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Consolidated financial statements – Credit Suisse (Bank)

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Notes to the consolidated financial statements

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Report of the Statutory Auditor

To the General Meeting of Credit Suisse AG, Zurich

Report of the Statutory Auditor on the Consolidated Financial Statements

Opinion

As statutory auditor, we have audited the accompanying consolidated financial statements of Credit Suisse AG and subsidiaries (the "Bank"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes. In our opinion, the consolidated financial statements give a true and fair view of the financial position as of December 31, 2017 and 2016, and the results of operations and the cash flows for each of the years in the three-year period ended December 31, 2017, in accordance with U.S. Generally Accepted Accounting Principles, and comply with Swiss law.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with U.S. Generally Accepted Accounting Principles and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.






Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm and are required to be independent with respect to the Bank. We conducted our audits in accordance with Swiss law and Swiss Auditing Standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement whether due to fraud or error.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

-  Valuation of financial instruments reported at fair value
-  Goodwill
-  Valuation of deferred tax assets
-  Provisions for litigation and regulatory actions
-  Valuation of the allowance for loan losses

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

 **Valuation of financial instruments reported at fair value**

Key Audit Matter

Our response

The Bank reports financial assets reported at fair value of CHF 302.7 billion and financial liabilities reported at fair value of CHF 178.4 billion as of December 31, 2017. These financial assets represented 38% of total assets and these financial liabilities represented 24% of total liabilities as of December 31, 2017.

The fair value of the majority of the Bank's financial instruments is based on quoted prices in active markets or observable inputs.

In addition, the Bank holds financial instruments for which no prices are available and which have little or no observable inputs. For these financial instruments fair value is determined through the application of valuation techniques, which often involve the exercise of judgment by management including the use of assumptions and estimates. In particular for financial instruments which do not have directly observable market prices, judgment is often required to determine modelling assumptions that are used in the determination of fair value. The Bank also has certain financial instruments that utilize significant, judgmental inputs with varying degrees of observability for purposes of determining fair value. Further, the Bank applies significant judgment in calculating certain valuation adjustments including credit, debit and funding valuation adjustments.

We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to the valuation of financial instruments reported at fair value. This included controls over independent price verification, valuation model approval and the calculation, validation and recording of valuation adjustments.

For a sample of financial instruments, we examined the appropriateness of models used and valuation inputs or data. We compared observable inputs and data against independent sources and externally available market data.

For a sample of instruments which do not have directly observable market prices, we critically examined and challenged the assumptions and models used or re-performed an independent valuation assessment, by reference to what we considered to be available alternative methods and sensitivities to key factors.

We also evaluated the methodology and inputs used in determining key judgmental valuation adjustments (including credit, debit, and funding valuation adjustments) by critically examining and challenging these assumptions and models, and performing recalculations for a sample of these adjustments.



We made use of our own valuation specialists in performing the above procedures, in particular in relation to the most judgmental financial instruments, models, methodologies and assumptions.

For further information on the valuation of financial instruments reported at fair value refer to the following:

- Note 14 Trading assets and liabilities
- Note 33 Financial instruments



Goodwill

Key Audit Matter

The Bank reports goodwill totalling CHF 4.0 billion as of December 31, 2017. Goodwill is allocated to reporting units and the carrying value is primarily supported by the future cash flows of the underlying businesses. During 2017, as a result of the reorganization of reporting units, goodwill impairment testing related to certain business units was performed as of March 31, in addition to the annual impairment assessment as of December 31, 2017.

Due to the inherent uncertainty associated with the forecasts used in determining the fair value of each reporting unit, this is an area in which significant judgment is applied. There is a greater degree of sensitivity to the impact of changes to estimates of future cash flows and other key assumptions for those reporting units where headroom between fair value and carrying value is limited.

For further information on goodwill refer to the following:

- Note 19 Goodwill

Our response

We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to the valuation of goodwill. This included controls over the annual impairment analysis, including the assumptions used in determining the fair value of each reporting unit, the development and approval of the financial plan, and management's annual comparison of forecasts to past performance.

We evaluated the reasonableness of cash flow projections and compared key inputs, such as the discount rates and growth rates, to externally available industry, economic and financial data and the Bank's own historical data and performance. With the assistance of our own valuation specialists, we critically examined and challenged the assumptions and methodologies used to calculate fair value for those reporting units where the impact of changes to key estimates and assumptions was most sensitive.



Valuation of deferred tax assets

Key Audit Matter

The Bank reports net deferred tax assets totalling CHF 5.3 billion as of December 31, 2017.

Significant judgment is required in relation to deferred tax assets as their recoverability is dependent on forecasts of future profitability over a number of years. The most significant deferred tax assets arise in the US and Switzerland.

Our response

We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to the valuation of deferred tax assets. This included controls over the recognition and measurement of deferred tax assets, the assessment and approval of assumptions used in projecting the future taxable profits in relevant jurisdictions / legal entities, the development and approval of the legal entity plans, and management's



The re-assessment of deferred tax assets resulted in an associated tax charge of CHF 2.3 billion, primarily resulting from a reduction in the US federal corporate tax rate following the enactment of the Tax Cuts and Jobs Act in the US during the fourth quarter of 2017.

annual comparison of legal entity plans to past performance.

We substantively tested management's process for valuing deferred tax assets, which included the impact of the US tax reform, by critically examining management's analysis and comparing assumptions used in the forecast to independently obtained data points. We also examined the consistency between the financial plan used for goodwill impairment purposes and the legal entity plans used in the valuation of deferred tax assets.

For further information on the valuation of deferred tax assets refer to the following:

- Note 26 Tax



Provisions for litigation and regulatory actions

Key Audit Matter

Our response

The Bank is involved in a number of judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses. The outcome of such cases is dependent on the future outcome of continuing legal and regulatory processes. Consequently, the calculations of the provisions are subject to inherent uncertainty as they rely on management judgment about the likelihood and amount of liabilities arising from litigation and regulatory claims.

We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to provisions for litigation and regulatory actions. This included controls over the valuation of the litigation provisions and their approval, review and disclosure.

We evaluated the Bank's assessment of the nature and status of litigation, claims and regulatory actions. We considered the legal advice received by the Bank from in-house counsel, as well as external counsel, when relevant, for certain of the more significant cases.

We examined the Bank's conclusions with respect to the provisions and disclosures made for significant cases, considering the results of corroborative information obtained from management. In view of the significance of the judgments required, we examined the more significant provisions in detail. For the significant cases, we obtained correspondence directly from the Bank's outside attorneys and, where appropriate, performed corroborative inquiry of outside counsel and tested data and inputs used by management in determining their litigation provisions.

For further information on provisions for litigation and regulatory actions refer to the following:

- Note 37 Litigation



Valuation of the allowance for loan losses

Key Audit Matter

The Bank reports gross loans held at amortized cost of CHF 268.9 billion and has recorded an allowance for loan losses of CHF 0.9 billion as of December 31, 2017.

The valuation of the allowance for loan losses relies on the application of significant management judgment and the use of different modelling techniques and assumptions. The specific allowance for loan losses involves judgment to estimate the recoverable amount and the collateral value. The collective allowance for loan losses involves judgment in determining the methodology and parameters in calculating the allowance at a portfolio level.

Our response

We assessed and tested the design and operating effectiveness of the key controls over financial reporting with respect to the valuation of the allowance for loan losses. This included controls over the calculation, approval, recording and monitoring of the allowance for loan losses. This also included controls over model approval, validation and approval of key data inputs and the qualitative considerations for potential impairment that were not captured by management's models.

For a sample of loan loss allowances calculated on an individual basis we tested the assumptions underlying the impairment identification and quantification including forecasts of future cash flows, valuation of underlying collateral and estimates of recovery on default. We also examined a sample of loans which had not been identified by management as impaired and formed our own opinion about collectability.

For a sample of loan loss allowances calculated on a collective basis we tested the underlying models including the model approval and validation process. We also tested the reasonableness of the inputs to those models, such as recovery rates, by comparing data and assumptions made to external benchmarks, when available.

For further information on the valuation of allowance for loan losses refer to the following:

- Note 17 Loans, allowance for loan losses and credit quality



Report on Other Legal and Regulatory Requirements

We are a public accounting firm registered with the Swiss Federal Audit Oversight Authority (FAOA) and the PCAOB and we confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA). We are independent of the Bank in accordance with Swiss law (article 728 CO and article 11 AOA) and U.S. federal securities laws as well as the applicable rules and regulations of the Swiss audit profession, the U.S. Securities and Exchange Commission and the PCAOB, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

We also have audited, in accordance with the standards of the PCAOB, the Bank's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 23, 2018 expressed an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting.

We have served as the auditor of Credit Suisse AG since 1989.

KPMG AG

A handwritten signature in black ink, appearing to read 'N. Edmonds'.

Nicholas Edmonds
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'Anthony Anzevino'.

Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
March 23, 2018

Consolidated financial statements

Consolidated statements of operations

	Reference to notes	2017	2016	in 2015
Consolidated statements of operations (CHF million)				
Interest and dividend income	5	17,061	17,375	19,342
Interest expense	5	(10,369)	(9,781)	(10,043)
Net interest income	5	6,692	7,594	9,299
Commissions and fees	6	11,672	10,938	11,966
Trading revenues	7	1,300	371	1,309
Other revenues	8	1,301	1,490	1,237
Net revenues		20,965	20,393	23,811
Provision for credit losses	9	210	252	324
Compensation and benefits	10	9,964	10,777	11,656
General and administrative expenses	11	7,413	9,885	8,735
Commission expenses		1,429	1,455	1,623
Goodwill impairment	19	0	0	3,797
Restructuring expenses	12	396	513	325
Total other operating expenses		9,238	11,853	14,480
Total operating expenses		19,202	22,630	26,136
Income/(loss) before taxes		1,553	(2,489)	(2,649)
Income tax expense	26	2,781	400	488
Net income/(loss)		(1,228)	(2,889)	(3,137)
Net income/(loss) attributable to noncontrolling interests		27	(6)	(7)
Net income/(loss) attributable to shareholders		(1,255)	(2,883)	(3,130)

Consolidated statements of comprehensive income

in	2017	2016	2015
Comprehensive income/(loss) (CHF million)			
Net income/(loss)	(1,228)	(2,889)	(3,137)
Gains/(losses) on cash flow hedges	(35)	(22)	24
Foreign currency translation	(1,015)	498	(1,149)
Unrealized gains/(losses) on securities	(13)	1	(4)
Actuarial gains/(losses)	21	210	45
Net prior service credit/(cost)	0	0	(14)
Gains/(losses) on liabilities related to credit risk	(1,684)	(1,082)	–
Other comprehensive income/(loss), net of tax	(2,726)	(395)	(1,098)
Comprehensive income/(loss)	(3,954)	(3,284)	(4,235)
Comprehensive income/(loss) attributable to noncontrolling interests	(9)	11	(26)
Comprehensive income/(loss) attributable to shareholders	(3,945)	(3,295)	(4,209)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated financial statements

Consolidated balance sheets

	Reference to notes	2017	end of 2016
Assets (CHF million)			
Cash and due from banks		109,510	121,066
of which reported at fair value		212	208
of which reported from consolidated VIEs		232	369
Interest-bearing deposits with banks		721	767
of which reported at fair value		0	26
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	13	115,346	134,839
of which reported at fair value		77,498	87,331
Securities received as collateral, at fair value		38,074	32,564
of which encumbered		23,632	30,768
Trading assets, at fair value	14	156,774	165,392
of which encumbered		49,237	52,322
of which reported from consolidated VIEs		1,348	2,744
Investment securities	15	2,189	2,486
of which reported at fair value		2,189	2,486
of which reported from consolidated VIEs		381	511
Other investments	16	5,893	6,717
of which reported at fair value		3,497	4,088
of which reported from consolidated VIEs		1,833	2,006
Net loans	17	283,237	278,960
of which reported at fair value		15,307	19,528
of which encumbered		186	132
of which reported from consolidated VIEs		267	284
allowance for loan losses		(881)	(937)
Premises and equipment	18	4,445	4,666
of which reported from consolidated VIEs		128	173
Goodwill	19	4,036	4,189
Other intangible assets	20	223	213
of which reported at fair value		158	138
Brokerage receivables		46,968	33,431
Other assets	21	30,956	36,775
of which reported at fair value		9,018	9,420
of which encumbered		134	256
of which reported from consolidated VIEs		2,396	2,616
Total assets		798,372	822,065

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated balance sheets (continued)

	Reference to notes	2017	end of 2016
Liabilities and equity (CHF million)			
Due to banks	22	15,411	22,800
of which reported at fair value		197	445
Customer deposits	22	362,303	357,224
of which reported at fair value		3,511	3,576
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	13	26,496	33,016
of which reported at fair value		15,262	19,634
Obligation to return securities received as collateral, at fair value		38,074	32,564
Trading liabilities, at fair value	14	39,132	44,952
of which reported from consolidated VIEs		3	18
Short-term borrowings		26,378	15,385
of which reported at fair value		11,019	4,061
of which reported from consolidated VIEs		0	1
Long-term debt	23	172,042	192,495
of which reported at fair value		62,622	71,970
of which reported from consolidated VIEs		863	1,759
Brokerage payables		43,303	39,852
Other liabilities	21	31,683	39,919
of which reported at fair value		8,590	9,557
of which reported from consolidated VIEs		204	243
Total liabilities		754,822	778,207
Common shares		4,400	4,400
Additional paid-in capital		45,718	41,817
Retained earnings		8,484	9,814
Accumulated other comprehensive income/(loss)	24	(15,932)	(13,242)
Total shareholders' equity		42,670	42,789
Noncontrolling interests		880	1,069
Total equity		43,550	43,858
Total liabilities and equity		798,372	822,065

end of	2017	2016
Additional share information		
Par value (CHF)	1.00	1.00
Issued shares	4,399,680,200	4,399,680,200
Shares outstanding	4,399,680,200	4,399,680,200

The Bank's total share capital is fully paid and consists of 4,399,680,200 registered shares as of December 31, 2017. Each share is entitled to one vote. The Bank has no warrants on its own shares outstanding.

Consolidated statements of changes in equity

	Attributable to shareholders							Total equity
	Common shares	Additional paid-in capital	Retained earnings	Treasury shares, at cost ¹	Accumulated other comprehensive income/(loss)	Total shareholders' equity	Non-controlling interests	
2017 (CHF million)								
Balance at beginning of period	4,400	41,817	9,814	0	(13,242)	42,789	1,069	43,858
Purchase of subsidiary shares from non-controlling interests, not changing ownership ^{2, 3}	–	–	–	–	–	–	(189)	(189)
Sale of subsidiary shares to noncontrolling interests, not changing ownership ³	–	–	–	–	–	–	65	65
Net income/(loss)	–	–	(1,255)	–	–	(1,255)	27	(1,228)
Cumulative effect of accounting changes, net of tax	–	–	(25)	–	–	(25)	–	(25)
Total other comprehensive income/(loss), net of tax	–	–	–	–	(2,690)	(2,690)	(36)	(2,726)
Share-based compensation, net of tax	–	6	–	–	–	6	–	6
Dividends on share-based compensation, net of tax	–	(79)	–	–	–	(79)	–	(79)
Dividends paid	–	–	(10)	–	–	(10)	(3)	(13)
Changes in scope of consolidation, net	–	–	–	–	–	–	(41)	(41)
Other	–	3,974 ⁴	(40)	–	–	3,934	(12)	3,922
Balance at end of period	4,400	45,718	8,484	0	(15,932)	42,670	880	43,550
2016 (CHF million)								
Balance at beginning of period	4,400	40,999	13,307	0	(13,294)	45,412	1,284	46,696
Purchase of subsidiary shares from non-controlling interests, changing ownership	–	(13)	–	–	–	(13)	(6)	(19)
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(118)	(118)
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	120	120
Net income/(loss)	–	–	(2,883)	–	–	(2,883)	(6)	(2,889)
Cumulative effect of accounting changes, net of tax	–	–	(464)	–	464	–	–	–
Total other comprehensive income/(loss), net of tax	–	–	–	–	(412)	(412)	17	(395)
Share-based compensation, net of tax	–	168	–	–	–	168	–	168
Dividends on share-based compensation, net of tax	–	(41)	–	–	–	(41)	–	(41)
Dividends paid	–	–	(146)	–	–	(146)	–	(146)
Changes in scope of consolidation, net	–	2	–	–	–	2	(194)	(192)
Other	–	702	–	–	–	702	(28)	674
Balance at end of period	4,400	41,817	9,814	0	(13,242)	42,789	1,069	43,858

¹ Reflects Credit Suisse Group shares which are reported as treasury shares. Those shares are held to economically hedge share award obligations.

² Distributions to owners in funds include the return of original capital invested and any related dividends.

³ Transactions with and without ownership changes related to fund activity are all displayed under "not changing ownership".

⁴ Includes a capital contribution of CHF 4,100 million from Credit Suisse Group AG to Credit Suisse AG following the capital increase in June 2017 by the Group.

Consolidated statements of changes in equity (continued)

	Attributable to shareholders							Non-controlling interests	Total equity
	Common shares/participation securities	Additional paid-in capital	Retained earnings	Treasury shares, at cost	Accumulated other comprehensive income/(loss)	Total shareholders' equity			
2015 (CHF million)									
Balance at beginning of period	4,400	35,888	16,658	0	(12,215)	44,731	1,746	46,477	
Purchase of subsidiary shares from non-controlling interests, not changing ownership	–	–	–	–	–	–	(434)	(434)	
Sale of subsidiary shares to noncontrolling interests, not changing ownership	–	–	–	–	–	–	57	57	
Net income/(loss)	–	–	(3,130)	–	–	(3,130)	(7)	(3,137)	
Total other comprehensive income/(loss), net of tax	–	–	–	–	(1,079)	(1,079)	(19)	(1,098)	
Share-based compensation, net of tax	–	(437)	–	–	–	(437)	–	(437)	
Dividends on share-based compensation, net of tax	–	(12)	–	–	–	(12)	–	(12)	
Dividends paid	–	–	(221)	–	–	(221)	–	(221)	
Changes in scope of consolidation, net	–	–	–	–	–	–	(57)	(57)	
Other	–	5,560	–	–	–	5,560	(2)	5,558	
Balance at end of period	4,400	40,999	13,307	0	(13,294)	45,412	1,284	46,696	

Consolidated statements of cash flows

in	2017	2016	2015
Operating activities of continuing operations (CHF million)			
Net income/(loss)	(1,228)	(2,889)	(3,137)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities of continuing operations (CHF million)			
Impairment, depreciation and amortization	837	934	4,885
Provision for credit losses	210	252	324
Deferred tax provision/(benefit)	2,285	(234)	1
Share of net income/(loss) from equity method investments	(150)	(62)	(132)
Trading assets and liabilities, net	3,441	21,214	26,133
(Increase)/decrease in other assets	(15,435)	9,731	11,346
Increase/(decrease) in other liabilities	(1,443)	(1,021)	(22,312)
Other, net	2,993	(917)	(1,929)
Total adjustments	(7,262)	29,897	18,316
Net cash provided by/(used in) operating activities of continuing operations	(8,490)	27,008	15,179
Investing activities of continuing operations (CHF million)			
(Increase)/decrease in interest-bearing deposits with banks	40	117	300
(Increase)/decrease in central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	14,286	(7,056)	36,964
Purchase of investment securities	(86)	(88)	(376)
Proceeds from sale of investment securities	14	14	19
Maturities of investment securities	422	363	908
Investments in subsidiaries and other investments	(1,094)	(1,357)	(555)
Proceeds from sale of other investments	1,967	1,693	1,896
(Increase)/decrease in loans	(14,779)	(4,221)	(5,277)
Proceeds from sales of loans	9,938	2,468	1,579
Capital expenditures for premises and equipment and other intangible assets	(950)	(1,164)	(1,101)
Proceeds from sale of premises and equipment and other intangible assets	60	55	13
Other, net	65	750	409
Net cash provided by/(used in) investing activities of continuing operations	9,883	(8,426)	34,779

Consolidated statements of cash flows (continued)

in	2017	2016	2015
Financing activities of continuing operations (CHF million)			
Increase/(decrease) in due to banks and customer deposits	3,187	10,237	(29,074)
Increase/(decrease) in short-term borrowings	5,507	6,594	(18,148)
Increase/(decrease) in central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(5,251)	(14,525)	(22,149)
Issuances of long-term debt	43,567	52,944	77,884
Repayments of long-term debt	(62,644)	(47,132)	(49,545)
Dividends paid	(13)	(145)	(150)
Other, net	3,535	1,044	4,787
Net cash provided by/(used in) financing activities of continuing operations	(12,112)	9,017	(36,395)
Effect of exchange rate changes on cash and due from banks (CHF million)			
Effect of exchange rate changes on cash and due from banks	(837)	1,213	(580)
Net increase/(decrease) in cash and due from banks (CHF million)			
Net increase/(decrease) in cash and due from banks	(11,556)	28,812	12,983
Cash and due from banks at beginning of period	121,066	92,254	79,271
Cash and due from banks at end of period	109,510	121,066	92,254

Supplemental cash flow information

in	2017	2016	2015
Cash paid for income taxes and interest (CHF million)			
Cash paid for income taxes	531	659	1,000
Cash paid for interest	9,688	9,105	10,196
Assets acquired and liabilities assumed in business acquisitions (CHF million)			
Fair value of assets acquired	0	0	3
Assets and liabilities sold in business divestitures (CHF million)			
Assets sold	1,777	425	35
Liabilities sold	1,658	383	7

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The accompanying consolidated financial statements of Credit Suisse AG (the Bank), the direct bank subsidiary of Credit Suisse Group AG (the Group), are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). The financial year for the Bank ends on December 31. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current presentation which had no impact on net income/(loss) or total shareholders' equity.

In preparing the consolidated financial statements, management is required to make estimates and assumptions including, but not limited to, the fair value measurements of certain financial assets and liabilities, the allowance for loan losses, the evaluation of variable interest entities (VIEs), the impairment of assets other than loans, recognition of deferred tax assets, tax uncertainties, pension liabilities and various contingencies. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the dates of the consolidated balance sheets and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

In order to align the corporate structure of Credit Suisse (Schweiz) AG with that of the Swiss Universal Bank division, during 2017, the equity stakes in Neue Aargauer Bank AG, BANK-now AG and Swisscard AECS GmbH held by the Group were transferred to the Bank and subsequently to Credit Suisse (Schweiz) AG, a wholly owned subsidiary of the Bank.

