative account

2.1 Balance sheet

The amounts listed in the balance sheet, operative account, and explanatory notes are rounded to the nearest Swiss franc. In individual cases, the total (in CHF and as a percentage) differs marginally from the sum of the individual values.

	Note	31.12.2020		31.12.2019	
		CHF	%	CHF	%
Assets					
Investments	3.6.4	18,062,600,277	99.8	17,849,198,248	99.9
Liquid funds/money market investments		619,287,126	3.4	800,824,951	4.5
Bonds		5,334,476,605	29.5	6,641,482,314	37.2
Swiss mortgages		1,527,734	0.0	1,527,734	0.0
Shares		5,320,188,270	29.4	5,015,867,236	28.1
Alternative investments		3,540,853,799	19.6	2,759,202,314	15.4
Real estate		3,246,266,742	17.9	2,630,293,700	14.7
Prepayments and accrued income		32,050,777	0.2	19,367,975	0.1
Total assets		18,094,651,054	100.0	17,868,566,223	100.0

Investments in an employer's enterprise are reported and explained in Section 3.6.10 of the Explanatory notes.

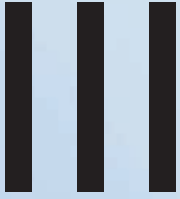
	Note	31.12.2020		31.12.2019	
		CHF	%	CHF	%
Liabilities		120,293,228	0.7	179,591,429	1.0
Termination benefits and pensions		37,058,854	0.2	100,369,267	0.6
Other liabilities		21,892,264	0.1	21,305,175	0.1
Loans	3.7.2	61,342,110	0.3	57,916,987	0.3
Accrued liabilities and deferred income		5,161,960	0.0	4,048,126	0.0
Employer's contribution reserve	3.6.11	51,791,322	0.3	37,217,402	0.2
Pension liabilities and actuarial provisions		14,864,762,315	82.2	15,163,303,002	84.9
Active participants' liabilities	3.5.2	6,192,071,131	34.2	6,372,802,443	35.7
Pensioners' liabilities	3.5.4	8,031,662,513	44.4	8,173,240,478	45.7
Actuarial provisions	3.5.5	641,028,671	3.5	617,260,081	3.5
Reserve for fluctuations in asset value	3.6.3	2,380,000,000	13.2	2,430,000,000	13.6
[Stiftungskapital, Freie Mittel (+) / Unterdeckung (-)]		672,642,228	3.7	54,406,264	0.3
Balance as of January 1		54,406,264	0.3	–	–
Income surplus (+) / expense surplus (-)		618,235,965	3.4	54,406,264	0.3
Total liabilities		18,094,651,054	100.0	17,868,566,223	100.0

2.2 Operative account

Operative account

	Note	2020 CHF	2019 CHF
Ordinary and other contributions and lump-sum transfers			
Employee contributions		142,657,705	205,038,794
Employer contributions		289,835,733	393,842,745
Purchase amounts and one-time payments		41,023,414	104,427,143
Transfers to employer's contribution reserve		13,736,528	–
Total ordinary and other contributions and lump-sum transfers		487,253,380	703,308,682
Lump-sum transfers on joining the Pension Fund			
Termination benefit transfers		108,991,744	158,804,057
Transfers to actuarial provisions		–	1,836,234
Repayment of withdrawals for home ownership/divorce		9,443,385	12,603,870
Total lump-sum transfers on joining the Pension Fund		118,435,129	173,244,161
Inflow from contributions and lump-sum transfers on joining the Pension Fund		605,688,510	876,552,843
Regulatory benefits			
Retirement pensions		(414,178,696)	(417,656,211)
Survivors' pensions (surviving spouse's pensions)		(63,568,138)	(62,835,589)
Orphan's pensions		(1,410,311)	(1,471,112)
Disability pensions		(22,714,535)	(23,060,317)
Other regulatory benefits		(19,295,208)	(23,677,464)
Lump-sum payments on retirement		(77,025,558)	(64,834,198)
Lump-sum payments upon death and disability		(3,862,038)	(4,352,663)
Lump-sum payments upon divorce (pensioners)		(394,000)	–
Total regulatory benefits		(602,448,484)	(597,887,554)
Termination benefits			
Termination benefits on leaving the Pension Fund	3.5.2	(246,534,225)	(445,626,220)
Transfer of liabilities from retirement capital savings (migration to 1e plan)	3.5.2	(325,962,025)	–
Transfer of additional funds for collective withdrawals	3.9.1	500,000	(12,728,794)
Withdrawals for home ownership/divorce		(40,108,922)	(32,209,798)
Transfer of employer's contribution reserve to Pension Fund 2	3.6.11	–	(1,900,000)
Total termination benefits		(612,105,172)	(492,464,812)
Outflow for benefits and withdrawals		(1,214,553,656)	(1,090,352,366)
[Bildung/Auflösung Vorsorgekapitalien, technischen Rückstellungen und Arbeitgeberbeitragsreserven]			
Increase (-) / decrease (+) in active participants' liabilities	3.5.2	312,505,898	(79,031,352)
Interest on active participants' liabilities		(131,774,587)	(132,649,153)
Increase (-) / decrease (+) in pensioners' liabilities	3.5.4	141,577,965	(346,472,888)
Increase (-) / decrease (+) in actuarial provisions	3.5.5	(23,768,590)	(262,292,081)
Increase (-) / decrease (+) in employer's contribution reserve	3.6.11	(13,736,528)	1,900,000
[Total Bildung/Auflösung Vorsorgekapitalien, technische Rückstellungen und Arbeitgeberbeitragsreserven]		284,804,158	(818,545,474)
Insurance cost			
Contributions to Security Fund BVG		(1,700,911)	(1,695,420)
Net result of insurance activities		(325,761,900)	(1,034,040,417)

	Note	2020 CHF	2019 CHF
Investments			
Income from liquid funds/money market investments		(21,119,078)	(5,710,301)
Income from bonds		227,285,126	225,503,161
Income from Swiss mortgages		38,193	38,193
Income from shares		257,852,609	1,147,072,551
Income from alternative investments		229,809,276	316,293,326
Income from real estate		167,732,625	307,241,942
Income from currency management		189,143,742	(31,074,741)
Interest on termination benefits		(807,474)	(783,833)
Interest on loans	3.7.2	(3,611,617)	(5,898,910)
Interest on employer's contribution reserve	3.6.11	(837,392)	(860,774)
Asset management costs	3.6.9	(144,333,666)	(160,165,392)
Net return on investments		901,152,346	1,791,655,222
Other income		-	-
Other expenses		(356,383)	(263,561)
Administration cost			
General administration cost	3.7.1	(6,524,808)	(8,375,032)
Auditors and pension actuary		(237,870)	(246,760)
Supervisory authorities		(35,421)	(37,339)
Total administration costs		(6,798,099)	(8,659,131)
[Ertrags-/Aufwandüberschuss vor Bildung/Auflösung Wertschwankungsreserve]		568,235,965	748,692,114
[Bildung (-)/Auflösung (+) Wertschwankungsreserve]		50,000,000	(694,285,850)
[Ertrags- (+)/Aufwandüberschuss (-)]		618,235,965	54,406,264



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III – Explanatory notes

3.1 General information and organization

3.1.1 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' dependents and surviving dependents, 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. Affiliation of a company requires a written affiliation agreement.

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

3.1.2 BVG registration and registration with the BVG Security Fund

The foundation has been entered in the BVG- und Stiftungsaufsicht des Kantons Zürich (Office for Occupational Insurance and Foundations of the Canton of Zurich, BVS) register of occupational pension plans under number ZH1290. The foundation is affiliated with the BVG Security Fund.

3.1.3 Plan statutes and regulations

As of December 31, 2020, the following plan statutes and regulations were in force:

Plan statutes and regulations	Approved on	Valid from
Deed of foundation	08.02.2019	25.04.2019
Pension Fund regulations	09.06.2020	01.07.2020
Organizational regulations	20.09.2019	01.01.2020
Regulations on investments	29.10.2020	31.12.2020
Regulations on provisions	29.10.2020	31.12.2020
Regulations on partial liquidation	09.04.2020	09.04.2020
Regulations on the election of the Board of Trustees	31.10.2019	01.01.2020

3.1.4 Pension Fund bodies / 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 2017 to April 2021. 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 (as of December 31, 2020).

In the 2020 reporting year, the Board of Trustees election was held for the term of office from 2021 until 2025. The new trustees take up their appointments at the ordinary meeting on April 14, 2021.

Until the end of the 2017 to 2020 term of office, pensioners will still be represented by two members on the Board of Trustees. One retiree representative is elected by the employer and the other by the Staff Council. From the beginning of the 2021 to 2024 term of office, representatives of pensioners will no longer sit on the Board of Trustees.