Prior periods have been restated to conform to the current presentation to reflect the impact of these transfers.

► Refer to "Note 1 – Summary of significant accounting policies" in VI – Consolidated financial statements – Credit Suisse Group for a summary of significant accounting policies, with the exception of the following accounting policies.

Pension and other post-retirement benefits

Credit Suisse sponsors a Group defined benefit pension plan in Switzerland that covers eligible employees of the Bank domiciled in Switzerland. The Bank also has single-employer defined benefit pension plans and defined contribution pension plans in Switzerland and other countries around the world.

For the Bank's participation in the Group defined benefit pension plan, no retirement benefit obligation is recognized in the consolidated balance sheets of the Bank and defined contribution accounting is applied, as the Bank is not the sponsoring entity of the Group plan.

For single-employer defined benefit plans, the Bank uses the projected unit credit actuarial method to determine the present value of its projected benefit obligations (PBO) and the current and past service costs or credits related to its defined benefit and other post-retirement benefit plans. The measurement date used to perform the actuarial valuation is December 31.

► Refer to "Pension and other post-retirement benefits" in VI – Consolidated financial statements – Credit Suisse Group – Note 1 – Summary of significant accounting policies for further information.

Own shares, own bonds and financial instruments on Group shares

The Bank's shares are wholly owned by Credit Suisse Group AG and are not subject to trading. The Bank may buy and sell Credit Suisse Group AG shares (Group shares) and Group bonds, own bonds and financial instruments on Group shares within its normal trading and market-making activities. In addition, the Bank may hold Group shares to economically hedge commitments arising from employee share-based compensation awards. Group shares are reported as trading assets, unless those shares are held to economically hedge share award obligations. Hedging shares are reported as treasury shares, resulting in a reduction to total shareholder's equity. Financial instruments on Group shares are recorded as assets or liabilities and carried at fair value. Dividends received on Group shares and unrealized and realized gains and losses on Group shares are recorded according to the classification of the shares as trading assets or treasury shares. Purchases of bonds originally issued by the Bank are recorded as an extinguishment of debt.

2 Recently issued accounting standards

▶ Refer to “Note 2 – Recently issued accounting standards” in VI – Consolidated financial statements – Credit Suisse Group for recently adopted accounting standards and standards to be adopted in future periods.

The impact on the Bank’s and Group’s financial position, results of operations or cash flows was or is expected to be identical.

3 Business developments, significant shareholders and subsequent events

▶ Refer to “Note 3 – Business developments, significant shareholders and subsequent events” in VI – Consolidated financial statements – Credit Suisse Group for further information.

4 Segment information

For the purposes of the presentation of reportable segments, the Bank has included accounts of affiliate entities wholly owned by the same parent which are managed together with the operating segments of the Bank.

► Refer to "Note 4 – Segment information" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Net revenues and income/(loss) before taxes

in	2017	2016	2015
Net revenues (CHF million)			
Swiss Universal Bank	5,396	5,759	5,721
International Wealth Management	5,111	4,698	4,552
Asia Pacific	3,504	3,597	3,839
Global Markets	5,551	5,497	6,826
Investment Banking & Capital Markets	2,139	1,972	1,787
Strategic Resolution Unit	(886)	(1,271)	511
Adjustments ¹	150	141	575
Net revenues	20,965	20,393	23,811
Income/(loss) before taxes (CHF million)			
Swiss Universal Bank	1,765	2,025	1,675
International Wealth Management	1,351	1,121	723
Asia Pacific	729	725	377
Global Markets	450	48	(1,931)
Investment Banking & Capital Markets	369	261	(314)
Strategic Resolution Unit	(2,135)	(5,759)	(2,652)
Adjustments ¹	(976)	(910)	(527)
Income/(loss) before taxes	1,553	(2,489)	(2,649)

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice versa, and certain expenses that were not allocated to the segments.

Total assets

end of	2017	2016
Total assets (CHF million)		
Swiss Universal Bank	228,857	228,363
International Wealth Management	94,753	91,083
Asia Pacific	96,497	97,221
Global Markets	242,159	239,700
Investment Banking & Capital Markets	20,803	20,784
Strategic Resolution Unit	45,629	80,297
Adjustments ¹	69,674	64,617
Total assets	798,372	822,065

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice versa, and certain expenses that were not allocated to the segments.

Net revenues and income/(loss) before taxes by geographic location

in	2017	2016	2015
Net revenues (CHF million)			
Switzerland	8,015	8,484	8,567
EMEA	1,042	2,036	3,819
Americas	8,952	7,267	8,514
Asia Pacific	2,956	2,606	2,911
Net revenues	20,965	20,393	23,811
Income/(loss) before taxes (CHF million)			
Switzerland	1,648	1,955	1,604
EMEA	(2,825)	(2,487)	(1,493)
Americas	2,660	(1,602)	(2,910)
Asia Pacific	70	(355)	150
Income/(loss) before taxes	1,553	(2,489)	(2,649)

The designation of net revenues and income/(loss) before taxes is based on the location of the office recording the transactions. This presentation does not reflect the way the Bank is managed.

Total assets by geographic location

end of	2017	2016
Total assets (CHF million)		
Switzerland	243,767	250,559
EMEA	154,179	156,669
Americas	318,358	333,147
Asia Pacific	82,068	81,690
Total assets	798,372	822,065

The designation of total assets by region is based upon customer domicile.

5 Net interest income

in	2017	2016	2015
Net interest income (CHF million)			
Loans	5,981	5,627	5,411
Investment securities	47	60	65
Trading assets	6,698	7,483	9,045
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	2,515	2,767	2,625
Other	1,820	1,438	2,196
Interest and dividend income	17,061	17,375	19,342
Deposits	(1,360)	(1,047)	(887)
Short-term borrowings	(168)	(84)	(105)
Trading liabilities	(3,546)	(3,602)	(3,855)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(1,284)	(1,387)	(1,264)
Long-term debt	(3,580)	(3,460)	(3,726)
Other	(431)	(201)	(206)
Interest expense	(10,369)	(9,781)	(10,043)
Net interest income	6,692	7,594	9,299

6 Commissions and fees

in	2017	2016	2015
Commissions and fees (CHF million)			
Lending business	1,809	1,790	1,560
Investment and portfolio management	3,320	3,043	3,346
Other securities business	82	72	73
Fiduciary business	3,402	3,115	3,419
Underwriting	1,817	1,364	1,659
Brokerage	3,006	3,029	3,648
Underwriting and brokerage	4,823	4,393	5,307
Other services	1,638	1,640	1,680
Commissions and fees	11,672	10,938	11,966

7 Trading revenues

in	2017	2016	2015
Trading revenues (CHF million)			
Interest rate products	3,218	7,163	2,953
Foreign exchange products	1,991	(3,461)	(1,124)
Equity/index-related products	(2,895)	(1,738)	(275)
Credit products	(1,096)	(2,124)	1
Commodity and energy products	86	177	(46)
Other products	(4)	354	(200)
Total	1,300	371	1,309

Represents revenues on a product basis which are not representative of business results within segments, as segment results utilize financial instruments across various product types.

▶ Refer to "Note 7 – Trading revenues" in VI – Consolidated financial statements – Credit Suisse Group for further information.

8 Other revenues

in	2017	2016	2015
Other revenues (CHF million)			
Noncontrolling interests without SEI	0	0	3
Loans held-for-sale	3	(51)	(19)
Long-lived assets held-for-sale	(18)	437	36
Equity method investments	229	205	241
Other investments	81	7	147
Other	1,006	892	829
Other revenues	1,301	1,490	1,237

9 Provision for credit losses

in	2017	2016	2015
Provision for credit losses (CHF million)			
Provision for loan losses	190	249	295
Provision for lending-related and other exposures	20	3	29
Provision for credit losses	210	252	324

10 Compensation and benefits

in	2017	2016	2015
Compensation and benefits (CHF million)			
Salaries and variable compensation	8,421	9,058	9,935
Social security	620	691	780
Other ¹	923	1,028	941
Compensation and benefits	9,964	10,777	11,656

¹ Includes pension and other post-retirement expense of CHF 581 million, CHF 704 million and CHF 594 million in 2017, 2016 and 2015, respectively.

11 General and administrative expenses

in	2017	2016	2015
General and administrative expenses (CHF million)			
Occupancy expenses	935	999	1,018
IT, machinery, etc.	1,005	1,160	1,259
Provisions and losses	697	3,009	1,158
Travel and entertainment	299	316	369
Professional services	3,019	2,966	3,217
Amortization and impairment of other intangible assets	9	8	19
Other	1,449	1,427	1,695
General and administrative expenses	7,413	9,885	8,735

12 Restructuring expenses

► Refer to “Note 12 – Restructuring expenses” in VI – Consolidated financial statements – Credit Suisse Group for further information.

In connection with the ongoing implementation of the revised Bank strategy, restructuring expenses of CHF 396 million, CHF 513 million and CHF 325 million were recognized in 2017, 2016 and 2015, respectively.

Restructuring expenses by segment

in	2017	2016	2015
Restructuring expenses by segment (CHF million)			
Swiss Universal Bank	59	60	42
International Wealth Management	70	54	36
Asia Pacific	63	53	3
Global Markets	150	217	96
Investment Banking & Capital Markets	42	28	22
Strategic Resolution Unit	57	121	156
Corporate Center	14	7	0
Adjustments ¹	(59)	(27)	(30)
Total restructuring expenses	396	513	325

¹ Adjustments represent certain consolidating entries and balances, including those relating to items that are managed but are not legally owned by the Bank and vice versa.

Restructuring provision

in	2017			2016			2015		
	Compen- sation and benefits	General and administrative expenses	Total	Compen- sation and benefits	General and administrative expenses	Total	Compen- sation and benefits	General and administrative expenses	Total
Restructuring provision (CHF million)									
Balance at beginning of period	217	94	311	187	12	199	0	0	0
Net additional charges ¹	188	86	274	218	137	355	191	46	237
Utilization	(214)	(70)	(284)	(188)	(55)	(243)	(4)	(34)	(38)
Balance at end of period	191	110	301	217	94	311	187	12	199

¹ The following items for which expense accretion was accelerated in 2017, 2016 and 2015 due to the restructuring of the Bank are not included in the restructuring provision: unsettled share-based compensation of CHF 67 million, CHF 34 million and CHF 23 million, respectively; unsettled pension obligations of CHF 0 million, CHF 0 million and CHF 1 million, respectively, which remain classified as a component of total shareholders' equity; unsettled cash-based deferred compensation of CHF 31 million, CHF 106 million and CHF 64 million, respectively, which remain classified as compensation liabilities; and accelerated accumulated depreciation and impairment of CHF 24 million, CHF 18 million and CHF 0 million, respectively, which remain classified as premises and equipment. The settlement date for the unsettled share-based compensation remains unchanged at three years.

Restructuring expenses by type

in	2017	2016	2015
Restructuring expenses by type (CHF million)			
Compensation and benefits-related expenses	286	358	279
of which severance expenses	188	218	191
of which accelerated deferred compensation	98	140	87
of which pension expenses	0	0	1
General and administrative-related expenses	110	155	46
Total restructuring expenses	396	513	325

13 Securities borrowed, lent and subject to repurchase agreements

end of	2017	2016
Securities borrowed or purchased under agreements to resell (CHF million)		
Central bank funds sold and securities purchased under resale agreements	70,009	81,513
Deposits paid for securities borrowed	45,337	53,326
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	115,346	134,839
Securities lent or sold under agreements to repurchase (CHF million)		
Central bank funds purchased and securities sold under repurchase agreements	20,606	26,106
Deposits received for securities lent	5,890	6,910
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	26,496	33,016

► Refer to "Note 14 – Securities borrowed, lent and subject to repurchase agreements" in VI – Consolidated financial statements – Credit Suisse Group for further information.

14 Trading assets and liabilities

end of	2017	2016	Cash collateral on derivative instruments		
Trading assets (CHF million)			Cash collateral – netted (CHF million) ¹		
Debt securities	72,826	65,675	end of	2017	2016
Equity securities	55,822	63,874	Cash collateral paid	23,587	33,688
Derivative instruments ¹	19,900	27,013	Cash collateral received	14,996	22,951
Other	8,226	8,830	Cash collateral – not netted (CHF million) ²		
Trading assets	156,774	165,392	Cash collateral paid	5,142	5,706
Trading liabilities (CHF million)			Cash collateral received	8,644	11,497
Short positions	24,478	24,583	¹ Recorded as cash collateral netting on derivative instruments in Note 25 – Offsetting of financial assets and financial liabilities.		
Derivative instruments ¹	14,654	20,369	² Recorded as cash collateral on derivative instruments in Note 21 – Other assets and other liabilities.		
Trading liabilities	39,132	44,952			

¹ Amounts shown after counterparty and cash collateral netting.

15 Investment securities

end of	2017	2016
Investment securities (CHF million)		
Securities available-for-sale	2,189	2,486
Total investment securities	2,189	2,486

Investment securities by type

end of	2017				2016			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Investment securities by type (CHF million)								
Debt securities issued by the Swiss federal, cantonal or local governmental entities	197	13	0	210	239	18	0	257
Debt securities issued by foreign governments	1,215	21	0	1,236	1,309	34	0	1,343
Corporate debt securities	238	0	0	238	287	0	0	287
Residential mortgage-backed securities ¹	207	0	0	207	497	0	0	497
Commercial mortgage-backed securities	173	0	0	173	14	0	0	14
Debt securities available-for-sale	2,030	34	0	2,064	2,346	52	0	2,398
Banks, trust and insurance companies	95	30	0	125	65	23	0	88
Equity securities available-for-sale	95	30	0	125	65	23	0	88
Securities available-for-sale	2,125	64	0	2,189	2,411	75	0	2,486

¹ Relate to the consolidation of RMBS securitization VIEs where the assets are carried at fair value under the fair value option as are the VIEs' liabilities recorded in long-term debt.

Proceeds from sales, realized gains and realized losses from available-for-sale securities

in	2017		2016		2015	
	Debt securities	Equity securities	Debt securities	Equity securities	Debt securities	Equity securities
Additional information (CHF million)						
Proceeds from sales	7	7	9	4	1	17
Realized gains	0	0	0	0	0	2

Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
2017 (CHF million)			
Due within 1 year	728	731	0.91
Due from 1 to 5 years	838	861	0.89
Due from 5 to 10 years	250	257	0.52
Due after 10 years	214	215	4.28
Total debt securities	2,030	2,064	1.21

16 Other investments

end of	2017	2016
Other investments (CHF million)		
Equity method investments	3,027	3,095
Non-marketable equity securities ¹	1,283	1,721
Real estate held for investment ²	209	244
Life finance instruments ³	1,374	1,657
Total other investments	5,893	6,717

¹ Includes private equity, hedge funds and restricted stock investments as well as certain investments in non-marketable mutual funds for which the Bank has neither significant influence nor control over the investee.

² As of December 31, 2017 and 2016, real estate held for investment included foreclosed or repossessed real estate of CHF 41 million and CHF 29 million, respectively, of which CHF 21 million and CHF 27 million, respectively, were related to residential real estate.

³ Includes life settlement contracts at investment method and SPIA contracts.

Non-marketable equity securities include investments in entities that regularly calculate net asset value per share or its equivalent.

► Refer to "Note 33 – Financial instruments" for further information on such investments.

Substantially all non-marketable equity securities are carried at fair value. There were no non-marketable equity securities not carried at fair value that have been in a continuous unrealized loss position.

The Bank performs a regular impairment analysis of real estate portfolios. The carrying values of the impaired properties were written down to their respective fair values, establishing a new cost base. For these properties, the fair values were measured based on either discounted cash flow analyses or external market appraisals. Impairments of CHF 16 million, CHF 31 million and CHF 21 million were recorded in 2017, 2016 and 2015, respectively.

Accumulated depreciation related to real estate held for investment amounted to CHF 385 million, CHF 382 million and CHF 360 million for 2017, 2016 and 2015, respectively.

► Refer to "Note 17 – Other investments" in VI – Consolidated financial statements – Credit Suisse Group for further information.

17 Loans, allowance for loan losses and credit quality

end of	2017	2016
Loans (CHF million)		
Mortgages	106,039	104,335
Loans collateralized by securities	42,016	37,268
Consumer finance	4,242	3,490
Consumer	152,297	145,093
Real estate	26,599	26,016
Commercial and industrial loans	81,792	83,760
Financial institutions	19,662	20,884
Governments and public institutions	3,874	4,273
Corporate & institutional	131,927	134,933
Gross loans	284,224	280,026
of which held at amortized cost	268,917	260,498
of which held at fair value	15,307	19,528
Net (unearned income)/deferred expenses	(106)	(129)
Allowance for loan losses	(881)	(937)
Net loans	283,237	278,960
Gross loans by location (CHF million)		
Switzerland	161,645	161,756
Foreign	122,579	118,270
Gross loans	284,224	280,026
Impaired loan portfolio (CHF million)		
Non-performing loans	1,048	1,236
Non-interest-earning loans	210	253
Total non-performing and non-interest-earning loans	1,258	1,489
Restructured loans	290	358
Potential problem loans	549	613
Total other impaired loans	839	971
Gross impaired loans	2,097	2,460

Allowance for loan losses

	2017			2016			2015		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Allowance for loan losses (CHF million)									
Balance at beginning of period	216	721	937	216	649	865	251	506	757
Net movements recognized in statements of operations	54	136	190	63	186	249	66	229	295
Gross write-offs	(60)	(242)	(302)	(86)	(192)	(278)	(118)	(111)	(229)
Recoveries	12	41	53	13	53	66	12	16	28
Net write-offs	(48)	(201)	(249)	(73)	(139)	(212)	(106)	(95)	(201)
Provisions for interest	(1)	14	13	10	8	18	6	12	18
Foreign currency translation impact and other adjustments, net	(1)	(9)	(10)	0	17	17	(1)	(3)	(4)
Balance at end of period	220	661	881	216	721	937	216	649	865
of which individually evaluated for impairment	179	474	653	172	527	699	170	479	649
of which collectively evaluated for impairment	41	187	228	44	194	238	46	170	216
Gross loans held at amortized cost (CHF million)									
Balance at end of period	152,277	116,640	268,917	145,070	115,428	260,498	144,855	110,838	255,693
of which individually evaluated for impairment ¹	632	1,465	2,097	662	1,798	2,460	647	1,314	1,961
of which collectively evaluated for impairment	151,645	115,175	266,820	144,408	113,630	258,038	144,208	109,524	253,732

¹ Represents gross impaired loans both with and without a specific allowance.

Purchases, reclassifications and sales

in	2017			2016			2015		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
Loans held at amortized cost (CHF million)									
Purchases ¹	0	3,381	3,381	30	3,405	3,435	389	4,294	4,683
Reclassifications from loans held-for-sale ²	0	63	63	0	125	125	0	355	355
Reclassifications to loans held-for-sale ³	0	7,407	7,407	1,632	2,768	4,400	1,641	735	2,376
Sales ³	0	7,051	7,051	72	2,087	2,159	0	373	373

¹ Includes drawdowns under purchased loan commitments.

² Includes loans previously reclassified to held-for-sale that were not sold and were reclassified back to loans held-to-maturity.

³ All loans held at amortized cost which are sold are reclassified to loans held-for-sale on or prior to the date of the sale.

Gross loans held at amortized cost by internal counterparty rating

end of	Investment grade		Non-investment grade		Total
	AAA to BBB	BB to C	D		
2017 (CHF million)					
Mortgages	94,553	11,214	272		106,039
Loans collateralized by securities	38,387	3,530	99		42,016
Consumer finance	1,801	2,241	180		4,222
Consumer	134,741	16,985	551		152,277
Real estate	20,278	5,640	85		26,003
Commercial and industrial loans	39,610	35,250	1,287		76,147
Financial institutions	11,223	2,022	46		13,291
Governments and public institutions	1,124	74	1		1,199
Corporate & institutional	72,235	42,986	1,419		116,640
Gross loans held at amortized cost	206,976	59,971	1,970		268,917
Value of collateral ¹	189,092	49,271	1,409		239,772
2016 (CHF million)					
Mortgages	92,533	11,613	189		104,335
Loans collateralized by securities	34,136	2,916	216		37,268
Consumer finance	1,164	2,119	184		3,467
Consumer	127,833	16,648	589		145,070
Real estate	19,594	5,878	84		25,556
Commercial and industrial loans	36,501	35,945	1,447		73,893
Financial institutions	12,658	1,887	107		14,652
Governments and public institutions	1,253	60	14		1,327
Corporate & institutional	70,006	43,770	1,652		115,428
Gross loans held at amortized cost	197,839	60,418	2,241		260,498
Value of collateral ¹	180,323	51,344	1,468		233,135

¹ Includes the value of collateral up to the amount of the outstanding related loans. For mortgages, the value of collateral is determined at the time of granting the loan and thereafter regularly reviewed according to the Bank's risk management policies and directives, with maximum review periods determined by property type, market liquidity and market transparency.

Gross loans held at amortized cost – aging analysis

end of	Current				Past due		Total
	Up to 30 days	31-60 days	61-90 days	More than 90 days	Total		
2017 (CHF million)							
Mortgages	105,689	102	27	14	207	350	106,039
Loans collateralized by securities	41,867	37	0	0	112	149	42,016
Consumer finance	3,701	297	39	40	145	521	4,222
Consumer	151,257	436	66	54	464	1,020	152,277
Real estate	25,871	37	12	15	68	132	26,003
Commercial and industrial loans	74,966	429	40	201	511	1,181	76,147
Financial institutions	12,912	333	1	2	43	379	13,291
Governments and public institutions	1,197	1	0	0	1	2	1,199
Corporate & institutional	114,946	800	53	218	623	1,694	116,640
Gross loans held at amortized cost	266,203	1,236	119	272	1,087	2,714	268,917
2016 (CHF million) ¹							
Mortgages	104,013	106	34	6	176	322	104,335
Loans collateralized by securities	36,953	93	1	1	220	315	37,268
Consumer finance	2,963	276	36	40	152	504	3,467
Consumer	143,929	475	71	47	548	1,141	145,070
Real estate	25,381	93	17	2	63	175	25,556
Commercial and industrial loans	72,266	618	131	131	747	1,627	73,893
Financial institutions	14,505	43	0	0	104	147	14,652
Governments and public institutions	1,269	44	0	0	14	58	1,327
Corporate & institutional	113,421	798	148	133	928	2,007	115,428
Gross loans held at amortized cost	257,350	1,273	219	180	1,476	3,148	260,498

¹ Prior period has been corrected.