The members of the Board of Trustees and 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, appointed by Credit Suisse Group AG (founder)

Philip Hess, Chair, Credit Suisse Group AG, Zurich
Michel Degen, Credit Suisse Asset Management (Switzerland) Ltd., Zurich
André Helfenstein, Credit Suisse (Switzerland) Ltd., Zurich
Christian Stark, Credit Suisse Group AG, Zurich
Christian G. Machate, Credit Suisse AG, Zurich

Employee representatives

Thomas Isenschmid, Zurich, Vice-Chair, Credit Suisse Asset Management (Switzerland) Ltd., German-speaking Switzerland
Daniel Ammon, Bern, Credit Suisse (Switzerland) Ltd., German-speaking Switzerland
Thomas Bärlocher, Horgen, BANK-now Ltd., affiliated companies
Daniel Egli, Credit Suisse (Switzerland) Ltd., Lucerne, for the constituency of French-speaking Switzerland
Massimiliano Tagliabue, Lugano, Credit Suisse (Switzerland) Ltd., Ticino

Retiree representatives

Martin Klaus, employee representative, Zurich
Markus A. Beeler, employer representative, Zurich

Investment Committee

Philip Hess, Chair, Zurich
Daniel Ammon, Bern
Michel Degen, Zurich
André Helfenstein, Zurich
Daniel Egli, Lucerne
Thomas Isenschmid, Zurich
Guido Bächli, Zurich (non-voting)
Sebastian Krejci, Zurich (non-voting)
Martin Wagner, Zurich (non-voting)

ALM Committee (since October 2020)

Christian Stark, Zurich
Guido Bächli, Zurich
Daniel Egli, Lucerne
Sebastian Krejci, Zurich
Joachim Oechslin, Zurich
Martin Wagner, Zurich (non-voting)

Compensation and Promotion Committee

Christian G. Machate, Chair, Zurich
Daniel Ammon, Bern
Philip Hess, Zurich
Martin Klaus, Zurich

Audit and Risk Committee

Thomas Isenschmid, Chair, Zurich
Thomas Bärlocher, Horgen
Christian Stark, Zurich
Martin Klaus, Zurich

ESG Committee

Thomas Isenschmid, Chair, Zurich
Michel Degen, Zurich
Martin Klaus, Zurich
Massimiliano Tagliabue, Lugano
Martin Wagner, Zurich (non-voting)

Executive Committee

Philip Hess, Chair, Zurich
Thomas Isenschmid, Zurich
Martin Wagner, Zurich

Management

Martin Wagner, Chief Executive Officer (CEO), Zurich
Guido Bächli, Chief Investment Officer (CIO), Zurich
Matthias Hochrein, Chief Operating Officer (COO), Zurich, until October 31, 2020
Roger Nigg, Chief Pension Services (CPS), Zurich
Sebastian Krejci, Chief Risk Officer (CRO), Zurich

3.1.5 Actuaries, auditors, advisors, supervisory authority

Pension actuary

AON Schweiz AG, Zurich, contracting party
Willi Thurnherr, responsible pension actuary

Auditors

PricewaterhouseCoopers AG, Zurich, from January 1, 2020
KPMG AG, Zurich, until December 31, 2019

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, BVS), Zurich

3.1.6 Affiliated employers

As of the end of the reporting year, 15 (previous year: 16) different employers with active participants and with close business and financial ties to Credit Suisse Group AG were affiliated with the Pension Fund of Credit Suisse Group (Switzerland). Credit Suisse Investment Partners (Switzerland) AG was newly affiliated in the reporting year. Following the complete integration of Neue Aargauer Bank AG into Credit Suisse (Switzerland) Ltd. as of November 27, 2020, the affiliation agreement was terminated and the insured participants and share of the pension obligations were added to the affiliation agreement of Credit Suisse (Switzerland) Ltd.

In the following table, the far right column lists pension obligations that were previously allocated proportionally to the affiliated employers.

Affiliated employers				
Name of the affiliated employer	31.12.2020 Number of active participants	31.12.2019 Number of active participants	31.12.2020 Proportion of active participants in %	Proportion of pension obligations in %
Credit Suisse (Switzerland) Ltd.	8,445	7,783	47.20	50.80
Credit Suisse AG	5,704	5,736	31.88	32.22
Credit Suisse Services Ltd.	2,452	2,355	13.70	10.52
Credit Suisse Asset Management (Switzerland) Ltd.	566	543	3.16	2.61
BANK-now Ltd.	311	293	1.74	1.72
Credit Suisse Funds AG	75	80	0.42	0.38
Fides Treasury Services AG	59	56	0.33	0.29
Credit Suisse Trust Ltd	57	54	0.32	0.31
Credit Suisse Insurance Linked Strategies Ltd.	56	61	0.31	0.24
Pension Fund of CSG (Switzerland)	56	57	0.31	0.24
Credit Suisse Group AG	44	50	0.25	0.25
Energy Infrastructure Partners AG	38	28	0.21	0.07
Aventicum Capital Management (Suisse) SA	22	24	0.12	0.11
Credit Suisse Investment Partners (Switzerland) Ltd.	5	–	0.03	–
Corby SA	2	2	0.01	0.01
Neue Aargauer Bank AG	–	609	–	–
Credit Suisse Insurance Broker AG	–	2	–	–
Credit Suisse AG, Singapore Branch	–	–	–	0.02
kioSwiss Verband für Kiosk und Handel	–	–	–	0.01
External insured participants	1	3	0.01	–
Provision for pensioners remaining from previous affiliations	–	–	–	0.20
Total as of December 31	17,893	17,736	100.00	100.00
Number of affiliations with active participants	15	16		

3.1.7 Corporate governance

Integrity and loyalty of the responsible persons

All internal persons subject to the regulations – including the members of the Board of Trustees and 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 undertaken, furthermore, 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, the global custodian, investment consultants, and investment controllers, are required to submit a written declaration of loyal conduct.

Exercise of voting rights under Art. 49(a)(2) BVW 2

The Pension Fund exercises its voting rights in accordance with clear criteria approved by the ESG Committee; the exercise of voting rights and the disclosure of voting behavior also comply with the legal requirements (Ordinance against excessive compensation with respect to listed stock corpora-

tions, OAEC). The Pension Fund exercises the shareholders' rights associated with equity investments in the interest of the insured. In the reporting year, the Pension Fund exercised its voting rights at more than 400 annual general meetings of listed Swiss and European joint-stock companies.

Votes were exercised in compliance with the voting policies defined by the Pension Fund. The voting policies are reviewed by the ESG Committee at least once a year and, if necessary, updated.

The voting behavior is described in detail on the Pension Fund's website.

Policy on retrocessions

The payment of retrocessions is dealt with in contractual agreements with the external asset managers. Any income accrues in full to the Pension Fund. Both the related accounts and any payments made are checked in detail by the Pension Fund. For the reporting year, all external asset managers have confirmed that they received no retrocessions.

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 retiree representatives receive an annual one-time payment and a meeting attendance fee as follows:

Board of Trustees compensation

	Annual one-time payment in CHF	Attendance fee in CHF
Board of Trustees	2,000	1,500
Investment Committee	1,000	750
ESG Committee	1,000	750
Compensation and Promotion Committee	–	750
Audit and Risk Committee	1,000	750

Effective costs are reimbursed against proof of expenditure. Course fees and expenses incurred for the attendance of necessary training linked to employee benefits insurance are reimbursed.

3.2 Active participants and pensioners

3.2.1 Active participants and change in number of active participants

Active participants

	Men	Women	Total
No. of participants as of December 31, 2019	10,834	6,902	17,736
New participants	1,046	726	1,772
Departures (total)	(980)	(635)	(1,615)
of which through disability	(7)	(8)	(15)
of which through retirement	(95)	(40)	(135)
of which through change of job	(869)	(586)	(1,455)
of which through death	(9)	(1)	(10)
No. of participants as of December 31, 2020	10,900	6,993	17,893
Change in number of persons	66	91	157
Change in %	0.6	1.3	0.9

3.2.2 Pensioners and change in number of pensioners

Pensioners						
	Men	Men	Women	Women	Total	Total
	1.1.2021	1.1.2020	1.1.2021	1.1.2020	1.1.2021	1.1.2020
Retirement pension recipients	5,127	5,190	3,104	3,154	8,231	8,344
Disability pension recipients	249	257	268	279	517	536
Survivors' pension recipients (surviving spouse's pensions)	147	152	1,615	1,631	1,762	1,783
Divorced person's pension recipients	2	–	16	14	18	14
Support pension recipients	19	19	12	12	31	31
Child's pension recipients	218	244	253	275	471	519
Total pensioners	5,762	5,862	5,268	5,365	11,030	11,227
Change in number of persons	(100)		(97)		(197)	
Change in %	(1.7)		(1.8)		(1.8)	

The number of pensioners changed as follows:

Change in number of pensioners		
	2020	2019
Number of pensioners at the beginning of the financial year	11,227	11,313
New pensioners		
Retired active participants	135	155
Retired disability pension recipients	38	15
Disability pension recipients	28	19
Survivors' pension recipients (surviving spouse's pensions)	173	119
Divorced person's pension recipients	9	2
Support pension recipients	1	–
Child's pension recipients	287	82
Termination of pension entitlement		
Death of retirement pension recipient	(286)	(216)
Death of disability pension recipient	(6)	(8)
Reactivation of disability pension recipient	(3)	(21)
Retirement of disability pension recipient	(38)	(15)
Death of survivors' pension (surviving spouse's pension) recipient	(194)	(110)
Death of divorced person's pension recipient	(5)	–
Remarriage of surviving dependents (surviving spouse's pension recipient)	–	–
Expiry of child's pension and support pension	(336)	(108)
Number of pensioners at the end of the financial year	11,030	11,227

3.2.3 Age structure of active participants and pensioners

Average age of active participants		
	on 31.12.2020	on 31.12.2019
Men	43.9	43.6
Women	41.7	41.5

Average age of pensioners

	on 1.1.2021	on 1.1.2020
Retirement pensions, men	73.8	73.4
Retirement pensions, women	74.7	74.2
Disability pension recipients	55.4	55.3
Survivors' pension recipients (surviving spouse's pensions)	78.7	78.5
Divorced person's pension recipients	71.5	70.9
Child's pension recipients	17.4	17.5

3.3 Implementation of objectives

As an autonomous pension institution, the Pension Fund has the legal form of a foundation. The Foundation operates pension capital savings plans in the defined contribution system, consisting of two pension pots: a pension capital pot and a supplementary pension capital account (for early retirement).

3.3.1 Characteristics of the pension plan

Pensionable salary

All employees are insured as stipulated by the BVG.

The effective salary in the Pension Fund of Credit Suisse Group (Switzerland) consists of the base salary, the base salary excess, and the variable award (incentive award). The effective salary may not exceed CHF 127,980. The maximum effective salary minus a coordination deduction of no more than CHF 28,440 produces the maximum pensionable salary of CHF 99,540.

The proportion exceeding the maximum pensionable salary in the Pension Fund of Credit Suisse Group (Switzerland) of CHF 99,540 is insured in the retirement capital savings plans of Pension Fund 2 of Credit Suisse Group (Switzerland).

The coordination deduction for part-time employees is adjusted in proportion to the level of employment. The pensionable salary risk component equals the average of the last three pensionable variable salaries (Incentive Awards).

Retirement

The reference age in the Pension Fund is 65. Retirement can be taken between the ages of 58 and 70 at the request of the bank or the insured participant.

Retirement pension

The pension is calculated by multiplying the available capital in the pension-accumulating pension capital and pension capital supplementary account pension pots by the pension conversion rate corresponding to the age of the insured participant. The retirement pension is a maximum of CHF 99,540.

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 same date as the retirement pension until the insured participant starts receiving the retirement pension from the Swiss Federal Old Age and Survivors' Insurance.

Lump-sum payments

At the request of the insured participant, up to 50% of the pension capital and pension capital supplementary account can be drawn as a lump sum. The portion of the accrued assets over CHF 995,400 can even be drawn in full as a lump sum.

The proportion of the pension capital and the pension capital supplementary account not used for the lifelong retirement pension must be paid out as a lump-sum payment or can be used to purchase an AHV bridging pension.

Disability pension

The amount of the temporary disability pension is calculated on the basis of the sum of 70% of the pensionable base salary, 45% of the pensionable base salary excess, and 45% of the pensionable salary risk component. The disability pension is supplemented by a disability bridging pension, a disabled person's child's pension, and the lump-sum payment in the event of disability.

Moreover, the obligation to pay contributions into the Pension Fund is waived from the 366th day in the event of an uninterrupted period of inability to work (waiver of contributions). During the period of disability, the Pension Fund will pay both the employee's savings contributions and those of the employer in accordance with the Standard contribution option, based on the pensionable base salary, the pensionable base salary excess, and the average of the last three pensionable Awards before the occurrence of the inability to work. Contributions are waived in respect of that portion of the salary which can no longer be earned. The waiver of contributions is granted for as long as the insured participant remains disabled, but only up to the age of 65.

Death benefits

In the event of death of the insured participant, the surviving spouse or cohabiting partner within the meaning of the regulations will be paid a surviving spouse's pension or cohabiting partner's pension amounting to 66% of the insured disability pension or of the retirement or disability pension already being drawn, provided that the surviving spouse or cohabiting partner fulfills one of the following criteria:

- They are responsible for financially supporting one or more children.
- At the time of the insured participant's death, the surviving spouse is 45 or older and the marriage or cohabitation lasted at least five years.

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

The surviving spouse's pension or cohabiting partner's pension is supplemented by a lump sum payable at death and by orphan's pensions and support pensions for eligible children.

Provided that there is entitlement to a surviving spouse's pension or cohabiting partner's pension, the lump sum payable at death from the pension capital savings corresponds to half of the pensionable base salary, but no more than CHF 49,770, and the assets accumulated in the pension capital minus the individual maximum assets in the pension capital in accordance with the purchasing tables (Standard contribution option) and in the pension capital supplementary account.

In all other cases, the lump sum payable at death corresponds to the vested benefits or the assets in the pension capital and pension capital supplementary account, but at least half of the pensionable base salary, base salary excess, and pensionable salary risk component in the pension capital savings plan (Incentive Award).

1e retirement capital savings

Until December 31, 2019 in addition to pension capital savings, the Pension Fund operated a retirement capital savings plan consisting of two accumulating pension pots: retirement capital and retirement capital supplementary account (for early retirement).

Insured participants with retirement capital savings had a one-off option until September 30, 2019, to transfer their assets accrued in retirement capital savings to the existing pension capital savings pot or to the new 1e retirement capital savings managed under Pension Fund 2 of Credit Suisse Group (Switzerland) from January 1, 2020, onward. Following exercise of the individual options, around CHF 326.0 million of the existing vested benefits were transferred to Pension Fund 2.

3.3.2 Financing, financing method

Contributions by the insured participants and the employer

The insured participants can annually choose the level of their savings contribution from the three contribution options: Basic, Standard, and Top. In the absence of active selection, they are assigned to the Standard contribution option.

The age-dependent savings contribution rates for the employee are between 5.0% and 14.0% of the pensionable base salary and between 3.0% and 9.0% of the pensionable base salary excess and variable salary (Incentive Award).

The age-dependent savings contribution rates for the employer are between 7.5% and 25.0% of the pensionable base salary. The savings contribution rate for the base salary excess and variable salary (Incentive Award) is 6.0% from the age of 25 onwards.

The risk contributions are fully financed by the employer in all three contribution options. The risk contributions up to the age of 25 are 1.8% on the pensionable base salary and 0.8% on the pensionable base salary excess and variable salary. From the age of 25, the risk premiums are 5.8% on the pensionable base salary and 2.8% on the pensionable base salary excess and variable salary. The employer pays the risk contributions in full.

Further information on the contributions can be found in the current "Pension capital savings" Pension Fund regulations at www.credit-suisse.com/pensionfund.

3.4 Significant accounting policies and valuation methods, consistency

3.4.1 Statement of compliance with Swiss GAAP FER 26

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

3.4.2 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 nominal 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 the external assessor determines the market value is the sum of the discounted net cash flow at the time of the valuation (DCF method). A risk-based real interest rate is applied in the discounting calculation. This comprises a risk-free interest rate, together with a premium for the real estate risk (immobility of capital), the macro-location, the micro-location depending on utilization, and the premiums for

property quality and investment risk. As of the balance sheet date, the range for the discount rate was between 2.5% and 4.4% (previous year: 2.8% and 4.5%).

The real estate is appraised annually, and 20% of the real estate holdings are inspected on site at the time of review. All real estate 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, checked for plausibility by the Pension Fund, and discussed and analyzed in regular meetings with the asset manager.

Other assets

Other assets are recognized at nominal value minus any valuation adjustments required for operational purposes.

Active participants' liabilities

The pension liabilities of active participants comprise the retirement assets in accordance with statutory and regulatory requirements. Pension liabilities are confirmed annually by the actuarial expert.

Pensioners' liabilities

The pension actuary calculates the pensioners' liabilities annually using actuarial bases and taking into account statutory and regulatory requirements.

Actuarial provisions

Actuarial provisions are calculated on the basis of the Regulations on provisions and recommendations by the pension actuary. Actuarial provisions are calculated annually by the pension actuary.

Other liabilities

Other liabilities are recognized at nominal value.