Gross impaired loans by category

end of	Non-performing and non-interest earning loans			Other impaired loans			Total
	Non-performing	Non-interest-earning	Total	Re-structured	Potential problem	Total	
2017 (CHF million)							
Mortgages	236	17	253	13	66	79	332 ¹
Loans collateralized by securities	96	16	112	0	2	2	114
Consumer finance	176	9	185	0	1	1	186
Consumer	508	42	550	13	69	82	632
Real estate	73	4	77	0	19	19	96
Commercial and industrial loans	465	121	586	277	458	735	1,321
Financial institutions	1	43	44	0	3	3	47
Governments and public institutions	1	0	1	0	0	0	1
Corporate & institutional	540	168	708	277	480	757	1,465
Gross impaired loans	1,048	210	1,258	290	549	839	2,097
2016 (CHF million)							
Mortgages	190	11	201	13	40	53	254 ¹
Loans collateralized by securities	193	17	210	0	13	13	223
Consumer finance	180	4	184	0	1	1	185
Consumer	563	32	595	13	54	67	662
Real estate	62	5	67	0	19	19	86
Commercial and industrial loans	539	170	709	345	513	858	1,567
Financial institutions	58	46	104	0	27	27	131
Governments and public institutions	14	0	14	0	0	0	14
Corporate & institutional	673	221	894	345	559	904	1,798
Gross impaired loans	1,236	253	1,489	358	613	971	2,460

¹ As of December 31, 2017 and 2016, CHF 90 million and CHF 62 million, respectively, were related to consumer mortgages secured by residential real estate for which formal foreclosure proceedings according to local requirements of the applicable jurisdiction were in process.

As of December 31, 2017 and 2016, the Bank did not have any material commitments to lend additional funds to debtors whose loan terms had been modified in troubled debt restructurings.

Gross impaired loan details

end of	2017			2016		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
Gross impaired loan detail (CHF million)						
Mortgages	254	239	36	211	198	21
Loans collateralized by securities	111	97	49	209	193	54
Consumer finance	180	160	94	177	160	97
Consumer	545	496	179	597	551	172
Real estate	86	79	11	65	59	10
Commercial and industrial loans	984	947	426	1,271	1,239	471
Financial institutions	47	46	37	126	122	46
Governments and public institutions	1	1	0	14	14	0
Corporate & institutional	1,118	1,073	474	1,476	1,434	527
Gross impaired loans with a specific allowance	1,663	1,569	653	2,073	1,985	699
Mortgages	78	78	–	43	43	–
Loans collateralized by securities	3	3	–	14	14	–
Consumer finance	6	6	–	8	8	–
Consumer	87	87	–	65	65	–
Real estate	10	10	–	21	21	–
Commercial and industrial loans	337	337	–	296	296	–
Financial institutions	0	0	–	5	5	–
Corporate & institutional	347	347	–	322	322	–
Gross impaired loans without specific allowance	434	434	–	387	387	–
Gross impaired loans	2,097	2,003	653	2,460	2,372	699
of which consumer	632	583	179	662	616	172
of which corporate & institutional	1,465	1,420	474	1,798	1,756	527

Gross impaired loan details (continued)

in	2017			2016			2015		
	Average recorded investment	Interest income recognized	Interest income recognized (cash basis)	Average recorded investment	Interest income recognized	Interest income recognized (cash basis)	Average recorded investment	Interest income recognized	Interest income recognized (cash basis)
Gross impaired loan detail (CHF million)									
Mortgages	229	2	1	195	2	1	190	2	2
Loans collateralized by securities	116	1	1	153	1	1	82	0	0
Consumer finance	167	5	5	205	1	1	228	1	1
Consumer	512	8	7	553	4	3	500	3	3
Real estate	78	1	0	72	1	0	74	0	0
Commercial and industrial loans	1,151	17	5	1,029	10	4	616	7	3
Financial institutions	76	1	1	154	1	0	149	1	1
Governments and public institutions	5	0	0	5	0	0	0	0	0
Corporate & institutional	1,310	19	6	1,260	12	4	839	8	4
Gross impaired loans with a specific allowance	1,822	27	13	1,813	16	7	1,339	11	7
Mortgages	83	3	0	83	3	0	51	4	0
Loans collateralized by securities	7	0	0	24	0	0	33	0	0
Consumer finance	3	0	0	11	0	0	7	0	0
Consumer	93	3	0	118	3	0	91	4	0
Real estate	27	1	0	31	1	0	12	1	0
Commercial and industrial loans	271	11	1	307	7	1	98	3	1
Financial institutions	0	0	0	5	0	0	4	0	0
Governments and public institutions	0	0	0	5	0	0	0	0	0
Corporate & institutional	298	12	1	348	8	1	114	4	1
Gross impaired loans without specific allowance	391	15	1	466	11	1	205	8	1
Gross impaired loans	2,213	42	14	2,279	27	8	1,544	19	8
of which consumer	605	11	7	671	7	3	591	7	3
of which corporate & institutional	1,608	31	7	1,608	20	5	953	12	5

Restructured loans held at amortized cost

in	2017			2016			2015		
	Number of contracts	Recorded investment – pre-modification	Recorded investment – post-modification	Number of contracts	Recorded investment – pre-modification	Recorded investment – post-modification	Number of contracts	Recorded investment – pre-modification	Recorded investment – post-modification
Restructured loans (CHF million, except where indicated)									
Mortgages	0	0	0	0	0	0	1	13	13
Loans collateralized by securities	0	0	0	0	0	0	1	0	0
Commercial and industrial loans	15	123	119	16	201	201	13	207	210
Financial institutions	0	0	0	0	0	0	1	2	2
Total	15	123	119	16	201	201	16	222	225

In 2017, the loan modifications of the Bank included extended loan repayment terms, including the suspension of quarterly and annual loan amortizations, modifications of covenants, a waiver of a loan termination and waivers of claims.

In 2017 and 2015, the Bank reported the default of one loan within commercial and industrial loans with a recorded investment

amount of CHF 48 million and CHF 65 million, respectively, which had been restructured within the previous 12 months. In 2016, the Bank did not experience a default of such loans.

► Refer to "Note 18 – Loans, allowance for loan losses and credit quality" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Notes to the consolidated financial statements

18 Premises and equipment

end of	2017	2016	Depreciation and impairment		
Premises and equipment (CHF million)			in		
Buildings and improvements	2,139	2,179	2017	2016	2015
Land	346	323	CHF million		
Leasehold improvements	2,041	2,162	Depreciation	770	882
Software	5,601	6,675	Impairment	33	25
Equipment	1,547	2,051			24
Premises and equipment	11,674	13,390			
Accumulated depreciation	(7,229)	(8,724)			
Total premises and equipment, net	4,445	4,666			

19 Goodwill

Goodwill

	Swiss Universal Bank	International Wealth Management	Asia Pacific	Global Markets	Investment Banking & Capital Markets	Strategic Resolution Unit	Bank
2017							
Gross amount of goodwill (CHF million)							
Balance at beginning of period	605	1,598	2,090	2,842	933	12	8,080
Foreign currency translation impact	(13)	(54)	(46)	(5)	(22)	0	(140)
Other	0	(13)	0	0	0	0	(13)
Balance at end of period	592	1,531	2,044	2,837	911	12	7,927
Accumulated impairment (CHF million)							
Balance at beginning of period	0	0	772	2,719	388	12	3,891
Balance at end of period	0	0	772	2,719	388	12	3,891
Net book value (CHF million)							
Net book value	592	1,531	1,272	118	523	0	4,036
2016							
Gross amount of goodwill (CHF million)							
Balance at beginning of period	591	1,559	2,069	2,838	917	12	7,986
Goodwill acquired during the year	5	0	0	0	0	0	5
Foreign currency translation impact	9	32	34	4	16	0	95
Other	0	7	(13)	0	0	0	(6)
Balance at end of period	605	1,598	2,090	2,842	933	12	8,080
Accumulated impairment (CHF million)							
Balance at beginning of period	0	0	772	2,719	388	12	3,891
Balance at end of period	0	0	772	2,719	388	12	3,891
Net book value (CHF million)							
Net book value	605	1,598	1,318	123	545	0	4,189

► Refer to "Note 20 – Goodwill" in VI – Consolidated financial statements – Credit Suisse Group for further information.

20 Other intangible assets

end of	2017			2016		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Other intangible assets (CHF million)						
Trade names/trademarks	27	(26)	1	28	(26)	2
Client relationships	47	(18)	29	50	(14)	36
Other	5	(3)	2	6	(3)	3
Total amortizing other intangible assets	79	(47)	32	84	(43)	41
Non-amortizing other intangible assets	191	–	191	172	–	172
of which mortgage servicing rights, at fair value	158	–	158	138	–	138
Total other intangible assets	270	(47)	223	256	(43)	213

Additional information

in	2017	2016	2015
Aggregate amortization and impairment (CHF million)			
Aggregate amortization	7	8	18
Impairment	2	0	16
of which related to restructuring expenses	0	0	15

Estimated amortization

Estimated amortization (CHF million)	
2018	8
2019	4
2020	3
2021	2
2022	2

21 Other assets and other liabilities

end of	2017	2016	end of	2017	2016
Other assets (CHF million)			Other liabilities (CHF million)		
Cash collateral on derivative instruments	5,142	5,706	Cash collateral on derivative instruments	8,644	11,497
Cash collateral on non-derivative transactions	490	1,237	Cash collateral on non-derivative transactions	473	369
Derivative instruments used for hedging	50	148	Derivative instruments used for hedging	99	2
Assets held-for-sale	8,300	8,214	Deposits held-for-sale	0	1,577
of which loans ¹	8,130	8,062	Provisions	998	4,068
of which real estate ²	141	122	of which off-balance sheet risk	106	88
of which long-lived assets	29	30	Restructuring liabilities	301	311
Assets held for separate accounts	190	431	Liabilities held for separate accounts	190	431
Interest and fees receivable	4,819	4,801	Interest and fees payable	5,804	6,012
Deferred tax assets ³	5,457	5,815	Current tax liabilities	687	624
Prepaid expenses	330	395	Deferred tax liabilities	152	99
Failed purchases	1,327	2,423	Failed sales	720	737
Defined benefit pension and post-retirement plan assets	1,058	995	Defined benefit pension and post-retirement plan liabilities	541	521
Other ³	3,793	6,610	Other	13,074	13,671
Other assets	30,956	36,775	Other liabilities	31,683	39,919

¹ Included as of December 31, 2017 and 2016 were CHF 534 million and CHF 681 million, respectively, in restricted loans, which represented collateral on secured borrowings.

² As of December 31, 2017 and 2016 real estate held-for-sale included foreclosed or repossessed real estate of CHF 8 million and CHF 16 million, respectively, of which CHF 5 million and CHF 13 million, respectively, were related to residential real estate.

³ Includes a reclassification from other assets to deferred tax assets in the first quarter of 2017 as a result of the early adoption of ASU 2016-16. Refer to "Note 2 – Recently issued accounting standards" for further information.

22 Deposits

end of	2017			2016		
	Switzer-land	Foreign	Total	Switzer-land	Foreign	Total
Deposits (CHF million)						
Non-interest-bearing demand deposits	2,594	2,058	4,652	2,972	1,646	4,618
Interest-bearing demand deposits	125,685	32,965	158,650	122,531	33,765	156,296
Savings deposits	64,068	18	64,086	63,005	2	63,007
Time deposits	33,051	117,275	150,326 ¹	43,562	112,541	156,103 ¹
Total deposits	225,398	152,316	377,714²	232,070	147,954	380,024²
of which due to banks	–	–	15,411	–	–	22,800
of which customer deposits	–	–	362,303	–	–	357,224

The designation of deposits in Switzerland versus foreign deposits is based upon the location of the office where the deposit is recorded.

¹ Included CHF 150,203 million and CHF 163,322 million as of December 31, 2017 and 2016, respectively, of the Swiss franc equivalent of individual time deposits greater than USD 100,000 in Switzerland and foreign offices.

² Not included as of December 31, 2017 and 2016 were CHF 135 million and CHF 132 million, respectively, of overdrawn deposits reclassified as loans. Prior period has been corrected.

23 Long-term debt

end of	2017	2016	Structured notes by product	
Long-term debt (CHF million)			Structured notes (CHF million)	
Senior	148,568	168,601	Equity	32,059
Subordinated	22,611	22,135	Fixed income	14,471
Non-recourse liabilities from consolidated VIEs	863	1,759	Credit	4,678
Long-term debt	172,042	192,495	Other	257
of which reported at fair value	62,622	71,970	Total structured notes	51,465
of which structured notes	51,465	59,544		59,544

Long-term debt by maturities

end of	2018	2019	2020	2021	2022	Thereafter	Total
Long-term debt (CHF million)							
Senior debt							
Fixed rate	9,752	16,277	9,210	7,691	8,265	34,455	85,650
Variable rate	13,362	9,222	7,107	6,434	5,500	21,293	62,918
Interest rates (range in %) ¹	0.1–8.5	0.1–7.5	0.1–7.2	0.1–7.2	0.1–8.2	0.1–7.1	–
Subordinated debt							
Fixed rate	10,328	0	1,837	0	1,687	8,555	22,407
Variable rate	0	201	0	0	3	0	204
Interest rates (range in %) ¹	4.9–13.3	1.6	3.4–7.0	0.0	7.1–7.6	3.9–8.0	–
Non-recourse liabilities from consolidated VIEs							
Fixed rate	244	344	0	27	5	0	620
Variable rate	71	0	0	1	0	171	243
Interest rates (range in %) ¹	2.8	2.9–3.0	–	9.3–10.3	0.0	0.6–10.7	–
Total long-term debt	33,757	26,044	18,154	14,153	15,460	64,474	172,042
of which structured notes	9,992	7,339	6,385	3,863	3,956	19,930	51,465

The maturity of perpetual debt is based on the earliest callable date. The maturity of all other debt is based on contractual maturity and includes certain structured notes that have mandatory early redemption features based on stipulated movements in markets or the occurrence of a market event. Within this population there are approximately CHF 3.1 billion of such notes with a contractual maturity of greater than one year that have an observable likelihood of redemption occurring within one year based on a modelling assessment.

¹ Excludes structured notes for which fair value has been elected as the related coupons are dependent upon the embedded derivatives and prevailing market conditions at the time each coupon is paid.

▶ Refer to “Note 24 – Long-term debt” in VI – Consolidated financial statements – Credit Suisse Group for further information.

24 Accumulated other comprehensive income

	Gains/ (losses) on cash flow hedges	Cumulative translation adjustments	Unrealized gains/ (losses) on securities	Actuarial gains/ (losses)	Net prior service credit/ (cost)	Gains/ (losses) on liabilities relating to credit risk	Accumu- lated other compre- hensive income/ (loss)
2017 (CHF million)							
Balance at beginning of period	(16)	(12,269)	61	(402)	2	(618)	(13,242)
Increase/(decrease)	(61)	(1,009)	(13)	(40)	0	(1,716)	(2,839)
Reclassification adjustments, included in net income/(loss)	26	30	0	61	0	32	149
Total increase/(decrease)	(35)	(979)	(13)	21	0	(1,684)	(2,690)
Balance at end of period	(51)	(13,248)	48	(381)	2	(2,302)	(15,932)
2016 (CHF million)							
Balance at beginning of period	6	(12,750)	60	(612)	2	–	(13,294)
Increase/(decrease)	(6)	409	1	131	0	(1,082)	(547)
Reclassification adjustments, included in net income/(loss)	(16)	72	0	79	0	0	135
Cumulative effect of accounting changes, net of tax	0	0	0	0	0	464	464
Total increase/(decrease)	(22)	481	1	210	0	(618)	52
Balance at end of period	(16)	(12,269)	61	(402)	2	(618)	(13,242)
2015 (CHF million)							
Balance at beginning of period	(18)	(11,621)	64	(656)	16	–	(12,215)
Increase/(decrease)	0	(1,134)	(3)	(30)	(1)	–	(1,168)
Decrease due to equity method investments	0	(1)	0	0	0	–	(1)
Reclassification adjustments, included in net income/(loss)	24	6	(1)	74	(13)	–	90
Total increase/(decrease)	24	(1,129)	(4)	44	(14)	–	(1,079)
Balance at end of period	6	(12,750)	60	(612)	2	–	(13,294)

Refer to "Note 26 – Tax" and "Note 29 – Pension and other post-retirement benefits" for income tax expense/(benefit) on the movements of accumulated other comprehensive income/(loss).

Details of significant reclassification adjustments

in	2017	2016	2015
Reclassification adjustments, included in net income/(loss) (CHF million)			
Cumulative translation adjustments			
Reclassification adjustments ¹	30	72	6
Actuarial gains/(losses)			
Amortization of recognized actuarial losses ²	68	123	98
Tax expense/(benefit)	(7)	(44)	(24)
Net of tax	61	79	74

¹ Includes net releases of CHF 23 million on the sale of Credit Suisse (Monaco) S.A.M. in 2017 and CHF 59 million on the sale of Credit Suisse (Gibraltar) Limited in 2016. In addition, it includes net releases of CHF 17 million on the liquidation of Credit Suisse Principal Investments Limited and AJP Cayman Ltd. in 2016. These were reclassified from cumulative translation adjustments and included in net income in other revenues.

² These components are included in the computation of total benefit costs. Refer to "Note 29 – Pension and other post-retirement benefits" for further information.

25 Offsetting of financial assets and financial liabilities

► Refer to “Note 26 – Offsetting of financial assets and financial liabilities” in VI – Consolidated financial statements – Credit Suisse Group for further information.

Offsetting of derivatives

end of	2017		2016	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
Gross derivatives subject to enforceable master netting agreements (CHF billion)				
OTC-cleared	2.5	1.8	8.2	7.5
OTC	83.3	79.0	129.1	121.7
Exchange-traded	0.1	0.2	0.1	0.1
Interest rate products	85.9	81.0	137.4	129.3
OTC-cleared	0.2	0.2	0.0	0.0
OTC	29.1	34.6	59.3	69.2
Exchange-traded	0.0	0.0	0.0	0.1
Foreign exchange products	29.3	34.8	59.3	69.3
OTC	11.7	12.0	11.2	11.7
Exchange-traded	9.2	9.8	11.5	13.0
Equity/index-related products	20.9	21.8	22.7	24.7
OTC-cleared	3.6	3.8	2.1	2.3
OTC	3.9	4.7	5.8	6.2
Credit derivatives	7.5	8.5	7.9	8.5
OTC	1.4	0.9	2.2	1.1
Exchange-traded	0.0	0.0	0.0	0.1
Other products¹	1.4	0.9	2.2	1.2
OTC-cleared	6.3	5.8	10.3	9.8
OTC	129.4	131.2	207.6	209.9
Exchange-traded	9.3	10.0	11.6	13.3
Total gross derivatives subject to enforceable master netting agreements	145.0	147.0	229.5	233.0
Offsetting (CHF billion)				
OTC-cleared	(5.7)	(5.4)	(8.5)	(7.8)
OTC	(114.5)	(122.4)	(188.6)	(199.3)
Exchange-traded	(8.6)	(9.6)	(11.1)	(11.9)
Offsetting	(128.8)	(137.4)	(208.2)	(219.0)
of which counterparty netting	(113.8)	(113.8)	(184.7)	(184.7)
of which cash collateral netting	(15.0)	(23.6)	(23.5)	(34.3)
Net derivatives presented in the consolidated balance sheets (CHF billion)				
OTC-cleared	0.6	0.4	1.8	2.0
OTC	14.9	8.8	19.0	10.6
Exchange-traded	0.7	0.4	0.5	1.4
Total net derivatives subject to enforceable master netting agreements	16.2	9.6	21.3	14.0
Total derivatives not subject to enforceable master netting agreements²	3.7	5.2	5.8	6.4
Total net derivatives presented in the consolidated balance sheets	19.9	14.8	27.1	20.4
of which recorded in trading assets and trading liabilities	19.9	14.7	27.0	20.4
of which recorded in other assets and other liabilities	0.0	0.1	0.1	0.0

¹ Primarily precious metals, commodity and energy products.

² Represents derivatives where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

Offsetting of securities purchased under resale agreements and securities borrowing transactions

end of	2017			2016		
	Gross	Offsetting	Net book value	Gross	Offsetting	Net book value
Securities purchased under resale agreements and securities borrowing transactions (CHF billion)						
Securities purchased under resale agreements	89.4	(28.8)	60.6	100.2	(26.9)	73.3
Securities borrowing transactions	18.7	(5.0)	13.7	24.0	(4.5)	19.5
Total subject to enforceable master netting agreements	108.1	(33.8)	74.3	124.2	(31.4)	92.8
Total not subject to enforceable master netting agreements ¹	41.0	–	41.0	42.3	–	42.3
Total	149.1	(33.8)	115.3 ²	166.5	(31.4)	135.1 ²

¹ Represents securities purchased under resale agreements and securities borrowing transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 77,498 million and CHF 87,331 million of the total net amount as of 2017 and 2016, respectively, are reported at fair value.