3.4.3 Changes in accounting policy and in bookkeeping

There have been no changes to valuation methods, bookkeeping, or accounting policies compared to the previous year.

Following adjustments to categorization in the investment regulations for 2021, valid from December 31, 2020, the sub-asset category of senior secured loans was reclassified from bonds to alternative investments. The figures for the previous year as of December 31, 2019 have been adjusted accordingly.

The following table shows the effect of the reclassification of the sub-asset category of senior secured loans on the bond and alternative asset categories:

Reclassification of senior secured loans 31.12.2019

	Value in CHF	Percentage of total assets in %	Effect of reclassification in CHF	Value after reclassification in CHF	Percentage of total assets after reclassification in %
Bonds	6,944,131,077	38.9	(302,648,763)	6,641,482,314	37.2
Alternative investments	2,456,553,550	13.7	302,648,763	2,759,202,314	15.4

	Value in CHF	Effect of reclassification in CHF	Value after reclassification in CHF
Income from bonds	270,396,077	(44,892,916)	225,503,161
Income from alternative investments	271,400,410	44,892,916	316,293,326

The contribution of the senior secured loans of 0.27% to overall performance shifted from the asset category "bonds incl. liquidity and foreign currency overlay" to alternative investments. The reclassification had no effect on the overall performance of 11.3%.

Reclassification of senior secured loans, performance contributions 31.12.2019

Investment category	Contribution to overall performance in %	Effect of reclassification in %	Contribution to overall performance after reclassification in %
Bonds including liquidity and foreign currency overlay	1.3	(0.27)	1.1
Shares	7.2		7.2
Real estate	1.8		1.8
Alternative investments	1.0	0.27	1.2
Overall performance	11.3		11.3

The table in explanatory note 3.6.8 has not been adapted.

3.5 Actuarial risks / risk benefit coverage / coverage ratio

3.5.1 Type of risk benefit coverage, reinsurance agreements

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

3.5.2 Active participants' liabilities

Overall development of active participants' liabilities

The total active participants' liabilities in the pension capital savings and retirement capital savings plans developed as follows in the reporting year:

Overall development of active participants' liabilities			
	2020 CHF	2019 CHF	Change in CHF
Pension capital savings and retirement capital savings assets as of January 1	6,372,802,443	6,161,121,938	211,680,506
Transfer of retirement capital savings assets (migration to 1e plan) – January 1, 2020	(325,962,025)	–	(325,962,025)
Employer's and employee's savings contributions	351,288,412	488,493,432	(137,205,020)
Purchase amounts and one-time payments	41,023,414	104,427,143	(63,403,729)
Termination benefit transfers	108,991,744	158,804,057	(49,812,312)
Repayment of withdrawals for home ownership/divorce	9,443,385	12,603,870	(3,160,486)
Termination benefits on leaving the Pension Fund	(246,534,225)	(445,626,220)	199,091,995
Withdrawals for home ownership/divorce	(40,108,922)	(32,209,798)	(7,899,124)
Interest paid on retirement savings capital (2.25% / 2.25%)	131,774,587	132,649,153	(874,566)
Lump-sum payments on retirement	(77,025,558)	(64,834,198)	(12,191,361)
Transfer to pensioners' liabilities due to retirement	(103,183,631)	(120,623,530)	17,439,900
Transfer to pensioners' liabilities due to partial retirement	(10,753,504)	(8,937,005)	(1,816,500)
Transfer to pensioners' liabilities due to disability	(14,589,931)	(6,267,561)	(8,322,370)
Transfer to pensioners' liabilities due to death	(5,095,058)	(6,798,838)	1,703,780
Total liabilities, pension capital savings as of December 31	6,192,071,131	6,372,802,443	(180,731,312)

Insured participants with retirement capital savings had a one-off option until September 30, 2019 to transfer their assets accrued in retirement capital savings to the existing pension capital savings pot or to the new 1e retirement capital savings managed under Pension Fund 2 of Credit Suisse Group (Switzerland) from January 1, 2020, onward.

This resulted in CHF 326.0 million being transferred from the Pension Fund of Credit Suisse Group (Switzerland) to Pension Fund 2 of Credit Suisse Group (Switzerland) on January 13, 2020, on the basis of the options selected.

Development of active participants' liabilities – individual pension pots

The liabilities of the individual pension pots – pension capital savings and retirement capital savings – developed as follows:

Active participants' liabilities, pension, and retirement capital savings			
	31.12.2020 CHF	31.12.2019 CHF	Change in CHF
Pension liabilities, pension capital savings	6,192,071,131	5,036,103,895	1,155,967,236
Pension liabilities, retirement capital savings	–	1,336,698,548	(1,336,698,548)
Total active participants' liabilities	6,192,071,131	6,372,802,443	(180,731,312)

3.5.3 Total retirement savings capital in accordance with the law on occupational pensions (“shadow account”)

The retirement savings capital in accordance with the law on occupational pensions of the active participants is as follows:

BVG retirement savings capital	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Retirement savings capital in accordance with the law on occupational pensions	1,397.2	1,337.3

3.5.4 Pensioners’ liabilities

Development of pensioners’ liabilities

Pensioners’ liabilities comprise the following components:

Pensioners’ liabilities	31.12.2020 CHF	31.12.2019 CHF	Change in CHF
Retirement pensions	6,630,165,734	6,760,188,891	(130,023,157)
AHV bridging pensions	29,907,295	43,214,664	(13,307,370)
Survivors’ pensions (surviving spouse’s pensions)	793,427,400	786,180,088	7,247,312
Divorced person’s pensions	8,779,861	6,664,925	2,114,936
Disability pensions	524,829,616	527,273,835	(2,444,219)
Disability bridging pensions	10,719,419	13,408,304	(2,688,885)
Child’s pensions and support pensions	33,833,188	36,309,770	(2,476,582)
Total pensioners’ liabilities	8,031,662,513	8,173,240,478	(141,577,965)

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, 2020. Pensions were last adjusted on January 1, 2007. The cumulative increase in the cost of living since then amounts to 1.8% as measured by the Swiss Consumer Price Index.

3.5.5 Actuarial provisions

Actuarial provisions	31.12.2020 CHF	31.12.2019 CHF	Change in CHF
Provision for increase in life expectancy	216,855,000	183,898,000	32,957,000
Provision for actuarial risks (pension capital savings)	28,030,000	27,428,000	602,000
Provision for actuarial risks (retirement capital savings)	–	6,203,000	(6,203,000)
Provision for retirement losses	394,615,671	398,050,081	(3,434,410)
Provision for pensioners remaining from previous affiliations	1,528,000	1,681,000	(153,000)
Total actuarial provisions	641,028,671	617,260,081	23,768,590

Provision for increase in life expectancy

The provision for increase in life expectancy is intended to mitigate the impact of the changeover to newer generation tables. The provision is formed on the recommendation of the pension actuary as a flat-rate percentage of pensioners’ liabilities.

Provision for actuarial risks (pension capital savings)

The provision for actuarial risks is intended to offset short-term unfavorable fluctuations of the risks of death and disability for active participants. The provision is formed on the recommendation of the pension actuary based on a risk analysis. The provision is recalculated each year and corresponds to at least 2.0% of the total pensionable base salaries.

Provision for actuarial risks (retirement capital savings, until December 31, 2019)

As the retirement capital savings plan will be managed by a separate foundation – Pension Fund 2 of Credit Suisse Group (Switzerland) – from January 1, 2020 onward, the provisions were dissolved in the reporting year and added to the operating result of the Pension Fund of Credit Suisse Group (Switzerland).

Provision for retirement losses

The provision for retirement losses 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.

Provision for pensioners remaining from previous affiliations

This provision serves to compensate the lost restructuring potential of employers who are no longer affiliated for the share of pensioners allocated to them as of December 31, 2016. The amount of the provision is calculated by the pension actuary and is defined as the difference between the “risk-free” assessment and the assessment in accordance with the technical interest rate.

3.5.6 Conclusions of the last actuarial report

In its actuarial report as of December 31, 2020, the pension actuary confirmed that:

- Regulatory actuarial provisions on benefits and financing are in line with current statutory requirements.
- As of December 31, 2020, the Pension Fund of Credit Suisse Group (Switzerland) provides sufficient assurance that it can meet its actuarial obligations. It thus complies with the requirements of Art. 52(e)(1) BVG.

Further conclusions can be found in Section V – Confirmation of the pension actuary.

3.5.7 Actuarial principles and other significant actuarial assumptions

Actuarial principles / technical interest rate

	31.12.2020	31.12.2019
Actuarial principles	BVG 2010G	BVG 2010G
Technical interest rate	1.31%	1.40%

The variable technical interest rate is defined as the return on Swiss government Eidgenossen bonds for the duration of the liabilities (currently 12 years), plus 180 basis points (bps), subject to a cap of 200 bps. The 180 bps supplement and any possible cap are reviewed annually by the Board of Trustees. As of the end of the reporting year, the technical interest rate according to this formula was 1.31%.

3.5.8 Changes in actuarial principles and assumptions

The slight reduction in the technical interest rate from 1.40% to 1.31% resulted in an insignificant increase in pensioners' liabilities of around CHF 81.6 million as of December 31, 2020.

3.5.9 Coverage ratio under Article 44 BVV 2

Actuarial balance sheet				
Actuarial principles		31.12.2020	31.12.2019	
Technical interest rate		BVG 2010G	BVG 2010G	Change
	Note	1.31%	1.4%	in CHF
		CHF	CHF	
Pension liabilities, pension capital savings				
Active participants' liabilities	3.5.2	6,192,071,131	5,036,103,895	1,155,967,236
Pensioners' liabilities	3.5.4	8,031,662,513	8,173,240,478	(141,577,965)
Actuarial provisions	3.5.5	641,028,671	611,057,081	29,971,590
Pension liabilities, retirement capital savings				
Active participants' liabilities	3.5.2	–	1,336,698,548	(1,336,698,548)
Actuarial provisions	3.5.5	–	6,203,000	(6,203,000)
				–
Pension liabilities and actuarial provisions (PL)		14,864,762,315	15,163,303,002	(298,540,686)
Assets				
		18,094,651,054	17,868,566,223	226,084,831
Accrued liabilities, deferred income, and other liabilities	2.1	(125,455,188)	(183,639,555)	58,184,366
Employer's contribution reserve	3.6.11	(51,791,322)	(37,217,402)	(14,573,920)
Pension assets (PA)		17,917,404,543	17,647,709,265	269,695,278
Coverage ratio under Art. 44 BVV 2 in % (PA/PL)		120.5	116.4	4.1
Reserve for fluctuations in asset value	3.6.3	2,380,000,000	2,430,000,000	(50,000,000)
Non-committed funds		672,642,228	54,406,264	618,235,965

The coverage ratio as defined by Art. 44 BVV 2 is the ratio of pension assets to pension liabilities, as calculated according to commercial criteria.

With a coverage ratio of 120.5% (previous year: 116.4%), the Pension Fund has non-committed funds and unlimited risk ability.

Development of the coverage ratio

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Coverage ratio under Art. 44 BVV 2 in %	107.0	111.6	115.8	107.8	108.5	115.6	112.1	116.4	120.5

3.6 Explanatory notes on investments and net return on investments

3.6.1 Organization of investment activities, investment advisors, and investment managers, investment rules and regulations

The regulations on investments of the Pension Fund of Credit Suisse Group (Switzerland) specify the objectives and principles, the organization, the division of responsibilities, authority, and the guidelines for the investment of assets and monitoring this process.

Board of Trustees

The Board of Trustees has overall responsibility for the investment of assets and defines the principles and objectives of asset management. It is responsible for the risks associated with the investment. It specifies the investment regulations and monitors compliance with the regulations on investments and with legal requirements. It approves the strategic guidelines resulting from the ALM process.

The Board of Trustees determines the investment bodies and their competencies. It appoints the members of the Investment Committee and its chair and specifies investment control procedures. It can delegate competency for implementing the strategic guidelines to the Investment Committee as well as to internal and external portfolio managers within the framework of the principles, objectives, and guidelines.

When defining strategic guidelines, in particular the neutral position (SAA), the bandwidths, benchmarks (for example comparison indices), and risk requirements, the Board of Trustees draws on the asset and liability management study from 2020, which was compiled by Willis Towers Watson and Credit Suisse Asset Management (Switzerland) Ltd.

Investment Committee

The Investment Committee is the specialized body under the Board of Trustees that is responsible for the investment of assets. Under the leadership of the Chief Investment Officer, the Investment Committee defines the investment views and strategic investment direction within the strategic guidelines. The investment views reflect the current economic and political events, as well as their potential effects on the capital markets and asset classes. When compiling the investment views, the Investment Committee considers the current financial and structural risk ability.

Furthermore, the Investment Committee is responsible for the main decisions regarding the selection/deselection of external managers according to specified criteria. The Investment Committee also ensures that the Board of Trustees is informed periodically about the performance of the assets.

Chief Investment Officer (CIO)

The Chief Investment Officer (CIO) implements the requirements of the Board of Trustees and the Investment Committee. As a general rule, the CIO chairs the Investment Committee. The CIO prepares investment-related decisions for the Investment Committee and implements such decisions in portfolio management once adopted. The CIO also brings the perspective and expertise of the Investment Committee to the ALM Committee.

The Chief Investment Officer ensures demand-based investment administration and transparency in asset management costs, and monitors asset managers for compliance with integrity and loyalty regulations.

ALM Committee

The ALM process supports the definition of strategic requirements for the investment of assets. The requirements are aligned with the performance objectives (contributions/benefits) and the risk ability of the Pension Fund, and aim to ensure the appropriateness of the investment of assets on a continuous basis. The risks associated with the investment of assets are aligned with the available financial and structural risk ability of the Pension Fund as well as the risk appetite defined by the Board of Trustees.

The ALM Committee continuously reviews current positions and submits proposals to the Board of Trustees for amendments to the strategic requirements. It also coordinates the ALM process (and the corresponding ALM studies) and ensures ongoing monitoring of risk ability.

ESG Committee

The ESG (Environmental, Social, and Governance) Committee is responsible for the sustainability strategy of asset investments. This includes devising, implementing, and maintaining the strategy.

The recommendations made by the ESG Committee regarding the sustainability strategy are incorporated in the strategic requirements for the investment of assets by the Board of Trustees.

The ESG Committee is also responsible for exercising voting rights and decides on the membership of the Pension Fund in working groups, associations, and initiatives in the field of sustainable investment. In addition, the ESG Committee controls the exclusion list and defines the strategy regarding engagement (dialogue with companies).

Strategic asset allocation (SAA) and bandwidths

The strategic guidelines, in particular the neutral position (strategic asset allocation, SAA), the bandwidths, and benchmarks (for example comparison indices) serve as a strategic control tool for the Board of Trustees. They are based on the investment categories defined in accordance with the regulations on investments; these categories deviate from statutory investment categorization in line with BVV 2. The following investment bandwidths and benchmarks currently apply:

Strategic asset allocation (SAA) and bandwidths

	SAA in %	Min in %	Max. in %
Cash	7%	0%	30%
Bonds	32%	10%	50%
Shares	25%	10%	40%
Real estate	21%	10%	30%
Alternative investments	15%	0%	25%
Total	100%		
Foreign currencies	25%	0%	30%
Liquid investments	23%	0%	35%

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 itself, the Pension Fund delegates asset management to external asset managers through various submandates. The table below lists the external asset managers. These institutions fulfill all the qualities required of professional asset managers under Art. 48(f)(4) BVV 2:

External asset managers

Institution	Type of approval
Alpha Associates AG	FINMA
BlackRock Investment Management (UK) Limited	Financial Conduct Authority (FCA), UK
Credit Suisse (Switzerland) Ltd.	FINMA
Fisch Asset Management AG	FINMA
Flossbach von Storch AG	Federal Financial Supervisory Authority (BaFin), Germany
G Squared Capital LLP	Financial Conduct Authority (FCA), UK
Manulife Investment Management (Europe) Limited	Financial Conduct Authority (FCA), UK
PK-SSL General Partner Limited	Guernsey Financial Services Commission (GFSC)
Swiss Life Asset Management AG	FINMA
Swiss Rock Asset Management AG	FINMA
Twelve Capital AG	FINMA
Vontobel Asset Management, Inc.	Securities and Exchange Commission (SEC), US
Wellington Management International Ltd.	Financial Conduct Authority (FCA), UK
Zürcher Kantonalbank	FINMA

The majority of the investments are managed by the above-mentioned external asset managers. Investments in direct and indirect real estate, liquid funds, and money market investments are managed in-house by the Pension Fund's own asset managers, as are overlay management and small exposures in bonds and shares.

Real estate is managed by Wincasa AG.

Central custodianship accounts (global custody) are provided by Credit Suisse (Switzerland) Ltd.

The Pension Fund holds single-investor funds for investments in shares, bonds, and real estate. These funds are fully allocated to the respective asset classes.

Security and risk allocation of investments

The Board of Trustees assigns high 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 with the other asset classes thus allows portfolio risk to be reduced.

Investment monitoring

As part of the central custodianship services of Credit Suisse (Switzerland) Ltd., the following reports are produced:

- Investment guidelines monitoring report (monthly) for monitoring compliance with various limits, derivatives cover, and debtor quality
- Real estate compliance report (annually)

The Investment Support unit of the Pension Fund also prepares a short fact sheet report for the Board of Trustees on a monthly basis and a comprehensive report every quarter.