Offsetting of securities sold under repurchase agreements and securities lending transactions

end of	2017			2016		
	Gross	Offsetting	Net book value	Gross	Offsetting	Net book value
Securities sold under repurchase agreements and securities lending transactions (CHF billion)						
Securities sold under repurchase agreements	49.4	(31.5)	17.9	51.6	(29.0)	22.6
Securities lending transactions	7.1	(2.3)	4.8	8.3	(2.4)	5.9
Obligation to return securities received as collateral, at fair value	37.0	0.0	37.0	31.9	0.0	31.9
Total subject to enforceable master netting agreements	93.5	(33.8)	59.7	91.8	(31.4)	60.4
Total not subject to enforceable master netting agreements ¹	4.9	–	4.9	5.4	–	5.4
Total	98.4	(33.8)	64.6	97.2	(31.4)	65.8
of which securities sold under repurchase agreements and securities lending transactions	60.3	(33.8)	26.5 ²	64.7	(31.4)	33.3 ²
of which obligation to return securities received as collateral, at fair value	38.1	0.0	38.1	32.5	0.0	32.5

¹ Represents securities sold under repurchase agreements and securities lending transactions where a legal opinion supporting the enforceability of netting in the event of default or termination under the agreement is not in place.

² CHF 15,262 million and CHF 19,634 million of the total net amount as of 2017 and 2016, respectively, are reported at fair value.

Amounts not offset in the consolidated balance sheets

end of	2017				2016			
	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure	Net	Financial instruments ¹	Cash collateral received/pledged ¹	Net exposure
Financial assets subject to enforceable master netting agreements (CHF billion)								
Derivatives	16.2	5.2	0.0	11.0	21.3	6.3	0.0	15.0
Securities purchased under resale agreements	60.6	60.6	0.0	0.0	73.3	73.3	0.0	0.0
Securities borrowing transactions	13.7	13.2	0.0	0.5	19.5	18.6	0.0	0.9
Total financial assets subject to enforceable master netting agreements	90.5	79.0	0.0	11.5	114.1	98.2	0.0	15.9
Financial liabilities subject to enforceable master netting agreements (CHF billion)								
Derivatives	9.6	2.1	0.0	7.5	14.0	3.3	0.0	10.7
Securities sold under repurchase agreements	17.9	17.9	0.0	0.0	22.6	22.6	0.0	0.0
Securities lending transactions	4.8	4.4	0.0	0.4	5.9	5.7	0.0	0.2
Obligation to return securities received as collateral, at fair value	37.0	32.7	0.0	4.3	31.9	30.4	0.0	1.5
Total financial liabilities subject to enforceable master netting agreements	69.3	57.1	0.0	12.2	74.4	62.0	0.0	12.4

¹ The total amount reported in financial instruments (recognized financial assets and financial liabilities and non-cash financial collateral) and cash collateral is limited to the amount of the related instruments presented in the consolidated balance sheets and therefore any over-collateralization of these positions is not included.

26 Tax

Details of current and deferred taxes

in	2017	2016	2015
Current and deferred taxes (CHF million)			
Switzerland	76	135	25
Foreign	420	499	462
Current income tax expense	496	634	487
Switzerland	285	(167)	165
Foreign	2,000	(67)	(164)
Deferred income tax expense/(benefit)	2,285	(234)	1
Income tax expense	2,781	400	488
Income tax expense/(benefit) reported in shareholder's equity related to:			
Gains/(losses) on cash flow hedges	(24)	(6)	(4)
Cumulative translation adjustment	1	(4)	(14)
Unrealized gains/(losses) on securities	1	1	(2)
Actuarial gains/(losses)	(7)	87	14
Net prior service cost	0	0	(9)
Share-based compensation and treasury shares	0	106	28

Reconciliation of taxes computed at the Swiss statutory rate

in	2017	2016	2015
Income/(loss) before taxes (CHF million)			
Switzerland	1,648	1,955	1,604
Foreign	(95)	(4,444)	(4,253)
Income/(loss) before taxes	1,553	(2,489)	(2,649)
Reconciliation of taxes computed at the Swiss statutory rate (CHF million)			
Income tax expense/(benefit) computed at the statutory tax rate of 22%	342	(548)	(583)
Increase/(decrease) in income taxes resulting from			
Foreign tax rate differential	(92)	(559)	(744)
Non-deductible amortization of other intangible assets and goodwill impairment	0	1	1,432
Other non-deductible expenses	354	1,533	389
Additional taxable income	0	87	15
Lower taxed income	(272)	(216)	(273)
(Income)/loss taxable to noncontrolling interests	7	(10)	7
Changes in tax law and rates	2,095	145	347
Changes in deferred tax valuation allowance	88	76	(108)
Change in recognition of outside basis difference	(12)	211	262
Tax deductible impairments of Swiss subsidiary investments	88	(68)	(258)
(Windfall tax benefits)/shortfall tax charges on share-based compensation ¹	91	–	–
Other	92	(252)	2
Income tax expense	2,781	400	488

¹ As a result of the adoption of ASU 2016-09 windfall tax benefits and shortfall tax charges on share-based compensation are now recognized in the consolidated statements of operations and no longer in shareholders' equity. Refer to "Note 2 – Recently issued accounting standards" for further information.

2017

Foreign tax rate differential of CHF 92 million reflected a foreign tax benefit mainly driven by losses made in higher tax jurisdictions, such as the US, partially offset by foreign tax rate differential related to losses incurred in lower tax jurisdictions, mainly in Guernsey. The foreign tax rate expense of CHF 2,420 million comprised not only the foreign tax benefit based on statutory tax

rates but also the tax impacts related to additional reconciling items as explained below.

Other non-deductible expenses of CHF 354 million included the impact of CHF 217 million relating to non-deductible interest expenses (including a contingency accrual of CHF 155 million), CHF 57 million related to the non-deductible portion of the litigation provisions and settlement charges, CHF 27 million

related to non-deductible bank levy costs and other non-deductible compensation expenses and management costs, CHF 10 million related to non-deductible foreign exchange losses, and other various smaller non-deductible expenses of CHF 43 million.

Lower taxed income of CHF 272 million included a tax benefit of CHF 86 million related to non-taxable life insurance income, CHF 78 million related to non-taxable dividend income, CHF 31 million in respect of income taxed at rates lower than the statutory tax rate, CHF 25 million related to exempt income, and various smaller items.

Changes in tax law and rates of CHF 2,095 million mainly reflected the impact of the US tax reform enacted on December 22, 2017 which resulted in a reduction of the federal corporate income tax rate from 35% to 21%, effective as of January 1, 2018. The US tax reform required a re-assessment of the deferred tax assets.

Changes in deferred tax valuation allowances of CHF 88 million included the net impact of the increase in valuation allowances on deferred tax assets of CHF 285 million, mainly in respect of two of the Bank's operating entities in the UK. Also included was a tax benefit from the release of valuation allowances of CHF 197 million, mainly in respect of two of the Bank's operating entities, one in the UK and one in Switzerland.

Other of CHF 92 million included a tax expense of CHF 231 million relating to the net re-assessment of deferred tax balances in respect of two of the Bank's operating entities in Switzerland reflecting the establishment of Credit Suisse Asset Management & Investor Services (Schweiz) Holding AG, the impact of adverse earnings mix of the current year and changes in forecasted future profitability, CHF 26 million relating to the increase of tax contingency accruals and CHF 17 million from prior year adjustments, partially offset by CHF 85 million relating to tax deductibility of previously taken litigation accruals and CHF 49 million from a favorable court decision. The remaining balance included various smaller items.

2016

Foreign tax rate differential of CHF 559 million reflected a foreign tax benefit mainly driven by losses made in higher tax jurisdictions, such as the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly the Bahamas. The foreign tax rate expense of CHF 432 million was not only impacted by the foreign tax benefit based on statutory tax rates but also by tax impacts related to additional reconciling items as explained below.

Other non-deductible expenses of CHF 1,533 million included the impact of CHF 983 million related to the non-deductible portion of the litigation provisions and settlement charges, CHF 420 million relating to non-deductible interest expenses, CHF 52 million related to non-deductible bank levy costs and other non-deductible compensation expenses and management costs, CHF 31 million related to non-deductible foreign exchange losses, CHF 25 million related to onerous lease provisions, and other various smaller non-deductible expenses of CHF 22 million.

Lower taxed income of CHF 216 million included a tax benefit of CHF 71 million related to non-taxable life insurance income, CHF 58 million related to non-taxable dividend income, CHF 19 million in respect of income taxed at rates lower than the statutory tax rate, CHF 11 million related to exempt income, and various smaller items.

Changes in tax law and rates of CHF 145 million reflected a tax expense of CHF 139 million caused by the reduction of deferred tax assets from the enactment of UK corporation tax rate changes, and CHF 6 million related to changes in other countries.

Changes in deferred tax valuation allowances of CHF 76 million included the net impact of the increase in valuation allowances on deferred tax assets of CHF 308 million, mainly in respect of four of the Bank's operating entities, two in the UK, one in Hong Kong and one in Switzerland. Additionally, 2016 included an accrual of valuation allowances of CHF 91 million for previously recognized deferred tax assets in respect of one of the Bank's operating entities in Hong Kong. Also included was a tax benefit from the release of valuation allowances of CHF 193 million, mainly in respect of one of the Bank's operating entities in the UK. The change in UK corporation tax rates caused a release of valuation allowances of CHF 130 million in respect of four of the Bank's operating entities in the UK.

Change in recognition of outside basis difference of CHF 211 million reflected a tax expense related to the expected reversal of the outside basis differences relating to Swiss subsidiary investments.

Other of CHF 252 million included a tax benefit of CHF 340 million relating to the re-assessment of deferred tax balances in Switzerland reflecting changes in forecasted future profitability and CHF 33 million from prior year adjustments, partially offset by CHF 89 million tax litigation expense and associated interest and penalties relating to two Italian income tax matters which have been resolved as part of an agreement with the Italian tax authorities, and CHF 22 million relating to the increase of tax contingency accruals. The remaining balance included various smaller items.

2015

Foreign tax rate differential of CHF 744 million reflected a foreign tax benefit mainly driven by losses made in higher tax jurisdictions, such as Brazil and the US, partially offset by foreign tax rate differential related to profits earned in lower tax jurisdictions, mainly Guernsey and the Bahamas. The foreign tax rate benefit in relation to total foreign tax expense of CHF 298 million was more than offset by tax impacts related to additional reconciling items as explained below.

Non-deductible amortization of other intangible assets and goodwill impairment of CHF 1,432 million reflected the non-deductible nature of the goodwill impairment.

Other non-deductible expenses of CHF 389 million included the impact of CHF 219 million relating to non-deductible interest expenses, CHF 69 million related to non-deductible bank levy costs and other non-deductible compensation expenses and management costs, CHF 50 million related to the non-deductible

portion of the litigation provisions and settlement charges, and other various smaller non-deductible expenses of CHF 51 million.

Lower taxed income of CHF 273 million included a tax benefit of CHF 59 million related to non-taxable dividend income, CHF 58 million related to non-taxable life insurance income, CHF 50 million related to exempt income, CHF 49 million related to non-taxable foreign exchange gains, CHF 16 million in respect of income taxed at rates lower than the statutory tax rate, and various smaller items.

Changes in tax law and rates of CHF 347 million reflected a tax expense of CHF 189 million related to the change in New York City tax law, CHF 175 million caused by the reduction of deferred tax assets from the enactment of UK corporation tax rate changes and introduction of the bank corporation tax surcharge, and CHF 10 million related to changes in other countries, partially offset by a tax benefit of CHF 16 million from a change in the Brazil tax rate and CHF 11 million related to a change in New York state tax law.

Changes in deferred tax valuation allowances of CHF 108 million included the net impact of the release of valuation allowances of CHF 109 million, mainly in respect of two of the Bank's operating entities, one in the UK and one in Hong Kong, relating to current year earnings. Additionally, 2015 included a release of valuation allowances of CHF 88 million for previously recognized deferred tax assets in respect of one of the Bank's operating entities in Hong Kong. The change in UK corporation tax rates and introduction of the bank corporation tax surcharge in 2015 caused a release of valuation allowances of CHF 162 million in respect of four of the Bank's operating entities in the UK. Also included was a tax expense of CHF 251 million resulting from the increase in valuation allowances on deferred tax assets mainly from three of the Bank's operating entities, two in the UK and one in Switzerland.

Change in recognition of outside basis difference of CHF 262 million reflected a tax expense related to the expected reversal of the outside basis differences relating to Swiss subsidiary investments.

Other of CHF 2 million included a tax expense of CHF 48 million relating to the increase of tax contingency accruals, a tax expense of CHF 28 million from prior year adjustments and various smaller items, partially offset by a tax benefit of CHF 109 million relating to the re-assessment of deferred tax balances in Switzerland reflecting changes in forecasted future profitability.

As of December 31, 2017, the Bank had accumulated undistributed earnings from foreign subsidiaries of CHF 4.6 billion. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Deferred tax assets and liabilities

end of	2017	2016
Deferred tax assets and liabilities (CHF million)		
Compensation and benefits	1,095	1,990
Loans	330	326
Investment securities	1,039	469
Provisions	441	1,341
Derivatives	96	102
Real estate	333	347
Net operating loss carry-forwards	6,762	6,523
Goodwill and intangible assets	664	44
Other	127	72
Gross deferred tax assets before valuation allowance	10,887	11,214
Less valuation allowance	(4,224)	(4,168)
Gross deferred tax assets net of valuation allowance	6,663	7,046
Compensation and benefits	(278)	(238)
Loans	(36)	(29)
Investment securities	(197)	(260)
Provisions	(519)	(359)
Business combinations	(1)	(1)
Derivatives	(154)	(238)
Leasing	0	(8)
Real estate	(54)	(51)
Other	(119)	(146)
Gross deferred tax liabilities	(1,358)	(1,330)
Net deferred tax assets	5,305	5,716
of which deferred tax assets	5,457	5,815
of which net operating losses	2,200	2,172
of which deductible temporary differences	3,257	3,643
of which deferred tax liabilities	(152)	(99)

The decrease in net deferred tax assets from 2016 to 2017 of CHF 411 million was primarily due to the impact of CHF 2,097 million in connection with the re-assessment of deferred tax assets following the US tax reform, CHF 374 million related to current year earnings and foreign exchange translation gains of CHF 221 million, which are included within the currency translation adjustments recorded in accumulated other comprehensive income/ (loss) (AOCI). These decreases were partially offset by an increase of deferred tax assets of CHF 2,022 million from the adoption of new accounting standards relating to intra-entity asset transfers rules and share-based payment, CHF 132 million from the re-measurement of deferred tax balances in the US relating to the tax deductibility on previously taken litigation accruals and in Switzerland, and the tax impacts directly recorded in equity and other comprehensive income, mainly related to other tax recorded directly in equity of CHF 127 million.

► Refer to "Note 2 – Recently issued accounting standards" for further information on the early adoption of ASU 2016-16.

Due to uncertainty concerning its ability to generate the necessary amount and mix of taxable income in future periods, the Bank recorded a valuation allowance against deferred tax assets in the amount of CHF 4.2 billion as of December 31, 2017, unchanged from December 31, 2016.

Amounts and expiration dates of net operating loss carry-forwards

end of 2017	Total
Net operating loss carry-forwards (CHF million)	
Due to expire within 1 year	1,403
Due to expire within 2 to 5 years	4,708
Due to expire within 6 to 10 years	4,577
Due to expire within 11 to 20 years	8,659
Amount due to expire	19,347
Amount not due to expire	19,262
Total net operating loss carry-forwards	38,609

Movements in the valuation allowance

in	2017	2016	2015
Movements in the valuation allowance (CHF million)			
Balance at beginning of period	4,168	3,898	4,107
Net changes	56	270	(209)
Balance at end of period	4,224	4,168	3,898

Tax benefits associated with share-based compensation

in	2017	2016	2015
Tax benefits associated with share-based compensation (CHF million)			
Tax benefits recorded in the consolidated statements of operations ¹	310	390	447
Windfall tax benefits/(shortfall tax charges) recorded in additional paid-in capital	- ²	(110)	(28)

¹ Calculated at the statutory tax rate before valuation allowance considerations.

² As a result of the adoption of ASU 2016-09 windfall tax benefits and shortfall tax charges on share-based compensation are now recognized in the consolidated statements of operations and no longer in additional paid-in capital. Refer to "Note 2 – Recently issued accounting standards" for further information.

► Refer to "Note 27 – Employee deferred compensation" for further information on share-based compensation.

Uncertain tax positions

Reconciliation of the beginning and ending amount of gross unrecognized tax benefits

in	2017	2016	2015
Movements in gross unrecognized tax benefits (CHF million)			
Balance at beginning of period	401	360	382
Increases in unrecognized tax benefits as a result of tax positions taken during a prior period	131	52	44
Decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	(95)	(43)	(3)
Increases in unrecognized tax benefits as a result of tax positions taken during the current period	117	17	15
Decreases in unrecognized tax benefits relating to settlements with tax authorities	(73)	(2)	0
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(3)	(7)	(22)
Other (including foreign currency translation)	3	24	(56)
Balance at end of period	481	401	360
of which, if recognized, would affect the effective tax rate	481	401	360

Interest and penalties

in	2017	2016	2015
Interest and penalties (CHF million)			
Interest and penalties recognized in the consolidated statements of operations	30	2	13
Interest and penalties recognized in the consolidated balance sheets	115	85	85

Interest and penalties are reported as tax expense. The Bank is currently subject to ongoing tax audits, inquiries and litigation with the tax authorities in a number of jurisdictions, including Brazil, the

Netherlands, the US, the UK and Switzerland. Although the timing of completion is uncertain, it is reasonably possible that some of these will be resolved within 12 months of the reporting date.

It is reasonably possible that there will be a decrease of between zero and CHF 5 million in unrecognized tax benefits within 12 months of the reporting date.

The Bank remains open to examination from federal, state, provincial or similar local jurisdictions from the following years onward in these major countries: Brazil – 2013; Switzerland – 2011; the US – 2010; the UK – 2009; and the Netherlands – 2006.

► Refer to "Note 27 – Tax" in VI – Consolidated financial statements – Credit Suisse Group for further information.

27 Employee deferred compensation

Deferred compensation for employees

► Refer to “Note 28 – Employee deferred compensation” in VI – Consolidated financial statements – Credit Suisse Group for further information.

The following tables show the compensation expense for deferred compensation awards granted in 2017 and prior years that was recognized in the consolidated statements of operations during 2017, 2016 and 2015, the total shares delivered, the estimated unrecognized compensation expense for deferred compensation awards granted in 2017 and prior years outstanding as of December 31, 2017 and the remaining requisite service period over which the estimated unrecognized compensation expense will be recognized. The recognition of compensation expense for the deferred compensation awards granted in February 2018 began in 2018 and thus had no impact on the 2017 consolidated financial statements.

Deferred compensation expense

in	2017	2016	2015
Deferred compensation expense (CHF million)			
Share awards	519	624	850
Performance share awards	342	370	562
Contingent Capital Awards	277	234	430
Contingent Capital share awards	17	30	–
Capital Opportunity Facility awards	14	13	16
Plus Bond awards ¹	–	5	22
2011 Partner Asset Facility awards ²	–	–	2
Restricted Cash Awards	–	–	39
2008 Partner Asset Facility awards ³	7	13	34
Other cash awards	417	331	398
Total deferred compensation expense	1,593	1,620	2,353
Total shares delivered (million)			
Total shares delivered	41.2	41.5	43.8

¹ Compensation expense primarily relates to mark-to-market changes of the underlying assets of the Plus Bonds and the amortization of the voluntary Plus Bonds elected in the first quarter of 2013 and expensed over a three-year vesting period.

² Compensation expense mainly includes the change in the underlying fair value of the indexed assets prior to the Contingent Capital Awards conversion.

³ Compensation expense mainly includes the change in the underlying fair value of the indexed assets during the period.

Estimated unrecognized deferred compensation

end of	2017
Estimated unrecognized compensation expense (CHF million)	
Share awards	462
Performance share awards	153
Contingent Capital Awards	116
Contingent Capital share awards	3
Other cash awards	178
Total	912
Aggregate remaining weighted-average requisite service period (years)	
Aggregate remaining weighted-average requisite service period	1.4

Does not include the estimated unrecognized compensation expense relating to grants made in 2018 for 2017.

Share awards

On February 15, 2018, the Bank granted 33.1 million share awards with a total value of CHF 596 million. The estimated unrecognized compensation expense of CHF 553 million was determined based on the fair value of the awards on the grant date, includes the current estimated future forfeitures and will be recognized over the vesting period, subject to early retirement rules.

Share awards granted for previous years

For compensation year	2017	2016	2015
Share awards granted for previous years			
Shares awarded (million)	33.1	37.6	28.8
Value of shares awarded (CHF million)	596	563	548

On February 15, 2018, the Bank granted 1.9 million blocked shares with a total value of CHF 35 million that vested immediately upon grant, have no future service requirements and were attributed to services performed in 2017.

Blocked share awards granted for previous years

For compensation year	2017	2016	2015
Blocked share awards granted for previous years			
Shares awarded (million)	1.9	2.4	0.6
Value of shares awarded (CHF million)	35	37	12

Share award activities

	2017		2016		2015	
	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF	Number of share awards in million	Weighted-average grant-date fair value in CHF
Share awards						
Balance at beginning of period	70.8	18.78	79.0	21.56	76.6	28.63
Granted	51.5 ¹	14.54	38.1	17.59	46.2 ²	16.49
Settled	(36.8)	19.75	(37.2)	22.68	(39.9)	29.02
Forfeited	(5.6) ³	16.47	(9.1)	21.88	(3.9)	24.03
Balance at end of period	79.9	15.77	70.8	18.78	79.0	21.56
of which vested	7.8	–	8.1	–	4.7	–
of which unvested	72.1	–	62.7	–	74.3	–

¹ Includes an adjustment for share awards granted in the second quarter of 2017 to compensate for the proportionate dilution of Group shares resulting from the rights offering approved on May 18, 2017. The number of deferred share-based awards held by each individual was increased by 3.64%. The terms and conditions of the adjusted shares were the same as the existing share-based awards, thereby ensuring that holders of the awards were neither advantaged nor disadvantaged by the additional shares granted.

² Includes an adjustment for share awards granted in the fourth quarter of 2015 to compensate for the proportionate dilution of Group shares resulting from the rights offering approved on November 19, 2015. The number of deferred share-based awards held by each individual was increased by 2.89%. The terms and conditions of the adjusted shares were the same as the existing share-based awards, thereby ensuring that holders of the awards were neither advantaged nor disadvantaged by the additional shares granted.

³ Includes the transfer of the share-based awards of Neue Aargauer Bank AG, BANK-now AG and Swisscard AECS GmbH.

Performance share awards

On February 15, 2018, the Bank granted 25.6 million performance share awards with a total value of CHF 462 million. The estimated unrecognized compensation expense of CHF 430 million was determined based on the fair value of the awards on the grant date, includes the current estimated outcome of the relevant performance criteria and estimated future forfeitures and will be recognized over the vesting period, subject to early retirement rules.

Performance share awards granted for previous years

For compensation year	2017	2016	2015
Performance share awards granted for previous years			
Performance shares awarded (million)	25.6	29.6	21.2
Value of performance shares awarded (CHF million)	462	449	427

Performance share award activities

	2017		2016		2015	
	Number of performance share awards in million	Weighted-average grant-date fair value in CHF	Number of performance share awards in million	Weighted-average grant-date fair value in CHF	Number of performance share awards in million	Weighted-average grant-date fair value in CHF
Performance share awards						
Balance at beginning of period	48.1	19.12	55.5	21.01	47.6	26.89
Granted	31.1 ¹	14.41	21.3	18.62	32.2 ²	16.11
Settled	(23.6)	20.41	(26.4)	22.66	(23.0)	26.25
Forfeited	(2.8) ³	16.37	(2.3)	18.98	(1.3)	21.78
Balance at end of period	52.8	15.88	48.1	19.12	55.5	21.01
of which vested	6.6	–	6.8	–	3.3	–
of which unvested	46.2	–	41.3	–	52.2	–

¹ Includes an adjustment for performance share awards granted in the second quarter of 2017 to compensate for the proportionate dilution of Group shares resulting from the rights offering approved on May 18, 2017. The number of deferred share-based awards held by each individual was increased by 3.64%. The terms and conditions of the adjusted shares were the same as the existing share-based awards, thereby ensuring that holders of the awards were neither advantaged nor disadvantaged by the additional performance shares granted.

² Includes an adjustment for performance share awards granted in the fourth quarter of 2015 to compensate for the proportionate dilution of Group shares resulting from the rights offering approved on November 19, 2015. The number of deferred share-based awards held by each individual was increased by 2.89%. The terms and conditions of the adjusted shares were the same as the existing share-based awards, thereby ensuring that holders of the awards were neither advantaged nor disadvantaged by the additional performance shares granted.

³ Includes the transfer of the share-based awards of Neue Aargauer Bank AG, BANK-now AG and Swisscard AECS GmbH.

Contingent Capital Awards

On February 15, 2018, the Bank awarded CHF 233 million of Contingent Capital Awards (CCA) that will be expensed over the vesting period. The estimated unrecognized compensation expense of CHF 221 million was determined based on the fair value of the awards on the grant date and includes the current estimated outcome of the relevant performance criteria, the estimated future forfeitures and the expected semi-annual cash payments of interest equivalents and will be recognized over the vesting period.

Contingent Capital Awards granted for previous years

For compensation year	2017	2016	2015
Contingent Capital Awards granted for previous years			
CCA awarded (CHF million)	233	228	217

Contingent Capital share awards

In March 2016, the Bank executed a voluntary exchange offer, under which employees had the right to voluntarily convert all or a portion of their respective CCA into Contingent Capital share awards at a conversion price of CHF 14.57. CCA holders elected to convert CHF 213 million of their CCA into Contingent Capital share awards during the election period. This fair value represented an approximate conversion rate of 15%. Each Contingent Capital share award had a grant-date fair value of CHF 14.45 and contains the same contractual term, vesting period, performance criteria and other terms and conditions as the original CCA.

Contingent Capital share award activities

	2017	2016
Contingent Capital share awards		
Balance at beginning of period	12.8	–
Granted	0.3 ¹	15.6
Settled	(4.9)	(2.5)
Forfeited	(0.7) ²	(0.3)
Balance at end of period	7.5	12.8
of which vested	1.3	1.0
of which unvested	6.2	11.8

¹ Includes an adjustment for Contingent Capital share awards granted in the second quarter of 2017 to compensate for the proportionate dilution of Group shares resulting from the rights offering approved on May 18, 2017. The number of deferred share-based awards held by each individual was increased by 3.64%. The terms and conditions of the adjusted shares were the same as the existing share-based awards, thereby ensuring that holders of the awards were neither advantaged nor disadvantaged by the additional Contingent Capital shares granted.

² Includes the transfer of the share-based awards of Neue Aargauer Bank AG, BANK-now AG and Swisscard AECS GmbH.

Other deferred compensation

During 2017, the Bank granted deferred cash retention awards of CHF 65 million relating to the reorganization of the Asia Pacific business. These awards will be expensed over a two-year period from the grant date. Amortization of these awards totaled CHF 28 million in 2017 and was recognized in the Corporate Center. The Bank granted fixed deferred cash awards of CHF 90 million to certain employees in the US. These awards will be expensed in the Global Markets, Investment Banking & Capital Markets and International Wealth Management divisions over a three-year period from the grant date. Amortization of these awards totaled CHF 48 million in 2017.

In 2016, the Bank granted deferred share and cash retention awards of CHF 249 million relating to the reorganization of the Global Markets and Investment Banking & Capital Markets businesses. These awards will be expensed over a period of up to seven years from the grant date. Amortization of these awards in 2016 of CHF 118 million was recognized in the Corporate Center.

2008 Partner Asset Facility

During 2017, the final settlement of the outstanding PAF awards of CHF 789 million was made.

28 Related parties

The Group owns all of the Bank's outstanding voting registered shares. The Bank is involved in significant financing and other transactions with subsidiaries of the Group. The Bank generally enters into these transactions in the ordinary course of business and believes that these transactions are generally on market terms that could be obtained from unrelated third parties.

▶ Refer to "Note 29 – Related parties" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Related party assets and liabilities

end of	2017	2016
Assets (CHF million)		
Net loans	4,100	2,995
Other assets	208	44
Total assets	4,308	3,039
Liabilities (CHF million)		
Due to banks/customer deposits	1,141	1,391
Short-term borrowings	489	0
Long-term debt	15,612	4,263
Other liabilities	851	244
Total liabilities	18,093	5,898

Related party revenues and expenses

in	2017	2016	2015
Revenues (CHF million)			
Interest and dividend income	2	(2)	0
Interest expense	(574)	(280)	(276)
Net interest income	(572)	(282)	(276)
Commissions and fees	46	41	0
Other revenues	67	119	121
Net revenues	(459)	(122)	(155)
Expenses (CHF million)			
Total operating expenses	320	152	201

29 Pension and other post-retirement benefits

The Bank participates in a defined benefit pension plan sponsored by the Group and has defined contribution pension plans, single-employer defined benefit pension plans and other post-retirement defined benefit plans. The Bank's principal plans are located in Switzerland, the US and the UK.

DEFINED CONTRIBUTION PENSION PLANS

The Bank contributes to various defined contribution pension plans primarily in the US and the UK as well as other countries throughout the world. During 2017, 2016 and 2015, the Bank

Related party guarantees

end of	2017	2016
Guarantees (CHF million)		
Credit guarantees and similar instruments	4	1
Other guarantees	0	34
Total guarantees	4	35

Executive Board and Board of Directors loans

	2017	2016	2015
Loans to members of the Executive Board (CHF million)			
Balance at beginning of period	25¹	26	5
Additions	3	6	21
Reductions	(2)	(7)	0
Balance at end of period	26¹	25	26
Loans to members of the Board of Directors (CHF million)			
Balance at beginning of period	10²	8	16
Additions	1	3	1
Reductions	0	(1)	(9)
Balance at end of period	11²	10	8

¹ The number of individuals with outstanding loans at the beginning and the end of the year was seven.

² The number of individuals with outstanding loans at the beginning and the end of the year was four.

Liabilities due to own pension plans

Liabilities due to the Bank's own defined benefit pension plans as of December 31, 2017 and 2016 of CHF 336 million and CHF 521 million, respectively, were reflected in various liability accounts in the Bank's consolidated balance sheets.

contributed to these plans and recognized as expense CHF 156 million, CHF 160 million and CHF 156 million, respectively.

▶ Refer to "Note 30 – Pension and other post-retirement benefits" in VI – Consolidated financial statements – Credit Suisse Group for further information on defined contribution pension plans.

DEFINED BENEFIT PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Defined benefit pension plans

▶ Refer to "Note 30 – Pension and other post-retirement benefits" in VI – Consolidated financial statements – Credit Suisse Group for further information on defined benefit pension plans.

Group pension plan

The Bank covers pension requirements for its employees in Switzerland by participating in a defined benefit pension plan sponsored by the Group (Group plan), the Group's most significant defined benefit pension plan. The Group plan provides benefits in the event of retirement, death and disability. Various legal entities within the Group participate in the Group plan, which is set up as an independent trust domiciled in Zurich. Benefits in the Group plan are determined on the basis of the accumulated employer and employee contributions and accumulated interest credited. In accordance with US GAAP, the Group accounts for the Group plan as a single-employer defined benefit pension plan and uses the projected unit credit actuarial method to determine the net periodic benefit costs, the PBO and the accumulated benefit obligation (ABO). The Bank accounts for the defined benefit pension plan sponsored by the Group as a multi-employer pension plan because other legal entities within the Group also participate in the Group plan and the assets contributed by the Bank are not segregated into a separate account or restricted to provide benefits only to employees of the Bank. The assets contributed by the Bank are commingled with the assets contributed by the other legal entities of the Group and can be used to provide benefits to any employee of any participating legal entity. The Bank's contributions to the Group plan comprise 87% of the total assets contributed to the Group plan by all participating legal entities on an annual basis.

The Bank accounts for the Group plan on a defined contribution basis whereby it only recognizes the amounts required to be contributed to the Group plan during the period as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. No other expenses or balance sheet amounts related to the Group plan were recognized by the Bank. In the savings section of the Group plan, the Bank's contribution varies between 7.5% and 25.0% of the pensionable salary depending on the employees' age.

During 2017, 2016 and 2015, the Bank contributed and recognized as expense CHF 379 million, CHF 438 million and CHF 404

million to the Group plan, respectively. The Bank expects to contribute CHF 331 million to the Group plan during 2018.

► Refer to "Note 30 – Pension and other post-retirement benefits" in VI – Consolidated financial statements – Credit Suisse Group for information on assumptions made by the Group for Switzerland.

International pension plans

Various defined benefit pension plans cover the Bank's employees outside Switzerland. These plans provide benefits in the event of retirement, death, disability or termination of employment. Retirement benefits under the plans depend on age, contributions and salary. The Bank's principal defined benefit pension plans outside Switzerland are located in the US and in the UK. Both plans are funded, closed to new participants and have ceased accruing new benefits. Smaller defined benefit pension plans, both funded and unfunded, are operated in other locations.

Other post-retirement defined benefit plans

In the US, the Bank's defined benefit plans provide post-retirement benefits other than pension benefits that primarily focus on health and welfare benefits for certain retired employees. In exchange for the current services provided by the employee, the Bank promises to provide health and welfare benefits after the employee retires. The Bank's obligation for that compensation is incurred as employees render the services necessary to earn their post-retirement benefits.

Net periodic benefit costs of defined benefit plans

The net periodic benefit costs for defined benefit pension and other post-retirement defined benefit plans are the costs of the respective plan for a period during which an employee renders services. The actual amount to be recognized is determined using the standard actuarial methodology which considers, among other factors, current service cost, interest cost, expected return on plan assets and the amortization of both prior service cost/(credit) and actuarial losses/(gains) recognized in AOCI.

Components of net periodic benefit costs

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans		
	2017	2016	2015	2017	2016	2015
Net periodic benefit costs (CHF million)						
Service costs on benefit obligation	22	20	21	0	0	0
Interest costs on benefit obligation	91	124	129	6	8	7
Expected return on plan assets	(133)	(175)	(195)	0	0	0
Amortization of recognized prior service cost/(credit)	0	0	0	0	0	(23)
Amortization of recognized actuarial losses/(gains)	60	41	84	7	10	14
Settlement losses/(gains)	0	72	(1)	0	0	0
Curtailment losses/(gains)	(10)	0	0	0	0	0
Net periodic benefit costs/(credits)	30	82	38	13	18	(2)

Net periodic benefit costs reflected in compensation and benefits – other for 2017, 2016 and 2015 were CHF 43 million, CHF 100 million and CHF 36 million, respectively. During the second half of 2016, lump-sum settlement offers were made to terminated vested members of the pension fund in the US. As a result of members accepting this offer, there was an additional cost of CHF 72 million relating to the settlement of pension obligations for these members.

Benefit obligation

The following table shows the changes in the PBO, the ABO, the fair value of plan assets and the amounts recognized in the consolidated balance sheets for the international single-employer defined benefit pension plans and other post-retirement defined benefit plans.

Obligations and funded status of the plans

in / end of	International single-employer defined benefit pension plans		Other post-retirement defined benefit plans	
	2017	2016	2017	2016
PBO (CHF million) ¹				
Beginning of the measurement period	3,337	3,366	184	180
Service cost	22	20	0	0
Interest cost	91	124	6	8
Settlements	0	(278)	0	0
Curtailments	(11)	0	0	0
Special termination benefits	1	1	0	0
Actuarial losses/(gains)	171	476	2	1
Benefit payments	(287)	(150)	(11)	(11)
Exchange rate losses/(gains)	66	(222)	(8)	6
End of the measurement period	3,390	3,337	173	184
Fair value of plan assets (CHF million)				
Beginning of the measurement period	4,000	3,712	0	0
Actual return on plan assets	256	824	0	0
Employer contributions	22	232	11	11
Settlements	0	(278)	0	0
Benefit payments	(287)	(150)	(11)	(11)
Exchange rate gains/(losses)	97	(340)	0	0
End of the measurement period	4,088	4,000	0	0
Total funded status recognized (CHF million)				
Funded status of the plan – over/(underfunded)	698	663	(173)	(184)
Funded status recognized in the consolidated balance sheet as of December 31	698	663	(173)	(184)
Total amount recognized (CHF million)				
Noncurrent assets	1,058	995	0	0
Current liabilities	(11)	(11)	(11)	(12)
Noncurrent liabilities	(349)	(321)	(162)	(172)
Net amount recognized in the consolidated balance sheet as of December 31	698	663	(173)	(184)
ABO (CHF million) ²				
End of the measurement period	3,351	3,281	173	184

¹ Including estimated future salary increases.

² Excluding estimated future salary increases.

The net amount recognized in the consolidated balance sheets as of December 31, 2017 and 2016 was an overfunding of CHF 525 million and CHF 479 million, respectively.

In 2017 and 2016, the Bank made contributions of CHF 22 million and CHF 232 million, respectively, to the international single-employer defined benefit pension plans and CHF 11 million and CHF 11 million, respectively, to the other post-retirement defined benefit plans. In 2018 the Bank expects to contribute CHF 16 million to the international single-employer defined benefit

pension plans and CHF 11 million to other post-retirement defined benefit plans.

PBO or ABO in excess of plan assets

The following table shows the aggregate PBO and ABO, as well as the aggregate fair value of plan assets for those plans with PBO in excess of plan assets and those plans with ABO in excess of plan assets as of December 31, 2017 and 2016, respectively.

Defined benefit pension plans in which PBO or ABO exceeded plan assets

December 31	PBO exceeds fair value of plan assets ¹		ABO exceeds fair value of plan assets ¹	
	2017	2016	2017	2016
CHF million				
PBO	1,464	1,426	1,447	1,407
ABO	1,433	1,391	1,420	1,378
Fair value of plan assets	1,104	1,095	1,088	1,079

¹ Includes only those defined benefit pension plans where the PBO/ABO exceeded the fair value of plan assets.

Amount recognized in AOCI and other comprehensive income

The following table shows the actuarial gains/(losses) and prior service credit/(cost) which were recorded in AOCI and subsequently recognized as components of net periodic benefit costs.

Amounts recognized in AOCI, net of tax

end of	International single-employer defined benefit pension plans		Other post-retirement defined benefit plans		Total	
	2017	2016	2017	2016	2017	2016
Amounts recognized in AOCI (CHF million)						
Actuarial gains/(losses)	(345)	(363)	(36)	(39)	(381)	(402)
Prior service credit/(cost)	(1)	(1)	3	3	2	2
Total	(346)	(364)	(33)	(36)	(379)	(400)

The following tables show the changes in other comprehensive income due to actuarial gains/(losses) and prior service credit/(cost) recognized in AOCI during 2017 and 2016 and the

amortization of the aforementioned items as components of net periodic benefit costs for these periods, as well as the amounts expected to be amortized in 2018.

Amounts recognized in other comprehensive income

in	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans			Total net
	Gross	Tax	Net	Gross	Tax	Net	
2017 (CHF million)							
Actuarial gains/(losses)	(48)	14	(34)	(2)	1	(1)	(35)
Amortization of actuarial losses/(gains)	60	(7)	53	7	(3)	4	57
Total	12	7	19	5	(2)	3	22
2016 (CHF million)							
Actuarial gains/(losses)	174	(44)	130	(1)	0	(1)	129
Amortization of actuarial losses/(gains)	41	(12)	29	10	(4)	6	35
Immediate recognition due to curtailment/settlement	72	(27)	45	0	0	0	45
Total	287	(83)	204	9	(4)	5	209

Amounts in AOCI, net of tax, expected to be amortized in 2018

in 2018	International single-employer defined benefit pension plans	Other post-retirement defined benefit plans
CHF million		
Amortization of actuarial losses/(gains)		40
Total		40

Assumptions

The measurement of both the net periodic benefit costs and the benefit obligation is determined using explicit assumptions, each of which individually represents the best estimate of a particular future event.

► Refer to "Note 30 – Pension and other post-retirement benefits" in VI – Consolidated financial statements – Credit Suisse Group for information on assumptions made by the Group for Switzerland.

Weighted-average assumptions used to determine net periodic benefit costs and benefit obligation

December 31	International single-employer defined benefit pension plans			Other post-retirement defined benefit plans		
	2017	2016	2015	2017	2016	2015
Net periodic benefit cost (%)						
Discount rate – service cost	2.92	4.05	3.82	4.03	4.50	4.20
Discount rate – interest cost	2.79	4.05	3.82	3.48	4.50	4.20
Salary increases	3.55	3.56	4.19	–	–	–
Expected long-term rate of return on plan assets	3.88	5.07	6.00	–	–	–
Benefit obligation (%)						
Discount rate	2.83	3.10	4.05	3.70	4.21	4.50
Salary increases	2.97	3.55	3.56	–	–	–

Mortality tables and life expectancies for major plans

December 31		Life expectancy at age 65 for a male member currently				Life expectancy at age 65 for a female member currently			
		aged 65		aged 45		aged 65		aged 45	
		2017	2016	2017	2016	2017	2016	2017	2016
Life expectancy (years)									
UK	SAPS S2 light tables ¹	23.8	24.0	25.4	25.5	24.8	25.1	26.6	26.8
US	RP-2014 mortality tables ²	21.5	21.4	22.7	22.6	23.3	23.3	24.4	24.4

¹ 95% of Self-Administered Pension Scheme (SAPS) S2 light tables were used, which included proposed CMI projections in 2016 and final CMI projections in 2017, with a long-term rate of improvement of 1.5% per annum.

² The Retirement Projection 2014 (RP-2014) mortality tables were used, with projections based on the Social Security Administration's intermediate improvement scale.

Health care cost assumptions

The health care cost trend is used to determine the appropriate other post-retirement defined benefit costs. In determining those costs, an annual weighted-average rate is assumed in the cost of covered health care benefits.

The following table provides an overview of assumed health care cost trend rates and the sensitivity of a one percentage point increase or decrease of the rate.

Health care cost trend rates and sensitivity

in / end of	2017	2016	2015
Health care cost trend rate (%)			
Annual weighted-average health care cost trend rate ¹	8.3	8.3	8.0
Increase/(decrease) in post-retirement expenses (CHF million)			
One percentage point increase in health care cost trend rates	0.1	0.2	0.2
One percentage point decrease in health care cost trend rates	(0.1)	(0.2)	(0.2)
Increase/(decrease) in post-retirement benefit obligation (CHF million)			
One percentage point increase in health care cost trend rates	3	4	4
One percentage point decrease in health care cost trend rates	(3)	(4)	(4)

¹ The annual health care cost trend rate is assumed to decrease gradually to achieve the long-term health care cost trend rate of 5.0% by 2026.

The annual health care cost trend rate used to determine the defined benefit cost for 2018 is 8.2%.

As of December 31, 2017 and 2016, no Group debt or equity securities were included in plan assets for the international single-employer defined benefit pension plans.

Plan assets and investment strategy

► Refer to “Note 30 – Pension and other post-retirement benefits” in VI – Consolidated financial statements – Credit Suisse Group for further information.

Fair value of plan assets

The following tables present the plan assets measured at fair value on a recurring basis as of December 31, 2017 and 2016, for the Bank’s defined benefits plans.

Plan assets measured at fair value on a recurring basis

end of	2017					2016 ¹				
	Level 1	Level 2	Level 3	Assets measured at net asset value per share	Total	Level 1	Level 2	Level 3	Assets measured at net asset value per share	Total
Plan assets at fair value (CHF million)										
Cash and cash equivalents	70	133	0	0	203	49	170	0	0	219
Debt securities	1,991	1,080	0	370	3,441	1,380	865	7	274	2,526
of which governments	1,622	9	0	0	1,631	1,009	7	0	0	1,016
of which corporates	369	1,071	0	370	1,810	371	858	7	274	1,510
Equity securities	55	14	0	147	216	240	143	0	226	609
Real estate – indirect	0	0	0	27	27	0	0	0	58	58
Alternative investments	0	33	0	76	109	0	321	0	177	498
of which hedge funds	0	0	0	76	76	0	0	0	177	177
of which other	0	33 ²	0	0	33	0	321 ²	0	0	321
Other investments	0	92	0	0	92	0	90	0	0	90
Total plan assets at fair value	2,116	1,352	0	620	4,088	1,669	1,589	7	735	4,000

¹ Prior period has been corrected to reclassify the leveling of certain plan assets.

² Primarily related to derivative instruments.