3.6.2 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)

In the appendix to the regulations on investments, the Board of Trustees has approved the expansion of investment options pursuant to Art. 50(4) BVV 2 for alternative investments and foreign currencies.

Alternative investments

For alternative investments, the Pension Fund uses the following expansions to the investment bandwidths:

Expanded investment options – alternative investments

	Limit in accordance with Art. 53 et seq. BVV 2	Limit in accordance with the regulations on investments	Current holdings as % of total assets
Alternative investments	15% of total assets	25% of total assets	19.6
Alternative investments	Only diversified collective investments	Investments in unlisted companies or other directly held investments are permitted if they are diversified at the lowest level	19.6
Alternative investments – gold	Only diversified collective investments	Permitted: assets in physical gold	2.4

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

- Investments in private equity and infrastructure are made via a limited partnership for collective investments.
- Investments in hedge funds are made using three fund structures, one of which is being wound up.
- Investments in insurance-linked securities are represented by a fund.
- Investments in commodities consist of physical gold.
- Loans are represented with both corporations and fund structures.

3.6.3 Target reserve for fluctuations in asset value and calculation of the reserve

The reserve for fluctuations in asset value is intended to offset price losses on assets and serves to ensure financial stability, i.e. a coverage ratio of at least 100%. For the determination of the desired target value, the Board of Trustees periodically, and at least every two years, commissions an asset and liability management study. The most recent study was carried out in 2020.

The target size of the reserve for fluctuations in asset value is measured using the conditional value at risk with a confidence level of 98% (CVaR 98%) at 20%. The conditional value at risk is also known as the expected shortfall. With this target, the Pension Fund holds sufficient reserves for fluctuations in asset value to bear the expected shortfall of the worst year from a 50-year period. The Fund plans to achieve the target value in stages over the next four years by 2024. The target values in 2020 and 2021, 2022, 2023, and 2024 are 16% and 17%, 18%, 19%, and 20% respectively.

Reserve for fluctuations in asset value			
	31.12.2020	31.12.2019	Change
Target in % of pension liabilities and actuarial provisions	16.0	16.0	–
Target in CHF mn	2,380	2,430	(50)
Existing reserve for fluctuations in asset value in CHF mn	2,380	2,430	(50)
Required to reach target in CHF mn	–	–	–
Existing reserve for fluctuations in asset value as % of target	100.0	100.0	–

Minimum return

The return required to stabilize the coverage ratio is dependent on the interest paid on the retirement savings capital and the change in the variable technical interest rate. Assuming interest paid on retirement savings capital of 1.31%, the minimum return according to actuarial experts is 1.60%.

3.6.4 Breakdown of investments into investment categories (economic exposure)

The following table shows the actual asset allocation (economic exposure) on the balance sheet date. Foreign currencies are partially hedged by means of foreignexchange forwards, while share exposure has been built up in part through futures. The profit or loss resulting from the foreign-exchange forwards is included in the presentation in the liquidity. In addition, swap transactions are used to manage duration.

Total assets after set-off of financial derivative instruments

Economic exposure

(actual asset allocation)

	31.12.2020 in CHF mn	31.12.2019 in CHF mn	31.12.2020 in %	31.12.2019 in %	Range min. – max.
Liquid funds/money market investments in Swiss francs	561.3	677.4	3.1%	3.8%	
Liquid funds/money market investments in foreign currencies	58.0	123.4	0.3%	0.7%	
Total liquid funds/money market investments	619.3	800.8	3.4%	4.5%	
Liquidity effect, derivatives on CHF bonds	7.2	4.4	–%	–%	
Liquidity effect, derivatives on foreign currency bonds	–	–	–%	–%	
Liquidity effect, derivatives on Swiss shares	352.3	198.8	2.0%	1.1%	
Liquidity effect, derivatives on foreign shares	110.0	(884.2)	0.6%	(5.0)%	
Total liquidity effect, derivatives	469.5	(681.0)	2.5%	(3.9)%	
Total liquid funds/money market investments including derivatives	1,088.7	119.8	5.9%	0.6%	0–30
CHF bonds	1,387.4	3,703.6	7.7%	20.7%	
Foreign currency bonds	3,947.0	2,937.9	21.9%	16.5%	
Total bonds – direct	5,334.5	6,641.5	29.5%	37.2%	
Derivatives on CHF bonds	(7.2)	(4.4)	–%	–%	
Derivates on foreign currency bonds	–	–	–%	–%	
Total bonds – derivatives	(7.2)	(4.4)	–%	–%	
Total bonds	5,327.3	6,637.1	29.5%	37.2%	
Swiss mortgages	1.5	1.5	–%	–%	
Total bonds including liquidity	6,417.6	7,061.1	35.4%	37.8%	10–80
Swiss shares	1,153.2	1,057.1	6.4%	5.9%	
Foreign shares	4,167.0	3,958.8	23.1%	22.2%	
Total shares – direct	5,320.2	5,015.9	29.5%	28.1%	
Derivatives on Swiss shares	(352.3)	(198.8)	(2.0)%	(1.1)%	
Derivatives on foreign shares	(110.0)	884.2	(0.6)%	5.0%	
Total shares – derivatives	(462.3)	685.4	(2.5)%	3.9%	
Total shares	4,857.9	5,701.3	26.9%	31.9%	10–40
Hedge funds	518.0	511.9	2.9%	2.9%	
Private equity	1,370.6	1,094.3	7.6%	6.1%	
Commodities	433.2	0.2	2.4%	–%	
Infrastructure	423.8	482.8	2.3%	2.7%	
Insurance-linked strategies	357.1	367.3	2.0%	2.1%	
Senior secured loans	438.2	302.6	2.4%	1.7%	
Total alternative investments	3,540.9	2,759.2	19.6%	15.5%	0–25
Direct real estate investments	1,451.1	1,353.0	7.9%	7.5%	
Real estate collective investments	1,795.2	1,277.3	9.9%	7.2%	
Total real estate	3,246.3	2,630.3	18.0%	14.7%	10–30
Total investments	18,062.6	17,849.2	100.0%	100.0%	
Prepayments and accrued income	32.1	19.4			
Total assets	18,094.6	17,868.6			
Total foreign currencies	4,678.2	4,525.4	25.9%	25.4%	0–30

Information on real estate investments

The Pension Fund has 82 (previous year: 81) direct real estate investments. The five largest positions are:

Direct real estate investments

	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Zurich, Wannerstrasse / Brunaupark	188.9	177.8
Zug, Landis+Gyr-Strasse 1	71.3	67.0
Zurich Oerlikon, Zurich 50 Am Park	68.1	63.9
Fällanden, Im Haufland	59.9	58.4
Geneva, Avenue d'Aire 93-93g	49.7	52.3

The five largest positions under the indirect real estate investments are:

Real estate collective investments

	ISIN	31.12.2020 in CHF mn	31.12.2019 in CHF mn
ZIF Immobilien Direkt Schweiz	CH0433089270	164.7	105.7
CS Investment Foundation Real Estate Switzerland	CH0013123002	126.1	117.8
CS 1a Immo PK	CH0008443035	94.6	105.2
Swiss Life REF (CH) Swiss Properties	CH0293784861	71.6	34.0
UBS (CH) Swiss Mixed "Sima"	CH0014420878	66.1	43.2

Compliance with the limitation on individual borrowers

The Pension Fund complied with the limitation on individual borrowers pursuant to Art. 54, 54(a), and 54(b) BVV 2 in the reporting year and on the balance sheet date.

3.6.5 Current (open) financial derivative instruments

The Pension Fund uses derivatives to manage risk. Such derivatives are not used to exert a leverage effect on total assets. Derivatives increasing exposure are covered by the available liquidity and cash equivalents, and derivatives reducing exposure are covered by the corresponding underlying assets.

Market values of derivatives

Market values of directly held derivatives

	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Bond futures		–
Bond swaps	(7.2)	(4.4)
Derivatives on bonds	(7.2)	(4.4)
Share futures		–
Derivatives on shares	–	–
Commodities futures		–
Derivatives on commodities	–	–
Derivatives on foreign-exchange forwards	107.6	43.6
Total market values of derivatives	100.5	39.2

The replacement values of foreign-exchange forwards are recognized in the balance sheet under "Liquid funds/money market investments."

Market values of derivatives within the fund structures

	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Bond futures	–	–
Bond swaps	(4.3)	–
Derivatives on bonds	(4.3)	–
Share futures	–	–
Other shares – derivatives	1.7	2.0
Derivatives on shares	1.7	2.0
Commodities futures	–	–
Derivatives on commodities	–	–
Derivatives on foreign-exchange forwards	23.7	21.7
Total market values of derivatives	21.1	23.7

Derivatives exposure

The following table shows the derivatives exposure for the directly held derivatives. All investments in the single-investor funds (including liquid funds) are recognized in the balance sheet as part of the base investment. Owing to this allocation, derivatives within the single-investor funds have no effect on economic exposure and are not, therefore, included in the table "Economic exposure." For reasons of transparency, however, they are shown in the table "Exposure through derivatives within the fund structures."

Exposure through directly held derivatives

	Exposure-increasing		Exposure-reducing	
	31.12.2020 in CHF mn	31.12.2019 in CHF mn	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Bond futures	–	–	–	–
Bond swaps	–	–	(7.2)	(4.4)
Derivatives on bonds	–	–	(7.2)	(4.4)
Share futures	31.5	884.2	(493.8)	(198.8)
Derivatives on shares	31.5	884.2	(493.8)	(198.8)
Commodities futures	–	–	–	–
Derivatives on commodities	–	–	–	–
Derivatives on foreign-exchange forwards	–	–	(3,936.3)	(2,798.4)
Total exposure	31.5	884.2	(4,437.2)	(3,001.6)

The following table shows the derivatives exposure for the derivatives within the single-investor funds.

Exposure through derivatives within the fund structures

	Exposure-increasing		Exposure-reducing	
	31.12.2020 in CHF mn	31.12.2019 in CHF mn	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Bond futures	–	36.3	(286.3)	(195.0)
Bond swaps	0.7	–	(4.9)	–
Derivatives on bonds	0.7	36.3	(291.2)	(195.0)
Share futures	4.8	7.3	–	–
Other shares – derivatives	1.7	2.0	–	–
Derivatives on shares	6.5	9.3	–	–
Commodities futures	–	–	–	–
Derivatives on commodities	–	–	–	–
Derivatives on foreign-exchange forwards	–	–	(2,698.1)	(1,882.7)
Total exposure	7.1	45.7	(2,989.3)	(2,077.6)

Derivatives coverage

All exposure-increasing derivatives, held directly or in single-investor funds, are covered by liquidity and cash equivalents, as indicated in the following table. It is not permitted for single-investor funds to exert a leverage effect on the fund assets with derivatives or make naked short sales.

All exposure-reducing derivatives are covered by corresponding underlying assets. The futures and options used are matched by a well-diversified portfolio that largely corresponds to the indices used.

Derivatives coverage (exposure-increasing)

	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Exposure		
Derivatives, directly held	31.5	884.2
Derivatives within the fund structures	7.1	45.7
Available coverage		
Liquidity, bonds up to max. one year to maturity, minimum A rating	2,039.7	3,435.5
Liquidity, bonds up to max. five years to maturity, minimum BBB- rating; share of issue max. 5%	3,088.7	5,246.4
Coverage surplus	3,050.1	4,316.5

3.6.6 Open capital commitments

Within private equity, infrastructure, and private debt investments, there was no call on the capital commitments of CHF 1,221 million (previous year: CHF 1,010 million).

3.6.7 Market value and contracting parties of securities for securities lending

Securities lending refers to the loan of Pension Fund securities to Credit Suisse (Switzerland) Ltd. 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, the title or rights to the securities, together with the accessory rights, transfer to Credit Suisse (Switzerland) Ltd. Conversely, the Pension Fund acquires a claim for restitution of securities of the same type, quality, and quantity.

In order to secure the claim for restitution of securities of the same type, quality, and quantity, Credit Suisse (Switzerland) Ltd. is required to deposit collateral for the Pension Fund in a collateral safe-keeping account, the value of which must at all times equal at least 105% of the market value of the borrowed securities.

Income from securities lending outside the fund structures

	2020	2019
Average exposure in CHF mn	–	–
Income (net) in CHF mn	–	–
Income in %	–	–
Collateral coverage in %	–	–

Income from securities lending within the fund structures

	2020	2019
Average exposure in CHF mn	299.5	246.7
Income (net) in CHF mn	0.7	1.1
Income in %	0.2	0.5
Collateral coverage in %	105.4	105.2

The income from securities lending is calculated monthly and credited to the Pension Fund.

3.6.8 Explanatory note on the net return on investments

The performance of the total portfolio is calculated by Credit Suisse (Switzerland) Ltd. in accordance with the time-weighted return method.

Performance

	2015	2016	2017	2018	2019	2020
In %	1.6	3.7	9.0	(2.2)	11.3	6.2

Performance (annualized)

	Ø 1 year	Ø 3 years	Ø 5 years	Ø 10 years
In %	6.2	4.9	5.5	5.1

The risk or currently expected volatility (ex-ante) of the portfolio was 11.8% p.a. as of the balance sheet date.

Performance contribution by investment category

The performance contribution by investment category is presented in the following table.

Performance contribution by investment category

Investment category	Performance as of 31.12.2020	Performance as of 31.12.2019	Contribution to overall performance as of 31.12.2020 in %	Contribution to overall performance as of 31.12.2019 in %
Bonds including liquidity and foreign currency overlay	6.6	3.4	2.4	1.3
Shares	6.5	24.5	2.1	7.2
Real estate	5.5	13.1	0.9	1.8
Alternative investments	4.9	4.9	0.8	1.0
Total	6.2	11.3	6.2	11.3

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. Using overlay transactions, the overall risk of the portfolio is controlled 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 income from the two overlay transactions is reported in the above table under “Bonds including liquidity and foreign currency overlay.”

3.6.9 Explanatory note on asset management costs

Cost-transparent investments

The asset management costs include all costs incurred in connection with the management of the assets. 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, insofar as a total expense ratio (TER) can be determined that is recognized by the Swiss Occupational Pension Supervisory Commission (OPSC). The total expense ratios also include performance-related fees recorded in the accounts that do not yet need to be realized.

The following table shows the costs and their share of the total assets.

Total asset management costs Sum of all key cost figures				
Investment category	2020 costs in CHF mn	2019 costs in CHF mn	2020 costs as % of total assets	2019 costs as % of total assets
Direct asset management costs	12.1	13.3	0.07	0.07
Sum of all key cost figures recorded in the operative account in CHF for collective investments	132.2	146.9	0.73	0.82
Bonds, TER costs	8.7	10.2	0.05	0.06
Shares, TER costs	13.9	15.3	0.08	0.09
Real estate, TER costs	6.6	5.6	0.04	0.03
Alternative investments, TER costs	103.0	115.7	0.57	0.65
Total asset management costs	144.3	160.2	0.80	0.89

The following detailed table shows the costs of the alternative investments and their share of the total assets. The significantly higher asset management costs for alternative investments are often due to performance-based costs, which are reflected in a corresponding positive performance contribution on the income side (see Section 3.6.8):

Asset management costs – alternative investments (detailed)				
Sum of all key cost figures				
Investment category	2020 costs in CHF mn	2019 costs in CHF mn	2020 costs as % of total assets	2019 costs as % of total assets
Hedge funds, TER costs	7.7	15.5	0.04	0.09
Private equity and infrastructure, TER costs	91.5	95.4	0.51	0.53
Insurance-linked strategies, TER costs	2.8	3.1	0.02	0.02
Senior secured loans (SSL), TER costs	1.0	1.8	0.01	0.01
Total asset management costs – alternative investments	103.0	115.7	0.57	0.65

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 individual investment 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

As in the previous year, the Pension Fund has no non-transparent collective investments within the meaning of Art. 48(a)(3) BVV 2. The cost transparency ratio is therefore 100.0% (previous year: 100.0%).

3.6.10 Explanatory note on investments in an employer's enterprise

Credit Suisse Group AG and the other affiliated companies transferred all employee and employer contributions to the Pension Fund on a monthly basis.

All investments with Credit Suisse Group AG, its subsidiaries, or other affiliated companies are regarded as investments in an employer's enterprise in accordance with Art. 57 BVV 2. A further point to consider is a special regulation for banks – see Federal Social Insurance Office notices on employee benefits insurance no. 84, section 486, and a letter from the Office for Occupational Insurance and Foundations of the Canton of Zurich (BVS) dated February 12, 2008: Investments with the employer that are of a business nature rather than an investment nature are not regarded as 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.

Investments in an employer's enterprise

(Art. 57 BVV 2, taking into account the special regulation for banks)

	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Credit Suisse Group AG shares	77.5	89.3
Total investments in an employer's enterprise	77.5	89.3

The following monies come under the special BVS provision:

Liquidity required for operations

	31.12.2020 in CHF mn	31.12.2019 in CHF mn
Liquid funds/money market investments ("look through" view)	1,002.2	1,416.2
Gain/loss on foreign-exchange forwards and swap transactions	117.6	60.9
Total liquidity required for operations	1,119.8	1,477.1

In total, an asset value of CHF 1,197.3 million (6.6% of investments) was invested with the employer as of December 31, 2020, compared to CHF 1,566.4 million (8.8%) 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 or other affiliated companies, and on the liquidity required for operations.