Plan assets measured at fair value on a recurring basis for level 3

	Balance at beginning of period	Transfers in	Transfers out	Actual return on plan assets		Purchases, sales, settlements	Foreign currency translation impact	Balance at end of period
				On assets still held at reporting date	On assets sold during the period			
2017 (CHF million)								
Debt securities – corporates	7	0	0	0	0	(7)	0	0
Total plan assets at fair value	7	0	0	0	0	(7)	0	0
2016 (CHF million) ¹								
Debt securities – corporates	1	6	0	0	0	0	0	7
Total plan assets at fair value	1	6	0	0	0	0	0	7

¹ Prior period has been corrected to reclassify the leveling of certain plan assets.

Plan asset allocation

The following table shows the plan asset allocation as of the measurement date calculated based on the fair value at that date including the performance of each asset class.

Weighted-average plan asset allocation

December 31	2017	2016
Weighted-average plan asset allocation (%)		
Cash and cash equivalents	5.0	5.5
Debt securities	84.0	63.2
Equity securities	5.3	15.3
Real estate	0.7	1.4
Alternative investments	2.7	12.4
Insurance	2.3	2.2
Total	100.0	100.0

The following table shows the target plan asset allocation for 2018 in accordance with the Bank's investment strategy. The target plan asset allocation is used to determine the expected return on plan assets to be considered in the net periodic benefit costs for 2018.

Weighted-average target plan asset allocation for 2018

2018 (%)	
Cash and cash equivalents	0.3
Debt securities	89.0
Equity securities	5.1
Real estate	0.6
Alternative investments	2.7
Insurance	2.3
Total	100.0

Estimated future benefit payments for defined benefit plans

The following table shows the estimated future benefit payments for defined benefit pension and other post-retirement defined benefit plans.

Estimated future benefit payments for defined benefit plans

	International single-employer defined benefit pension plans	Other post-retirement defined benefit plans
Estimated future benefit payments (CHF million)		
2018	92	11
2019	90	11
2020	102	12
2021	122	12
2022	104	12
For five years thereafter	630	55

30 Derivatives and hedging activities

► Refer to “Note 31 – Derivatives and hedging activities” in VI – Consolidated financial statements – Credit Suisse Group for further information.

forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was five years.

Hedge accounting

Cash flow hedges

As of the end of 2017, the maximum length of time over which the Bank hedged its exposure to the variability in future cash flows for

Fair value of derivative instruments

	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
end of 2017						
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	8,509.3	1.2	1.2	0.0	0.0	0.0
Swaps	13,048.8	60.4	56.3	46.8	0.2	0.2
Options bought and sold (OTC)	2,374.5	25.2	24.0	0.0	0.0	0.0
Futures	547.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	419.2	0.2	0.3	0.0	0.0	0.0
Interest rate products	24,899.6	87.0	81.8	46.8	0.2	0.2
Forwards	1,387.9	10.7	11.1	13.3	0.0	0.2
Swaps	581.1	15.2	19.9	0.0	0.0	0.0
Options bought and sold (OTC)	414.8	4.6	4.8	2.1	0.0	0.0
Futures	13.0	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	5.4	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	2,402.2	30.5	35.8	15.4	0.0	0.2
Forwards	0.9	0.0	0.1	0.0	0.0	0.0
Swaps	199.1	3.8	4.9	0.0	0.0	0.0
Options bought and sold (OTC)	221.8	8.6	8.5	0.0	0.0	0.0
Futures	32.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	373.2	9.3	10.3	0.0	0.0	0.0
Equity/index-related products	827.8	21.7	23.8	0.0	0.0	0.0
Credit derivatives²	524.9	7.7	8.9	0.0	0.0	0.0
Forwards	7.0	0.0	0.1	0.0	0.0	0.0
Swaps	17.9	1.5	1.4	0.0	0.0	0.0
Options bought and sold (OTC)	10.1	0.1	0.0	0.0	0.0	0.0
Futures	15.6	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	2.1	0.0	0.0	0.0	0.0	0.0
Other products³	52.7	1.6	1.5	0.0	0.0	0.0
Total derivative instruments	28,707.2	148.5	151.8	62.2	0.2	0.4

The notional amount, PRV and NRV (trading and hedging) was CHF 28,769.4 billion, CHF 148.7 billion and CHF 152.2 billion, respectively, as of December 31, 2017.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Primarily credit default swaps.

³ Primarily precious metals, commodity and energy products.

Fair value of derivative instruments (continued)

end of 2016	Trading			Hedging ¹		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
Derivative instruments (CHF billion)						
Forwards and forward rate agreements	8,321.9	3.3	3.2	0.0	0.0	0.0
Swaps	13,191.0	91.0	85.5	47.5	1.0	1.0
Options bought and sold (OTC)	2,164.4	43.1	41.1	0.0	0.0	0.0
Futures	522.1	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	468.0	0.2	0.2	0.0	0.0	0.0
Interest rate products	24,667.4	137.6	130.0	47.5	1.0	1.0
Forwards	1,211.6	19.2	20.8	11.0	0.1	0.0
Swaps	819.4	34.5	42.0	0.0	0.0	0.0
Options bought and sold (OTC)	416.8	8.1	8.4	4.8	0.0	0.0
Futures	17.8	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	4.1	0.0	0.0	0.0	0.0	0.0
Foreign exchange products	2,469.7	61.8	71.2	15.8	0.1	0.0
Forwards	1.3	0.0	0.0	0.0	0.0	0.0
Swaps	191.3	4.7	5.3	0.0	0.0	0.0
Options bought and sold (OTC)	206.9	7.7	7.6	0.0	0.0	0.0
Futures	41.5	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	355.9	11.6	13.1	0.0	0.0	0.0
Equity/index-related products	796.9	24.0	26.0	0.0	0.0	0.0
Credit derivatives²	558.7	8.1	9.2	0.0	0.0	0.0
Forwards	7.2	0.1	0.2	0.0	0.0	0.0
Swaps	20.1	2.0	1.4	0.0	0.0	0.0
Options bought and sold (OTC)	20.2	0.4	0.3	0.0	0.0	0.0
Futures	14.3	0.0	0.0	0.0	0.0	0.0
Options bought and sold (exchange-traded)	3.4	0.0	0.1	0.0	0.0	0.0
Other products³	65.2	2.5	2.0	0.0	0.0	0.0
Total derivative instruments	28,557.9	234.0	238.4	63.3	1.1	1.0

The notional amount, PRV and NRV (trading and hedging) was CHF 28,621.2 billion, CHF 235.1 billion and CHF 239.4 billion, respectively, as of December 31, 2016.

¹ Relates to derivative contracts that qualify for hedge accounting under US GAAP.

² Primarily credit default swaps.

³ Primarily precious metals, commodity and energy products.

Fair value hedges

in	2017	2016	2015
Gains/(losses) recognized in income on derivatives (CHF million)			
Interest rate products	(285)	(116)	(117)
Total	(285)	(116)	(117)
Gains/(losses) recognized in income on hedged items (CHF million)			
Interest rate products	290	111	101
Total	290	111	101
Details of fair value hedges (CHF million)			
Net gains/(losses) on the ineffective portions	5	(5)	(16)

Represents gains/(losses) recognized in trading revenues.

Cash flow hedges

in	2017	2016	2015
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Interest rate products	(56)	(5)	21
Foreign exchange products	(31)	(3)	(17)
Total	(87)	(8)	4
Gains/(losses) reclassified from AOCI into income (CHF million)			
Interest rate products ¹	(11)	29	37
Foreign exchange products	(17) ²	(7) ³	(53) ^{2,3}
Total	(28)	22	(16)
Details of cash flow hedges (CHF million)			
Net gains/(losses) on the ineffective portions ²	(1)	(1)	(12)

Represents gains/(losses) on effective portion.

¹ Included in interest and other dividend income.

² Included in trading revenues.

³ Included in total other operating expenses.

The net loss associated with cash flow hedges expected to be reclassified from AOCI within the next 12 months was CHF 32 million.

Contingent credit risk

end of	2017				2016			
	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total	Bilateral counterparties	Special purpose entities	Accelerated terminations	Total
Contingent credit risk (CHF billion)								
Current net exposure	5.4	0.1	1.2	6.7	10.5	0.2	1.1	11.8
Collateral posted	4.4	0.1	–	4.5	9.5	0.2	–	9.7
Impact of a one-notch downgrade event	0.2	0.1	0.1	0.4	0.3	0.2	0.0	0.5
Impact of a two-notch downgrade event	0.9	0.2	0.5	1.6	1.3	0.4	0.5	2.2
Impact of a three-notch downgrade event	1.0	0.4	0.7	2.1	1.5	0.7	0.7	2.9

The impact of a downgrade event reflects the amount of additional collateral required for bilateral counterparties and special purpose entities and the amount of additional termination expenses for accelerated terminations, respectively.

Net investment hedges

in	2017	2016	2015
Gains/(losses) recognized in AOCI on derivatives (CHF million)			
Foreign exchange products	(475)	(537)	443
Total	(475)	(537)	443

Represents gains/(losses) on effective portion.

The Bank includes all derivative instruments not included in hedge accounting relationships in its trading activities.

▶ Refer to "Note 7 – Trading revenues" for gains and losses on trading activities by product type.

Disclosures relating to contingent credit risk

The following table provides the Bank's current net exposure from contingent credit risk relating to derivative contracts with bilateral counterparties and special purpose entities (SPEs) that include credit support agreements, the related collateral posted and the additional collateral required in a one-notch, two-notch and a three-notch downgrade event, respectively. The table also includes derivative contracts with contingent credit risk features without credit support agreements that have accelerated termination event conditions. The current net exposure for derivative contracts with bilateral counterparties and contracts with accelerated termination event conditions is the aggregate fair value of derivative instruments that were in a net liability position. For SPEs, the current net exposure is the contractual amount that is used to determine the collateral payable in the event of a downgrade. The contractual amount could include both the negative replacement value and a percentage of the notional value of the derivative.

Credit derivatives

► Refer to “Note 31 – Derivatives and hedging activities” in VI – Consolidated financial statements – Credit Suisse Group for further information.

Credit protection sold/purchased

The following tables do not include all credit derivatives and differ from the credit derivatives in the “Fair value of derivative instruments” table. This is due to the exclusion of certain credit derivative instruments under US GAAP, which defines a credit derivative as a derivative instrument (a) in which one or more of its

underlyings are related to the credit risk of a specified entity (or a group of entities) or an index based on the credit risk of a group of entities and (b) that exposes the seller to potential loss from credit risk-related events specified in the contract.

► Total return swaps (TRS) of CHF 6.7 billion and CHF 7.8 billion as of December 31, 2017 and 2016, respectively, were also excluded because a TRS does not expose the seller to potential loss from credit risk-related events specified in the contract. A TRS only provides protection against a loss in asset value and not against additional amounts as a result of specific credit events.

Credit protection sold/purchased

end of	2017										2016									
	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased ¹	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold					
Single-name instruments (CHF billion)																				
Investment grade ²	(57.6)	53.8	(3.8)	15.3	0.9	(72.4)	67.4	(5.0)	14.3	0.7	(72.4)	67.4	(5.0)	14.3	0.7					
Non-investment grade	(28.2)	25.5	(2.7)	14.3	0.5	(30.3)	28.1	(2.2)	18.1	(1.0)	(30.3)	28.1	(2.2)	18.1	(1.0)					
Total single-name instruments	(85.8)	79.3	(6.5)	29.6	1.4	(102.7)	95.5	(7.2)	32.4	(0.3)	(102.7)	95.5	(7.2)	32.4	(0.3)					
of which sovereign	(21.0)	19.2	(1.8)	6.2	0.2	(27.7)	25.6	(2.1)	6.5	(0.9)	(27.7)	25.6	(2.1)	6.5	(0.9)					
of which non-sovereign	(64.8)	60.1	(4.7)	23.4	1.2	(75.0)	69.9	(5.1)	25.9	0.6	(75.0)	69.9	(5.1)	25.9	0.6					
Multi-name instruments (CHF billion)																				
Investment grade ²	(107.1)	104.7	(2.4)	59.3	0.7	(115.0)	113.9	(1.1)	41.2	0.0	(115.0)	113.9	(1.1)	41.2	0.0					
Non-investment grade	(21.0)	19.6	(1.4)	12.0 ³	0.9	(20.9)	19.5	(1.4)	9.8 ³	0.3	(20.9)	19.5	(1.4)	9.8 ³	0.3					
Total multi-name instruments	(128.1)	124.3	(3.8)	71.3	1.6	(135.9)	133.4	(2.5)	51.0	0.3	(135.9)	133.4	(2.5)	51.0	0.3					
of which sovereign	(0.3)	0.3	0.0	0.3	0.0	(0.3)	0.2	(0.1)	0.7	0.1	(0.3)	0.2	(0.1)	0.7	0.1					
of which non-sovereign	(127.8)	124.0	(3.8)	71.0	1.6	(135.6)	133.2	(2.4)	50.3	0.2	(135.6)	133.2	(2.4)	50.3	0.2					
Total instruments (CHF billion)																				
Investment grade ²	(164.7)	158.5	(6.2)	74.6	1.6	(187.4)	181.3	(6.1)	55.5	0.7	(187.4)	181.3	(6.1)	55.5	0.7					
Non-investment grade	(49.2)	45.1	(4.1)	26.3	1.4	(51.2)	47.6	(3.6)	27.9	(0.7)	(51.2)	47.6	(3.6)	27.9	(0.7)					
Total instruments	(213.9)	203.6	(10.3)	100.9	3.0	(238.6)	228.9	(9.7)	83.4	0.0	(238.6)	228.9	(9.7)	83.4	0.0					
of which sovereign	(21.3)	19.5	(1.8)	6.5	0.2	(28.0)	25.8	(2.2)	7.2	(0.8)	(28.0)	25.8	(2.2)	7.2	(0.8)					
of which non-sovereign	(192.6)	184.1	(8.5)	94.4	2.8	(210.6)	203.1	(7.5)	76.2	0.8	(210.6)	203.1	(7.5)	76.2	0.8					

¹ Represents credit protection purchased with identical underlyings and recoveries.

² Based on internal ratings of BBB and above.

³ Includes synthetic securitized loan portfolios.

The following table reconciles the notional amount of credit derivatives included in the table “Fair value of derivative instruments” to the table “Credit protection sold/purchased”.

Credit derivatives

end of	2017	2016
Credit derivatives (CHF billion)		
Credit protection sold	213.9	238.6
Credit protection purchased	203.6	228.9
Other protection purchased	100.9	83.4
Other instruments ¹	6.5	7.8
Total credit derivatives	524.9	558.7

¹ Consists of total return swaps and other derivative instruments.

Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
2017 (CHF billion)				
Single-name instruments	21.6	59.4	4.8	85.8
Multi-name instruments	31.2	79.9	17.0	128.1
Total instruments	52.8	139.3	21.8	213.9
2016 (CHF billion)				
Single-name instruments	24.2	72.7	5.8	102.7
Multi-name instruments	27.5	84.7	23.7	135.9
Total instruments	51.7	157.4	29.5	238.6

31 Guarantees and commitments

Guarantees

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Carrying value	Collateral received
2017 (CHF million)								
Credit guarantees and similar instruments	1,820	520	314	435	3,089	2,840	12	1,603
Performance guarantees and similar instruments	4,931	1,639	373	200	7,143	6,216	44	3,012
Derivatives ²	15,520	6,860	1,397	727	24,504	24,504	403	- ³
Other guarantees	4,461	1,006	708	503	6,678	6,673	47	3,833
Total guarantees	26,732	10,025	2,792	1,865	41,414	40,233	506	8,448
2016 (CHF million)								
Credit guarantees and similar instruments	1,962	501	262	403	3,128	2,908	13	2,043
Performance guarantees and similar instruments	5,109	1,571	194	240	7,114	6,124	76	3,090
Derivatives ²	15,864	3,377	3,590	976	23,807	23,807	684	- ³
Other guarantees	3,460	888	565	581	5,494	5,490	44	3,668
Total guarantees	26,395	6,337	4,611	2,200	39,543	38,329	817	8,801

¹ Total net amount is computed as the gross amount less any participations.

² Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and the Bank had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments.

³ Collateral for derivatives accounted for as guarantees is not significant.

► Refer to "Note 32 – Guarantees and commitments" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Deposit-taking banks and securities dealers in Switzerland and certain other European countries are required to ensure the payout of privileged deposits in case of specified restrictions or compulsory liquidation of a deposit-taking bank. In Switzerland, deposit-taking banks and securities dealers jointly guarantee an amount of up to CHF 6 billion. Upon occurrence of a payout event triggered by a specified restriction of business imposed by the Swiss Financial Market Supervisory Authority FINMA (FINMA) or by the compulsory liquidation of another deposit-taking bank, the Bank's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate for the Bank, the Bank's share in the deposit insurance guarantee program for the period July 1, 2017 to June 30, 2018 is CHF 0.5 billion. These deposit insurance guarantees were reflected in other guarantees.

Representations and warranties on residential mortgage loans sold

In connection with the former Investment Banking division's sale of US residential mortgage loans, the Bank has provided certain representations and warranties relating to the loans sold.

Lease commitments

Lease commitments (CHF million)	
2018	504
2019	472
2020	429
2021	323
2022	295
Thereafter	2,139
Future operating lease commitments	4,162
Less minimum non-cancellable sublease rentals	216
Total net future minimum lease commitments	3,946

Rental expense for operating leases

in	2017	2016	2015
Rental expense for operating leases (CHF million)			
Minimum rental expense	528	550	558
Sublease rental income	(65)	(89)	(92)
Total net expenses for operating leases	463	461	466

Operating lease commitments**Sale-leaseback transactions**

During 2017, we did not enter into any sale-leaseback transactions. In 2016 and 2015, the Bank entered into several smaller sale-leaseback transactions in respect of own property, which

were all recognized as operating lease arrangements with lease terms of two years and between two and eighteen years, respectively. The total contractual rental expenses were CHF 19 million for the 2016 sale-leaseback transactions and CHF 67 million for the 2015 sale-leaseback transactions.

Other commitments

end of	Maturity less than 1 year	Maturity between 1 to 3 years	Maturity between 3 to 5 years	Maturity greater than 5 years	Total gross amount	Total net amount ¹	Collateral received
2017 (CHF million)							
Irrevocable commitments under documentary credits	4,976	113	1	1	5,091	5,000	3,218
Irrevocable loan commitments	24,296	33,649	40,425	8,031	106,401 ²	101,270	42,307
Forward reverse repurchase agreements	12	0	0	0	12	12	12
Other commitments	219	13	11	104	347	347	0
Total other commitments	29,503	33,775	40,437	8,136	111,851	106,629	45,537
2016 (CHF million)							
Irrevocable commitments under documentary credits	4,356	0	0	0	4,356	4,281	2,748
Irrevocable loan commitments	30,382	34,464	44,523	7,606	116,975 ²	113,016	46,068
Forward reverse repurchase agreements	84	0	0	0	84	84	84
Other commitments	486	24	75	51	636	636	0
Total other commitments	35,308	34,488	44,598	7,657	122,051	118,017	48,900

¹ Total net amount is computed as the gross amount less any participations.

² Irrevocable loan commitments do not include a total gross amount of CHF 108,665 million and CHF 95,745 million of unused credit limits as of December 31, 2017 and 2016, respectively, which were revocable at the Bank's sole discretion upon notice to the client.

32 Transfers of financial assets and variable interest entities

TRANSFERS OF FINANCIAL ASSETS

► Refer to "Note 33 – Transfers of financial assets and variable interest entities" in VI – Credit Suisse Group – Consolidated financial statements for further information.

Securitizations

The following table provides the gains or losses and proceeds from the transfer of assets relating to 2017, 2016 and 2015 securitizations of financial assets that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Bank and the SPEs used in any securitizations in which the Bank still has continuing involvement, regardless of when the securitization occurred.

Securitizations

in	2017	2016	2015
Gains and cash flows (CHF million)			
CMBS			
Net gain/(loss) ¹	37	(2)	1
Proceeds from transfer of assets	6,604	3,954	9,813
Cash received on interests that continue to be held	28	69	148
RMBS			
Net gain/(loss) ¹	0	(4)	5
Proceeds from transfer of assets	14,817	9,866	20,062
Purchases of previously transferred financial assets or its underlying collateral	(2)	0	(1)
Servicing fees	3	2	3
Cash received on interests that continue to be held	368	529	457
Other asset-backed financings			
Net gain ¹	31	26	24
Proceeds from transfer of assets	7,664	2,813	1,740
Fees ²	135	137	0
Cash received on interests that continue to be held	4	2	3

¹ Includes underwriting revenues, deferred origination fees, gains or losses on the sale of collateral to the SPE and gains or losses on the sale of newly issued securities to third parties, but excludes net interest income on assets prior to the securitization. The gains or losses on the sale of the collateral is the difference between the fair value on the day prior to the securitization pricing date and the sale price of the loans.

² Represents management fees and performance fees earned for investment management services provided to managed CLOs.

Continuing involvement in transferred financial assets

The following table provides the outstanding principal balance of assets to which the Bank continued to be exposed after the transfer of the financial assets to any SPE and the total assets of the SPE as of December 31, 2017 and 2016, regardless of when the transfer of assets occurred.

Principal amounts outstanding and total assets of SPEs resulting from continuing involvement

end of	2017	2016
CHF million		
CMBS		
Principal amount outstanding	19,918	28,779
Total assets of SPE	31,586	40,234
RMBS		
Principal amount outstanding	35,645	38,319
Total assets of SPE	36,770	39,680
Other asset-backed financings		
Principal amount outstanding	20,916	19,777
Total assets of SPE	39,330	36,049

Principal amount outstanding relates to assets transferred from the Bank and does not include principle amounts for assets transferred from third parties.

Fair value of beneficial interests

The ◉ fair value measurement of beneficial interests held at the time of transfer and as of the reporting date that result from any continuing involvement is determined using fair value estimation techniques, such as the present value of estimated future cash flows that incorporate assumptions that market participants customarily use in these valuation techniques. The fair value of the assets or liabilities that result from any continuing involvement does not include any benefits from financial instruments that the Bank may utilize to hedge the inherent risks.