3.6.11 Employer's contribution reserve

The transfer of CHF 13.7 million from Pension Fund 2 of Credit Suisse Group (Switzerland) is shown in prepayments and accrued income as of December 31, 2020. The transfer will take place in the first quarter of 2021.

CHF 1.9 million was withdrawn in the previous year for the benefit of Pension Fund 2 of Credit Suisse Group (Switzerland) for the purpose of funding the project costs for introduction of the 1e plan under Pension Fund 2.

Change in the employer's contribution reserve

	2020 CHF	2019 CHF	Change in CHF
Reserve as of January 1	37,217,402	38,256,628	(1,039,226)
Transfer from Pension Fund 2 of Credit Suisse Group (Switzerland)	13,736,528	–	13,736,528
Allocations	–	–	–
Withdrawals	–	(1,900,000)	1,900,000
Reserve as of December 31 before interest	50,953,930	36,356,628	14,597,302
Interest on the reserve at beginning of year (2.25% / previous year: 2.25%)	837,392	860,774	(23,383)
Reserve as of December 31	51,791,322	37,217,402	14,573,920

The employer's contribution reserve can be freely disposed of by the respective employer. The following table shows the breakdown per employer:

Detailed employer's contribution reserve

	31.12.2020 CHF	31.12.2019 CHF
Credit Suisse (Switzerland) Ltd.	21,975,251	13,691,035
Credit Suisse AG	19,292,270	15,348,310
Credit Suisse Services Ltd.	6,175,830	4,215,771
Credit Suisse Asset Management (Switzerland) Ltd.	1,841,695	1,215,287
BANK-now Ltd.	342,240	163,472
Credit Suisse Funds AG	86,821	–
Fides Treasury Services AG	36,175	–
Credit Suisse Trust Ltd	1,812,411	1,713,092
Credit Suisse Insurance Linked Strategies Ltd	65,116	–
Pension Fund of CSG (Switzerland)	40,516	–
Credit Suisse Group AG	52,093	–
Energy Infrastructure Partners AG	39,069	–
Aventicum Capital Management (Suisse) SA	24,599	–
Credit Suisse Investment Partners (Switzerland) Ltd	7,235	–
Neue Aargauer Bank AG	–	870,435
Total employer's contribution reserve	51,791,322	37,217,402

3.7 Explanatory notes on other balance sheet and operative account items

3.7.1 Administration cost

The general administration cost amounted to CHF 6.5 million compared to CHF 8.4 million the previous year. The costs for the external auditors, the pension actuary, and supervision are not included in the general administration cost. They are reported separately in the operative account.

With total administration costs of CHF 6.8 million or CHF 235 per beneficiary (previous year: CHF 8.7 million or CHF 299), the Pension Fund is below the average for private pension funds, which is CHF 336 per beneficiary (see 2020 Swisscanto study).

The employer finances the risk contributions in full and therefore also the administrative costs.

3.7.2 Loans

Hardship Fund

Since 2014, there has been a loan agreement between the Hardship Fund of Credit Suisse Group (Switzerland) and the Pension Fund of Credit Suisse Group (Switzerland). In return for the participating loan, the Hardship Fund receives interest ("current account interest income") commensurate with the performance of the total assets of the Pension Fund for the calendar year in question. The loan amounts to CHF 61.3 million (previous year: CHF 57.9 million).

Pension Fund 2

The loan was terminated as of December 10, 2020 (previous year: CHF 1).

3.8 Supervisory authority requirements

No requirements have been imposed by the supervisory authority.

3.9 Further information regarding financial situation

3.9.1 Partial liquidations

Credit Suisse InvestLab AG

In 2019, a partial liquidation took place as a result of the cancellation of the affiliation agreement with Credit Suisse InvestLab AG as of September 6, 2019. Pursuant to Art. 3(2) of the regulations on partial liquidation, the balance sheet date is December 31, 2018. A total of nine active participants and no pensioners were moved to a new pension fund. The amount of CHF 2.1 million was paid out in 2019, and the share that could potentially be collectively transferred (CHF 0.5 million) was accrued as of December 31, 2019.

The share of CHF 0.5 million for collective transfer, which was accrued as of December 31, 2019, was dissolved in favor of the Pension Fund in the reporting year, as there was no claim to it under the applicable regulations on partial liquidation.

Once all beneficiaries had been informed about the partial liquidation and no objections were received by the Office for Occupational Insurance and Foundations, the partial liquidation of Credit Suisse InvestLab AG became legally effective in the reporting year.

3.9.2 Pledge of assets

To manage the asset allocation more efficiently, the Pension Fund uses share 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 (Switzerland) Ltd., have sufficient funding at all times, the Pension Fund has granted Credit Suisse (Switzerland) Ltd. 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 1.2 billion (equivalent to 6.6% of the investments compared to 6.7% 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.

3.9.3 Insurance-linked securities (ILS)

The Investment Committee of the Pension Fund decided to restructure investments in insurance-linked securities (ILS) with a volume of CHF 357.1 million. The existing contracts with Humboldt Re will be settled in an orderly manner by means of *run-off* and no new business will be generated.

As of 2021, Humboldt Re will no longer generate income from new business, although operating costs for employees, systems, and services for ongoing settlement will still be incurred. These costs are estimated at CHF 20 million to CHF 25 million.

At the same time, a process to try and sell Humboldt Re *en bloc* is underway.

3.9.4 Legal proceedings in course

There are currently no significant legal proceedings in course.

3.10 Events subsequent to the balance sheet date

There are no events subsequent to the balance sheet date requiring disclosure in the 2020 report.

IV

Auditors' report

Report of the statutory auditor

to the Foundation Board of Pensionskasse der
Credit Suisse Group (Schweiz)
Zürich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements on pages 9 to 41 of the annual report of Pensionskasse der Credit Suisse Group (Schweiz), which comprise the balance sheet, operating accounts and notes, for the year ended 31 December 2020.

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 internal controls 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 controls 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 controls. An audit also includes evaluating the appropriateness of 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 31 December 2020 comply with Swiss law and with the foundation’s deed of formation and the regulations.

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Other Matter

The financial statements of Pensionskasse der Credit Suisse Group (Schweiz) for the year ended 31 December 2019 were audited by another firm of auditors whose report, dated 9 April 2020, expressed an unmodified opinion on those statements.

Report on additional 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 internal controls exist 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 and regulatory requirements have been met.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Johann Sommer
Audit expert
Auditor in charge

Sebastian Heesch
Audit expert

Zürich, 6 April 2021



Pensionskasse der Credit Suisse Group (Schweiz) | Report of the statutory auditor to the Foundation Board

V

Confirmation of the
pension actuary

V – Confirmation of the pension actuary



Aon Switzerland Ltd
Vulkanstrasse 106 | Postfach | 8048 Zurich

Confirmation of Pension Actuary

Dear Mr. President,
Dear Madams, Dear Sirs,

As pension actuary, we prepared an actuarial report based on Art. 52(e) BVG, as instructed by the responsible persons at 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. 52(a)(1) BVG, we confirm that, within the meaning of Art. 40 BVV 2 and according to the directive OAK BV W-03/2013, we are independent. Our evaluation results and recommendations are objective.

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

Confirmation of Pension Actuary

This actuarial report on the Fund has been prepared in accordance with the professional code of conduct for members of the Swiss Chamber of Pension Actuaries (SKPE) as well as with their specialist directives and with the directive OAK BV W-03/2014.

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 generational tables, applying a technical interest rate of 1.31%. The financial situation of the Fund as of December 31, 2020, shows:

- a surplus of net assets of CHF 3'052'642'228;
- a coverage ratio in accordance with the amendment to Art. 44 BVV 2 of 120.5% (previous year: 116.4%);
- a reserve for fluctuations in asset value of CHF 2'380'000'000;
- non-committed funds of CHF 672'642'228.

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 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.



Empower Results®

Based on our review of the Fund as of December 31, 2020, we can confirm in accordance with Art. 52(e) BVG that, as of that date:

- the technical interest rate is reasonably adequate, and the actuarial principles used are appropriate;
- the Fund provides security as at the reference date that it can fulfil its regulatory obligations;
- the Fund provides sufficient security to ensure that it can fulfil its regulatory obligations at all times;
- regulatory actuarial provisions on benefits and financing are in line with current statutory requirements;
- the financial situation of the Fund can be described as healthy overall;
- the overall risk capacity is sufficient;
- there is no structural deficit;
- the financing of the Fund is actuarially correct.

Aon Switzerland Ltd, Contractual Partner

Willi Thurnherr
Responsible pension actuary

Marianne Frei

Responsible pension actuary: Willi Thurnherr
Zurich, March 31, 2021



PENSION FUND OF CREDIT SUISSE GROUP (SWITZERLAND)

JPK

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8070 Zurich

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