Key economic assumptions at the time of transfer

► Refer to "Note 33 – Financial instruments" for further information on the fair value hierarchy.

Key economic assumptions used in measuring fair value of beneficial interests at time of transfer

at time of transfer, in	2017			2016		2015
	CMBS	RMBS	CMBS	RMBS	CMBS	RMBS
CHF million, except where indicated						
Fair value of beneficial interests	445	2,400	69	2,068	1,512	2,110
of which level 2	444	2,221	69	1,827	1,442	1,695
of which level 3	1	179	0	241	70	415
Weighted-average life, in years	10.0	6.0	8.4	7.2	8.2	9.0
Prepayment speed assumption (rate per annum), in % ¹	- ²	1.0–22.9	- ²	5.0–33.0	- ²	1.1–30.1
Cash flow discount rate (rate per annum), in % ³	2.4–9.0	2.0–29.5	2.4–4.9	1.2–24.4	1.7–7.2	1.7–33.7
Expected credit losses (rate per annum), in %	0.6–3.4	0.8–6.3	0.0–0.0	2.5–11.2	0.7–5.9	0.5–15.9

Transfers of assets in which the Bank does not have beneficial interests are not included in this table.

¹ Prepayment speed assumption (PSA) is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the constant prepayment rate (CPR) assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2 percentage points thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

² To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

³ The rate was based on the weighted-average yield on the beneficial interests.

Key economic assumptions as of the reporting date

The following table provides the sensitivity analysis of key economic assumptions used in measuring the fair value of beneficial interests held in SPEs as of December 31, 2017 and 2016.

Key economic assumptions used in measuring fair value of beneficial interests held in SPEs

end of	2017			2016		
	CMBS ¹	RMBS	Other asset-backed financing activities ²	CMBS ¹	RMBS	Other asset-backed financing activities ²
CHF million, except where indicated						
Fair value of beneficial interests	579	1,985	665	258	1,851	443
of which non-investment grade	100	508	50	70	523	32
Weighted-average life, in years	4.7	8.1	6.4	7.2	8.1	5.6
Prepayment speed assumption (rate per annum), in % ³	-	1.0–25.0	-	-	2.0–26.9	-
Impact on fair value from 10% adverse change	-	(35.0)	-	-	(28.7)	-
Impact on fair value from 20% adverse change	-	(68.1)	-	-	(55.9)	-
Cash flow discount rate (rate per annum), in % ⁴	2.7–12.3	1.9–30.6	1.0–11.7	2.3–28.8	1.7–47.2	0.8–21.2
Impact on fair value from 10% adverse change	(8.8)	(49.2)	(12.4)	(6.0)	(48.1)	(8.3)
Impact on fair value from 20% adverse change	(17.0)	(95.3)	(24.5)	(11.7)	(93.5)	(16.4)
Expected credit losses (rate per annum), in %	0.6–6.3	0.5–28.2	0.7–10.2	0.7–28.0	0.9–44.9	0.9–21.2
Impact on fair value from 10% adverse change	(3.9)	(23.6)	(6.6)	(3.5)	(27.3)	(5.1)
Impact on fair value from 20% adverse change	(7.8)	(46.1)	(12.9)	(6.9)	(53.3)	(10.0)

¹ To deter prepayment, commercial mortgage loans typically have prepayment protection in the form of prepayment lockouts and yield maintenances.

² CDOs within this category are generally structured to be protected from prepayment risk.

³ PSA is an industry standard prepayment speed metric used for projecting prepayments over the life of a residential mortgage loan. PSA utilizes the CPR assumptions. A 100% prepayment assumption assumes a prepayment rate of 0.2% per annum of the outstanding principal balance of mortgage loans in the first month. This increases by 0.2 percentage points thereafter during the term of the mortgage loan, leveling off to a CPR of 6% per annum beginning in the 30th month and each month thereafter during the term of the mortgage loan. 100 PSA equals 6 CPR.

⁴ The rate was based on the weighted-average yield on the beneficial interests.

Transfers of financial assets where sale treatment was not achieved

The following table provides the carrying amounts of transferred financial assets and the related liabilities where sale treatment was not achieved as of December 31, 2017 and 2016.

Carrying amounts of transferred financial assets and liabilities where sale treatment was not achieved

end of	2017	2016
CHF million		
Other asset-backed financings		
Trading assets	347	240
Other assets	48	12
Liability to SPE, included in other liabilities	(395)	(252)

Transfers of financial assets accounted for as a sale retaining substantially all of the exposure to economic return

The following table presents information about the transfers of financial assets accounted for as sales with agreements that result in the Bank retaining substantially all of the exposure to the economic return on the transferred assets at the date of sale and remained outstanding as of December 31, 2016, gross cash proceeds received for assets derecognized at the date of sale and the fair values of transferred assets and the types of agreements as of December 31, 2016. There were no such transactions outstanding as of December 31, 2017.

Transfer of financial assets accounted for as sales – by transaction type

	Carrying amount derecognized	Gross cash proceeds received for assets derecognized	Fair value of transferred assets	Gross derivative assets recorded ¹	Gross derivative liabilities recorded ¹
2016 (CHF million)					
Sales with longevity swaps	277	340	374	556	–
Total transactions outstanding	277	340	374	556²	–

¹ Balances presented on a gross basis, before application of counterparty and cash collateral netting.

² As of December 31, 2016, gross derivative assets of CHF 556 million were included in other products, as disclosed in Note 30 – Derivatives and hedging activities.

Securities sold under repurchase agreements and securities lending transactions accounted for as secured borrowings

The following tables provide the gross obligation relating to securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral by the class of collateral pledged and by remaining contractual maturity as of December 31, 2017 and 2016.

Securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral – by class of collateral pledged

end of	2017	2016
CHF billion		
Securities sold under repurchase agreements	52.1	55.3
Government debt securities	31.4	29.7
Corporate debt securities	15.1	13.9
Asset-backed securities	5.0	10.3
Equity securities	0.0	1.1
Other	0.6	0.3
Securities sold under repurchase agreements	52.1	55.3
Government debt securities	2.7	2.5
Corporate debt securities	0.4	0.5
Equity securities	4.8	6.0
Other	0.3	0.4
Securities lending transactions	8.2	9.4
Government debt securities	1.8	0.7
Corporate debt securities	0.6	0.4
Equity securities	35.6	31.5
Other	0.1	0.0
Obligation to return securities received as collateral, at fair value	38.1	32.6
Total	98.4	97.3

Securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral – by remaining contractual maturity

end of	Remaining contractual maturities				Total
	On demand ¹	Up to 30 days ²	31-90 days	More than 90 days	
2017 (CHF billion)					
Securities sold under repurchase agreements	7.2	32.5	5.2	7.2	52.1
Securities lending transactions	5.7	2.2	0.0	0.3	8.2
Obligation to return securities received as collateral, at fair value	37.9	0.0	0.0	0.2	38.1
Total	50.8	34.7	5.2	7.7	98.4
2016 (CHF billion)					
Securities sold under repurchase agreements	6.8	32.2	8.4	7.9	55.3
Securities lending transactions	6.7	2.4	0.0	0.3	9.4
Obligation to return securities received as collateral, at fair value	32.2	0.4	0.0	0.0	32.6
Total	45.7	35.0	8.4	8.2	97.3

¹ Includes contracts with no contractual maturity that may contain termination arrangements subject to a notice period.

² Includes overnight transactions.

► Refer to “Note 25 – Offsetting of financial assets and financial liabilities” for further information on the gross amount of securities sold under repurchase agreements, securities lending transactions and obligation to return securities received as collateral and the net amounts disclosed in the consolidated balance sheets.

VARIABLE INTEREST ENTITIES

► Refer to “Note 33 – Transfers of financial assets and variable interest entities” in VI – Consolidated financial statements – Credit Suisse Group for further information.

Commercial paper conduit

In the second quarter of 2016, the Bank established Alpine Securitization Ltd (Alpine), a multi-seller asset-backed CP conduit used for client and Bank financing purposes. The Bank acts as the administrator and provider of liquidity and credit enhancement facilities for Alpine. Alpine discloses to CP investors certain portfolio and asset data and submits its portfolio to rating agencies for public ratings. This CP conduit purchases assets such as loans and receivables or enters into reverse repurchase agreements and finances such activities through the issuance of CP backed by these assets. The CP conduit can enter into liquidity facilities with third-party entities pursuant to which it may purchase assets from these entities to provide them with liquidity and credit support. The financing transactions are structured to provide credit support to the CP conduit in the form of over-collateralization and other asset-specific enhancements. Alpine is a separate legal entity that is wholly owned by the Bank. However, its assets are available to

satisfy only the claims of its creditors. In addition, the Bank, as administrator and liquidity facility provider, has significant exposure to and power over the activities of Alpine. Alpine is considered a VIE for accounting purposes and the Bank is deemed the primary beneficiary and consolidates this entity.

The overall average maturity of the conduit's outstanding CP was approximately 148 days as of December 31, 2017. Alpine was rated A-1(sf) by Standard & Poor's and P-1(sf) by Moody's and had exposures in a reverse repurchase agreement, credit card receivables, car loans, commercial paper, student loans and advance financing receivables.

The Bank's commitment to this CP conduit consists of obligations under liquidity agreements. The liquidity agreements are asset-specific arrangements, which require the Bank to purchase assets from the CP conduit in certain circumstances, including a lack of liquidity in the CP market such that the CP conduit cannot refinance its obligations or, in some cases, a default of an underlying asset. The asset-specific credit enhancements provided by the client seller of the assets remain unchanged as a result of such a purchase. In entering into such agreements, the Bank reviews the credit risk associated with these transactions on the same basis that would apply to other extensions of credit.

The Bank's economic risks associated with the CP conduit are included in the Bank's risk management framework including counterparty, economic risk capital and scenario analysis.

Consolidated VIEs

The Bank has significant involvement with VIEs in its role as a financial intermediary on behalf of clients. The Bank consolidated all VIEs related to financial intermediation for which it was the primary beneficiary.

Consolidated VIEs in which the Bank was the primary beneficiary

end of	CDO/ CLO	CP Conduit	Financial intermediation				Total
			Securi- tizations	Funds	Loans	Other	
2017 (CHF million)							
Cash and due from banks	22	0	96	32	70	12	232
Trading assets	17	0	10	179	1,122	20	1,348
Investment securities	0	0	381	0	0	0	381
Other investments	0	0	0	350	1,197	286	1,833
Net loans	0	0	0	3	21	243	267
Premises and equipment	0	0	0	0	128	0	128
Other assets	83	4	1,070	21	31	1,187	2,396
of which loans held-for-sale	83	0	152	0	3	0	238
Total assets of consolidated VIEs	122	4	1,557	585	2,569	1,748	6,585
Trading liabilities	0	0	0	0	3	0	3
Long-term debt	51	0	752	0	26	34	863
Other liabilities	0	0	1	26	111	66	204
Total liabilities of consolidated VIEs	51	0	753	26	140	100	1,070
2016 (CHF million)							
Cash and due from banks	43	1	41	52	50	182	369
Trading assets	0	0	0	478	933	1,333	2,744
Investment securities	0	0	511	0	0	0	511
Other investments	0	0	0	228	1,446	332	2,006
Net loans	0	0	0	0	30	254	284
Premises and equipment	0	0	0	0	173	0	173
Other assets	0	1	1,483	48	50	1,034	2,616
of which loans held-for-sale	0	0	415	0	7	0	422
Total assets of consolidated VIEs	43	2	2,035	806	2,682	3,135	8,703
Trading liabilities	0	0	0	0	18	0	18
Short-term borrowings	0	0	0	1	0	0	1
Long-term debt	54	0	1,639	7	57	2	1,759
Other liabilities	0	0	1	15	124	103	243
Total liabilities of consolidated VIEs	54	0	1,640	23	199	105	2,021

Non-consolidated VIEs

Non-consolidated VIE assets are related to the non-consolidated VIEs with which the Bank has variable interests. These amounts represent the assets of the entities themselves and are typically unrelated to the exposures the Bank has with the entity and thus are not amounts that are considered for risk management purposes.

Non-consolidated VIEs

end of	CDO/ CLO	Securi- tizations	Financial intermediation			Total
			Funds	Loans	Other	
2017 (CHF million)						
Trading assets	746	4,573	1,014	224	2,388	8,945
Net loans	620	1,563	2,438	4,591	328	9,540
Other assets	9	11	55	1	437	513
Total variable interest assets	1,375	6,147	3,507	4,816	3,153	18,998
Maximum exposure to loss	1,375	7,617	3,514	7,061	4,079	23,646
Total assets of non-consolidated VIEs	15,874	64,839	63,504	16,270	6,265	166,752
2016 (CHF million)						
Trading assets	440	3,881	1,526	528	191	6,566
Net loans	4	105	2,007	6,588 ¹	608	9,312
Other assets	5	14	4	4	520	547
Total variable interest assets	449	4,000	3,537	7,120¹	1,319	16,425
Maximum exposure to loss	449	7,171	3,537	11,169¹	1,821	24,147
Total assets of non-consolidated VIEs	9,774	65,820	65,057	34,216¹	6,756	181,623

¹ Prior period has been corrected.

33 Financial instruments

► Refer to "Note 34 – Financial instruments" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Assets and liabilities measured at fair value on a recurring basis

end of 2017	Level 1	Level 2	Level 3	Netting impact ¹	Assets measured at net asset value per share ²	Total
Assets (CHF million)						
Cash and due from banks	0	212	0	–	–	212
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	77,498	0	–	–	77,498
Debt	576	802	0	–	–	1,378
of which corporates	0	726	0	–	–	726
Equity	36,121	529	46	–	–	36,696
Securities received as collateral	36,697	1,331	46	–	–	38,074
Debt	29,827	40,707	2,292	–	–	72,826
of which foreign governments	29,561	4,256	270	–	–	34,087
of which corporates	179	10,292	1,412	–	–	11,883
of which RMBS	0	21,399	320	–	–	21,719
of which CMBS	0	2,501	16	–	–	2,517
of which CDO	0	2,255	126	–	–	2,381
Equity	51,125	3,481	163	–	1,053	55,822
Derivatives	3,577	141,641	3,289	(128,607)	–	19,900
of which interest rate products	1,219	84,932	801	–	–	–
of which foreign exchange products	19	30,302	188	–	–	–
of which equity/index-related products	2,339	18,544	833	–	–	–
of which credit derivatives	0	7,107	634	–	–	–
Other	2,923	2,293	3,010	–	–	8,226
Trading assets	87,452	188,122	8,754	(128,607)	1,053	156,774
Debt	244	1,778	42	–	–	2,064
of which foreign governments	98	1,138	0	–	–	1,236
of which corporates	0	238	0	–	–	238
of which RMBS	0	167	40	–	–	207
of which CMBS	0	171	2	–	–	173
Equity	6	119	0	–	–	125
Investment securities	250	1,897	42	–	–	2,189
Private equity	0	0	29	–	343	372
of which equity funds	0	0	22	–	133	155
Hedge funds	0	0	0	–	391	391
of which debt funds	0	0	0	–	239	239
Other equity investments	25	9	271	–	1,121	1,426
of which private	18	9	271	–	1,121	1,419
Life finance instruments	0	7	1,301	–	–	1,308
Other investments	25	16	1,601	–	1,855	3,497
Loans	0	10,777	4,530	–	–	15,307
of which commercial and industrial loans	0	3,437	2,207	–	–	5,644
of which financial institutions	0	4,890	1,480	–	–	6,370
Other intangible assets (mortgage servicing rights)	0	0	158	–	–	158
Other assets	101	7,570	1,511	(164)	–	9,018
of which loans held-for-sale	0	5,800	1,350	–	–	7,150
Total assets at fair value	124,525	287,423	16,642	(128,771)	2,908	302,727

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2017	Level 1	Level 2	Level 3	Netting impact ¹	Liabilities measured at net asset value per share ²	Total
Liabilities (CHF million)						
Due to banks	0	197	0	–	–	197
Customer deposits	0	3,056	455	–	–	3,511
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	15,262	0	–	–	15,262
Debt	576	802	0	–	–	1,378
of which corporates	0	726	0	–	–	726
Equity	36,121	529	46	–	–	36,696
Obligation to return securities received as collateral	36,697	1,331	46	–	–	38,074
Debt	5,160	4,139	2	–	–	9,301
of which foreign governments	5,108	746	0	–	–	5,854
of which corporates	12	3,334	2	–	–	3,348
Equity	14,230	883	55	–	9	15,177
Derivatives	3,731	144,929	3,169	(137,175)	–	14,654
of which interest rate products	1,254	80,290	317	–	–	–
of which foreign exchange products	8	35,707	100	–	–	–
of which equity/index-related products	2,468	20,017	1,301	–	–	–
of which credit derivatives	0	7,982	898	–	–	–
Trading liabilities	23,121	149,951	3,226	(137,175)	9	39,132
Short-term borrowings	0	10,174	845	–	–	11,019
Long-term debt	0	50,121	12,501	–	–	62,622
of which treasury debt over two years	0	936	0	–	–	936
of which structured notes over one year and up to two years	0	6,216	149	–	–	6,365
of which structured notes over two years	0	32,782	12,259	–	–	45,041
of which other debt instruments over two years	0	2,221	61	–	–	2,282
of which other subordinated bonds	0	4,557	0	–	–	4,557
of which non-recourse liabilities	0	833	30	–	–	863
Other liabilities	0	7,356	1,467	(233)	–	8,590
of which failed sales	0	439	223	–	–	662
Total liabilities at fair value	59,818	237,448	18,540	(137,408)	9	178,407

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2016	Level 1	Level 2	Level 3	Netting impact ¹	Assets measured at net asset value per share ²	Total
Assets (CHF million)						
Cash and due from banks	0	208	0	–	–	208
Interest-bearing deposits with banks	0	25	1	–	–	26
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	0	87,157	174	–	–	87,331
Debt	619	418	1	–	–	1,038
of which corporates	1	378	1	–	–	380
Equity	30,706	751	69	–	–	31,526
Securities received as collateral	31,325	1,169	70	–	–	32,564
Debt	29,498	32,200	3,977	–	–	65,675
of which foreign governments	29,226	2,408	292	–	–	31,926
of which corporates	180	12,332	1,674	–	–	14,186
of which RMBS	0	14,153	605	–	–	14,758
of which CMBS	0	2,227	65	–	–	2,292
of which CDO	0	1,074	1,165	–	–	2,239
Equity	58,493	3,795	240	–	1,346	63,874
Derivatives	5,631	224,400	4,305	(207,323)	–	27,013
of which interest rate products	3,074	133,928	748	–	–	–
of which foreign exchange products	18	61,459	355	–	–	–
of which equity/index-related products	2,538	20,777	914	–	–	–
of which credit derivatives	0	7,388	688	–	–	–
Other	2,268	2,319	4,243	–	–	8,830
Trading assets	95,890	262,714	12,765	(207,323)	1,346	165,392
Debt	294	2,032	72	–	–	2,398
of which foreign governments	103	1,240	0	–	–	1,343
of which corporates	0	287	0	–	–	287
of which RMBS	0	425	72	–	–	497
of which CMBS	0	14	0	–	–	14
Equity	3	85	0	–	–	88
Investment securities	297	2,117	72	–	–	2,486
Private equity	0	0	8	–	566	574
of which equity funds	0	0	0	–	232	232
Hedge funds	0	0	0	–	546	546
of which debt funds	0	0	0	–	292	292
Other equity investments	22	64	310	–	984	1,380
of which private	15	64	310	–	984	1,373
Life finance instruments	0	0	1,588	–	–	1,588
Other investments	22	64	1,906	–	2,096	4,088
Loans	0	12,943	6,585	–	–	19,528
of which commercial and industrial loans	0	6,051	3,816	–	–	9,867
of which financial institutions	0	4,403	1,829	–	–	6,232
Other intangible assets (mortgage servicing rights)	0	0	138	–	–	138
Other assets	260	8,396	1,679	(915)	–	9,420
of which loans held-for-sale	0	4,640	1,316	–	–	5,956
Total assets at fair value	127,794	374,793	23,390	(208,238)	3,442	321,181

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

Assets and liabilities measured at fair value on a recurring basis (continued)

end of 2016	Level 1	Level 2	Level 3	Netting impact ¹	Liabilities measured at net asset value per share ²	Total
Liabilities (CHF million)						
Due to banks	0	445	0	–	–	445
Customer deposits	0	3,166	410	–	–	3,576
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	0	19,634	0	–	–	19,634
Debt	619	418	1	–	–	1,038
of which corporates	1	378	1	–	–	380
Equity	30,706	751	69	–	–	31,526
Obligation to return securities received as collateral	31,325	1,169	70	–	–	32,564
Debt	4,376	3,564	23	–	–	7,963
of which foreign governments	4,374	547	0	–	–	4,921
of which corporates	0	2,760	23	–	–	2,783
Equity	16,387	191	41	–	1	16,620
Derivatives	5,407	229,334	3,673	(218,045)	–	20,369
of which interest rate products	2,946	126,298	538	–	–	–
of which foreign exchange products	18	71,017	150	–	–	–
of which equity/index-related products	2,442	22,687	1,181	–	–	–
of which credit derivatives	0	8,350	851	–	–	–
Trading liabilities	26,170	233,089	3,737	(218,045)	1	44,952
Short-term borrowings	0	3,545	516	–	–	4,061
Long-term debt	0	58,555	13,415	–	–	71,970
of which treasury debt over two years	0	3,217	0	–	–	3,217
of which structured notes over one year and up to two years	0	6,852	326	–	–	7,178
of which structured notes over two years	0	39,824	12,434	–	–	52,258
of which other debt instruments over two years	0	2,311	634	–	–	2,945
of which other subordinated bonds	0	4,584	1	–	–	4,585
of which non-recourse liabilities	0	1,742	17	–	–	1,759
Other liabilities	0	8,892	1,679	(1,014)	–	9,557
of which failed sales	0	507	219	–	–	726
Total liabilities at fair value	57,495	328,495	19,827	(219,059)	1	186,759

¹ Derivative contracts are reported on a gross basis by level. The impact of netting represents legally enforceable master netting agreements.

² In accordance with US GAAP, certain investments that are measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

Transfers between level 1 and level 2

in	2017		2016	
	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2	Transfers to level 1 out of level 2	Transfers out of level 1 to level 2
Assets (CHF million)				
Securities received as collateral	0	136	0	0
Debt	16	237	2,012	1,698
Equity	924	412	723	1,074
Derivatives	3,202	13	3,404	0
Trading assets	4,142	662	6,139	2,772
Liabilities (CHF million)				
Obligations to return securities received as collateral	0	136	0	0
Debt	3	44	2	46
Equity	102	165	108	166
Derivatives	3,814	91	4,047	29
Trading liabilities	3,919	300	4,157	241

Assets and liabilities measured at fair value on a recurring basis for level 3

2017	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances
Assets (CHF million)						
Interest-bearing deposits with banks	1	40	0	0	(41)	0
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	174	0	0	0	0	26
Securities received as collateral	70	3	(1)	65	(86)	0
Debt	3,977	608	(1,074)	2,747	(3,705)	0
of which corporates	1,674	276	(654)	2,203	(2,005)	0
of which RMBS	605	280	(229)	85	(305)	0
of which CMBS	65	6	(17)	2	(13)	0
of which CDO	1,165	39	(157)	174	(1,047)	0
Equity	240	49	(35)	146	(260)	0
Derivatives	4,305	416	(839)	0	0	1,317
of which interest rate products	748	56	(53)	0	0	118
of which equity/index-related products	914	142	(98)	0	0	443
of which credit derivatives	688	216	(252)	0	0	381
Other	4,243	86	(98)	12,917	(14,067)	0
Trading assets	12,765	1,159	(2,046)	15,810	(18,032)	1,317
Investment securities	72	0	(17)	100	(113)	0
Equity	318	23	(22)	139	(144)	0
Life finance instruments	1,588	0	0	185	(418)	0
Other investments	1,906	23	(22)	324	(562)	0
Loans	6,585	1,130	(947)	106	(580)	1,151
of which commercial and industrial loans	3,816	448	(482)	71	(395)	590
of which financial institutions	1,829	352	(126)	33	(176)	444
Other intangible assets (mortgage servicing rights)	138	0	0	23	(1)	0
Other assets	1,679	347	(132)	759	(1,056)	1,054
of which loans held-for-sale ²	1,316	286	(113)	667	(904)	1,053
Total assets at fair value	23,390	2,702	(3,165)	17,187	(20,471)	3,548
Liabilities (CHF million)						
Customer deposits	410	0	0	0	0	35
Obligation to return securities received as collateral	70	3	(1)	65	(86)	0
Trading liabilities	3,737	566	(1,049)	113	(134)	1,193
of which interest rate derivatives	538	57	(36)	0	0	45
of which foreign exchange derivatives	150	11	(1)	0	0	9
of which equity/index-related derivatives	1,181	54	(188)	0	0	543
of which credit derivatives	851	377	(392)	0	0	350
Short-term borrowings	516	95	(172)	0	0	865
Long-term debt	13,415	1,172	(3,004)	0	0	4,540
of which structured notes over two years	12,434	995	(2,886)	0	0	3,913
Other liabilities	1,679	150	(102)	211	(304)	7
of which failed sales	219	80	(70)	189	(218)	0
Total liabilities at fair value	19,827	1,986	(4,328)	389	(524)	6,640
Net assets/(liabilities) at fair value	3,563	716	1,163	16,798	(19,947)	(3,092)

¹ For all transfers to level 3 or out of level 3, the Bank determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

² Includes unrealized losses recorded in trading revenues of CHF (39) million primarily related to subprime exposures in securitized products business and market movements across the wider loans held-for-sale portfolio.

Notes to the consolidated financial statements

Settlements	Trading revenues		Other revenues		Accumulated other comprehensive income		Foreign currency translation impact	Balance at end of period
	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other	On transfers in / out	On all other		
0	0	0	0	0	0	0	0	0
(193)	0	0	0	0	0	0	(7)	0
0	0	0	0	0	0	0	(5)	46
0	(4)	(80)	6	1	0	0	(184)	2,292
0	(4)	14	6	0	0	0	(98)	1,412
0	3	(95)	0	0	0	0	(24)	320
0	(3)	(21)	0	0	0	0	(3)	16
0	0	(16)	0	0	0	0	(32)	126
0	0	33	0	0	0	0	(10)	163
(1,817)	123	(63)	0	0	0	0	(153)	3,289
(183)	6	104	0	0	0	0	5	801
(597)	14	58	0	0	0	0	(43)	833
(297)	38	(110)	0	0	0	0	(30)	634
(251)	2	362	0	0	0	0	(184)	3,010
(2,068)	121	252	6	1	0	0	(531)	8,754
(90)	(1)	95	0	0	0	0	(4)	42
0	0	(7)	0	9	0	0	(16)	300
0	0	16	0	0	0	0	(70)	1,301
0	0	9	0	9	0	0	(86)	1,601
(2,743)	15	85	0	0	0	0	(272)	4,530
(1,705)	(2)	21	0	0	0	0	(155)	2,207
(821)	28	(6)	0	0	0	0	(77)	1,480
0	0	0	0	4	0	0	(6)	158
(885)	(1)	(172)	0	(4)	0	0	(78)	1,511
(885)	(2)	0	0	(4)	0	0	(64)	1,350
(5,979)	134	269	6	10	0	0	(989)	16,642
(3)	0	(61)	0	0	0	42	32	455
0	0	0	0	0	0	0	(5)	46
(1,625)	140	461	0	(9)	0	0	(167)	3,226
(258)	6	(14)	0	0	0	0	(21)	317
(12)	0	(52)	0	0	0	0	(5)	100
(692)	17	441	0	0	0	0	(55)	1,301
(376)	61	66	0	0	0	0	(39)	898
(472)	(2)	19	4	10	0	6	(24)	845
(4,479)	(12)	1,400	0	0	88	21	(640)	12,501
(3,079)	(14)	1,390	0	0	87	17	(598)	12,259
(398)	(25)	(8)	0	327	0	0	(70)	1,467
0	(7)	40	0	0	0	0	(10)	223
(6,977)	101	1,811	4	328	88	69	(874)	18,540
998	33	(1,542)	2	(318)	(88)	(69)	(115)	(1,898)

Assets and liabilities measured at fair value on a recurring basis for level 3 (continued)

2016	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances
Assets (CHF million)						
Interest-bearing deposits with banks				49	(49)	
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	158	0	0	0	0	279
Securities received as collateral	0	0	0	100	(33)	0
Debt	4,564	1,574	(1,487)	3,753	(4,514)	0
of which corporates	1,746	836	(677)	2,642	(2,945)	0
of which RMBS	814	587	(573)	525	(668)	0
of which CMBS	215	26	(12)	51	(169)	0
of which CDO	1,298	82	(166)	488	(578)	0
Equity	871	111	(136)	527	(1,057)	0
Derivatives	4,831	1,683	(1,017)	0	0	1,484
of which interest rate products	791	48	(60)	0	0	130
of which equity/index-related products	936	282	(328)	0	0	428
of which credit derivatives	1,568	961	(617)	0	0	543
Other	4,266	858	(1,221)	3,848	(3,644)	0
Trading assets	14,532	4,226	(3,861)	8,128	(9,215)	1,484
Investment securities	148	18	(38)	95	(121)	0
Equity	365	8	(2)	123	(258)	0
Life finance instruments	1,669	0	0	186	(353)	0
Other investments	2,034	8	(2)	309	(611)	0
Loans	8,950	969	(1,942)	524	(1,443)	3,574
of which commercial and industrial loans	5,735	486	(583)	97	(1,007)	1,994
of which financial institutions	1,729	77	(348)	335	(348)	974
Other intangible assets (mortgage servicing rights)	112	0	0	16	(1)	0
Other assets	7,087	572	(1,497)	2,464	(6,801)	898
of which loans held-for-sale	6,768	355	(1,251)	2,192	(6,696)	898
Total assets at fair value	33,021	5,793	(7,340)	11,685	(18,274)	6,235
Liabilities (CHF million)						
Customer deposits	254	0	(41)	0	0	240
Obligation to return securities received as collateral	0	0	0	100	(33)	0
Trading liabilities	4,615	1,588	(1,026)	51	(52)	1,259
of which interest rate derivatives	578	87	(28)	0	0	141
of which foreign exchange derivatives	329	55	(5)	0	0	14
of which equity/index-related derivatives	1,347	130	(293)	0	0	423
of which credit derivatives	1,757	940	(689)	0	0	421
Short-term borrowings	72	45	(30)	0	0	598
Long-term debt	14,123	3,865	(2,393)	0	0	4,510
of which structured notes over two years	9,924	3,484	(2,166)	0	0	4,044
Other liabilities	2,483	208	(226)	219	(376)	17
of which failed sales	454	44	(121)	142	(308)	0
Total liabilities at fair value	21,547	5,706	(3,716)	370	(461)	6,624
Net assets/(liabilities) at fair value	11,474	87	(3,624)	11,315	(17,813)	(389)

¹ For all transfers to level 3 or out of level 3, the Bank determines and discloses as level 3 events only gains or losses through the last day of the reporting period.

Notes to the consolidated financial statements

Settlements	Trading revenues		Other revenues		Accumulated other comprehensive income		Foreign currency translation impact	Balance at end of period
	On transfers in / out ¹	On all other	On transfers in / out ¹	On all other	On transfers in / out	On all other		
		1			0	0		1
(270)	0	1	0	0	0	0	6	174
0	0	0	0	0	0	0	3	70
0	(1)	(134)	0	10	0	0	212	3,977
0	0	(42)	0	8	0	0	106	1,674
0	(6)	(91)	0	0	0	0	17	605
0	(1)	(45)	0	0	0	0	0	65
0	2	2	0	2	0	0	35	1,165
0	(45)	(38)	0	0	0	0	7	240
(2,972)	7	173	0	(22)	0	0	138	4,305
(293)	0	117	0	0	0	0	15	748
(473)	9	32	0	(22)	0	0	50	914
(1,710)	1	(64)	0	0	0	0	6	688
(314)	7	290	0	0	0	0	153	4,243
(3,286)	(32)	291	0	(12)	0	0	510	12,765
(124)	(10)	100	0	0	0	0	4	72
0	0	31	0	22	0	0	29	318
0	0	33	0	0	0	0	53	1,588
0	0	64	0	22	0	0	82	1,906
(4,281)	(43)	(11)	0	0	0	0	288	6,585
(2,987)	(14)	(74)	0	0	0	0	169	3,816
(701)	1	41	0	0	0	0	69	1,829
0	0	0	0	6	0	0	5	138
(975)	(46)	(208)	0	(9)	0	0	194	1,679
(975)	(59)	(88)	0	(8)	0	0	180	1,316
(8,936)	(131)	238	0	7	0	0	1,092	23,390
(20)	0	(64)	0	0	0	41	0	410
0	0	0	0	0	0	0	3	70
(3,494)	100	589	0	(12)	0	0	119	3,737
(244)	14	(25)	0	0	0	0	15	538
(408)	2	160	0	0	0	0	3	150
(748)	32	227	0	0	0	0	63	1,181
(1,806)	50	162	0	0	0	0	16	851
(205)	1	17	(3)	3	0	0	18	516
(7,149)	(64)	(124)	0	0	1	240	406	13,415
(3,004)	(78)	(403)	0	0	1	240	392	12,434
(611)	(72)	(160)	(1)	139	0	0	59	1,679
0	(3)	3	0	0	0	0	8	219
(11,479)	(35)	258	(4)	130	1	281	605	19,827
2,543	(96)	(20)	4	(123)	(1)	(281)	487	3,563

Gains and losses on assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3)

in	2017			2016		
	Trading revenues	Other revenues	Total revenues	Trading revenues	Other revenues	Total revenues
Gains and losses on assets and liabilities (CHF million)						
Net realized/unrealized gains/(losses) included in net revenues	(1,509)	(316)	(1,825)¹	(116)	(119)	(235)¹
Whereof:						
Unrealized gains/(losses) relating to assets and liabilities still held as of the reporting date	(2,088)	20	(2,068)	123	29	152

¹ Excludes net realized/unrealized gains/(losses) attributable to foreign currency translation impact.

Quantitative information about level 3 assets at fair value

end of 2017	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Interest-bearing deposits with banks	0	–	–	–	–	–
Securities received as collateral	46	–	–	–	–	–
Debt	2,292					
of which corporates	1,412					
of which	387	Option model	Correlation, in %	(60)	98	55
of which	545	Market comparable	Price, in %	0	139	84
of which	444	Discounted cash flow	Credit spread, in bp	37	952	230
of which RMBS	320	Discounted cash flow	Discount rate, in %	1	24	11
			Prepayment rate, in %	1	36	10
			Default rate, in %	0	12	4
			Loss severity, in %	0	100	57
of which CMBS	16	Discounted cash flow	Capitalization rate, in %	14	14	14
			Discount rate, in %	8	16	14
			Prepayment rate, in %	0	5	4
of which CDO	126	Discounted cash flow	Discount rate, in %	5	13	8
			Prepayment rate, in %	5	20	13
			Credit spread, in bp	464	669	553
			Default rate, in %	2	5	3
			Loss severity, in %	0	80	34
Equity	163					
of which	67	Vendor price	Price, in actuals	0	2,080	10
of which	81	Market comparable	EBITDA multiple	2	9	7
			Price, in %	18	100	67

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

Quantitative information about level 3 assets at fair value (continued)

end of 2017	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Derivatives	3,289					
of which interest rate products	801	Option model	Correlation, in %	20	100	72
			Prepayment rate, in %	6	34	17
			Volatility skew, in %	(4)	1	(1)
of which equity/index-related products	833	Option model	Correlation, in %	(60)	98	65
			Volatility, in %	0	105	64
			Buyback probability, in % ²	50	100	90
			Gap risk, in % ³	0	2	1
of which credit derivatives	634	Discounted cash flow	Credit spread, in bp	1	956	217
			Recovery rate, in %	0	45	20
			Discount rate, in %	3	50	16
			Default rate, in %	1	20	5
			Loss severity, in %	1	100	64
			Correlation, in %	97	97	97
			Prepayment rate, in %	0	14	6
Other	3,010					
of which	1,605	Market comparable	Price, in %	0	110	23
of which	1,095	Discounted cash flow	Market implied life expectancy, in years	3	18	8
Trading assets	8,754					
Investment securities	42	–	–	–	–	–
Private equity	29	–	–	–	–	–
Other equity investments	271	–	–	–	–	–
Life finance instruments	1,301	Discounted cash flow	Market implied life expectancy, in years	2	18	6
Other investments	1,601					
Loans	4,530					
of which commercial and industrial loans	2,207					
of which	1,924	Discounted cash flow	Credit spread, in bp	89	1,116	420
of which	250	Market comparable	Price, in %	0	99	56
of which financial institutions	1,480					
of which	1,426	Discounted cash flow	Credit spread, in bp	43	1,430	371
Other intangible assets (mortgage servicing rights)	158	–	–	–	–	–
Other assets	1,511					
of which loans held-for-sale	1,350					
of which	849	Discounted cash flow	Credit spread, in bp	117	973	292
			Recovery rate, in %	18	87	73
of which	280	Market comparable	Price, in %	0	102	88
Total level 3 assets at fair value	16,642					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Estimate of the probability of structured notes being put back to the Bank at the option of the investor over the remaining life of the financial instruments.

³ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Quantitative information about level 3 assets at fair value (continued)

end of 2016	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Interest-bearing deposits with banks	1	–	–	–	–	–
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	174	Discounted cash flow	Funding spread, in bp	10	450	259
Securities received as collateral	70	–	–	–	–	–
Debt	3,977					
of which corporates	1,674					
of which	448	Option model	Correlation, in %	(85)	98	23
of which	817	Market comparable	Price, in %	0	117	86
of which	101	Discounted cash flow	Credit spread, in bp	3	1,004	308
of which RMBS	605					
of which	445	Discounted cash flow	Discount rate, in %	0	47	8
			Prepayment rate, in %	2	30	12
			Default rate, in %	0	10	3
			Loss severity, in %	0	100	43
of which	120	Market comparable	Price, in %	21	30	26
of which CMBS	65	Discounted cash flow	Capitalization rate, in %	8	9	9
			Discount rate, in %	2	27	10
			Prepayment rate, in %	0	15	9
of which CDO	1,165					
of which	195	Discounted cash flow	Discount rate, in %	7	27	15
			Prepayment rate, in %	0	30	10
			Credit spread, in bp	328	328	328
			Default rate, in %	0	5	2
			Loss severity, in %	3	100	45
of which	851	Market comparable	Price, in %	208	208	208
Equity	240	Market comparable	EBITDA multiple	3	8	6
			Price, in %	0	100	70

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

Quantitative information about level 3 assets at fair value (continued)

end of 2016	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Derivatives	4,305					
of which interest rate products	748	Option model	Correlation, in %	20	100	65
			Prepayment rate, in %	1	32	16
			Volatility skew, in %	(7)	1	(2)
of which equity/index-related products	914	Option model	Correlation, in %	(85)	98	21
			Volatility, in %	2	180	32
			Buyback probability, in % ²	50	100	62
			Gap risk, in % ³	0	2	1
of which credit derivatives	688	Discounted cash flow	Credit spread, in bp	0	1,635	396
			Recovery rate, in %	0	45	10
			Discount rate, in %	1	45	21
			Default rate, in %	0	33	5
			Loss severity, in %	15	100	69
			Correlation, in %	97	97	97
			Prepayment rate, in %	0	13	5
Other	4,243					
of which	3,005	Market comparable	Price, in %	0	116	39
of which	882	Discounted cash flow	Market implied life expectancy, in years	3	19	8
Trading assets	12,765					
Investment securities	72	–	–	–	–	–
Private equity	8	–	–	–	–	–
Other equity investments	310	–	–	–	–	–
Life finance instruments	1,588	Discounted cash flow	Market implied life expectancy, in years	2	19	6
Other investments	1,906					
Loans	6,585					
of which commercial and industrial loans	3,816					
of which	2,959	Discounted cash flow	Credit spread, in bp	5	5,400	544
of which	852	Market comparable	Price, in %	0	100	51
of which financial institutions	1,829					
of which	1,588	Discounted cash flow	Credit spread, in bp	67	952	342
of which	149	Market comparable	Price, in %	0	550	483
Other intangible assets (mortgage servicing rights)	138	–	–	–	–	–
Other assets	1,679					
of which loans held-for-sale	1,316					
of which	760	Discounted cash flow	Credit spread, in bp	117	1,082	334
			Recovery rate, in %	6	100	74
of which	356	Market comparable	Price, in %	0	102	78
Total level 3 assets at fair value	23,390					

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² Estimate of the probability of structured notes being put back to the Bank at the option of the investor over the remaining life of the financial instruments.

³ Risk of unexpected large declines in the underlying values occurring between collateral settlement dates.

Quantitative information about level 3 liabilities at fair value

end of 2017	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Customer deposits	455	–	–	–	–	–
Obligation to return securities received as collateral	46	–	–	–	–	–
Trading liabilities	3,226					
of which interest rate derivatives	317					
of which	205	Option model	Basis spread, in bp	(25)	52	19
			Correlation, in %	20	100	60
			Prepayment rate, in %	6	34	9
of which	81	Market comparable	Price, in %	1	102	44
of which foreign exchange derivatives	100					
of which	64	Option model	Correlation, in %	(10)	70	51
			Prepayment rate, in %	27	34	30
of which	7	Discounted cash flow	Contingent probability, in %	95	95	95
of which equity/index-related derivatives	1,301					
of which	947	Option model	Correlation, in %	(60)	98	55
			Volatility, in %	0	105	25
			Buyback probability, in % ²	50	100	90
of which	62	Vendor price	Price, in actuals	0	53	18
of which credit derivatives	898	Discounted cash flow	Credit spread, in bp	2	973	172
			Discount rate, in %	3	50	16
			Default rate, in %	1	20	5
			Recovery rate, in %	10	60	38
			Loss severity, in %	25	100	67
			Correlation, in %	38	85	54
			Prepayment rate, in %	0	20	7
			Term TRS/repo spread, in bp	176	176	176
Short-term borrowings	845					
of which	288	Option model	Correlation, in %	(40)	98	60
			Volatility, in %	4	105	26
of which	527	Discounted cash flow	Credit spread, in bp	2	278	175
			Recovery rate, in %	25	40	29
of which	24	Market comparable	Price, in %	11	47	47
Long-term debt	12,501					
of which structured notes over two years	12,259					
of which	9,739	Option model	Correlation, in %	(60)	99	55
			Volatility, in %	0	105	21
			Buyback probability, in % ²	50	100	90
			Gap risk, in % ³	0	2	1
			Mean reversion, in % ⁴	(14)	(1)	(6)
of which	1,571	Discounted cash flow	Credit spread, in bp	2	729	105
Other liabilities	1,467					
of which failed sales	223					
of which	122	Market comparable	Price, in %	0	100	51
of which	25	Discounted cash flow	Credit spread, in bp	1,430	1,430	1,430
Total level 3 liabilities at fair value	18,540					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Estimate of the probability of structured notes being put back to the Bank at the option of the investor over the remaining life of the financial instruments.

³ Risk of unexpected large declines in the underlying values between collateral settlement dates.

⁴ Management's best estimate of the speed at which interest rates will revert to the long-term average.

Quantitative information about level 3 liabilities at fair value (continued)

end of 2016	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average ¹
CHF million, except where indicated						
Customer deposits	410	–	–	–	–	–
Obligation to return securities received as collateral	70	–	–	–	–	–
Trading liabilities	3,737					
of which interest rate derivatives	538	Option model	Basis spread, in bp	(2)	66	33
			Correlation, in %	20	100	57
			Prepayment rate, in %	1	32	9
			Gap risk, in % ²	20	20	20
			Funding spread, in bp	237	237	237
of which foreign exchange derivatives	150					
of which	65	Option model	Correlation, in %	(10)	70	49
			Prepayment rate, in %	22	32	27
of which	69	Discounted cash flow	Contingent probability, in %	95	95	95
of which equity/index-related derivatives	1,181	Option model	Correlation, in %	(85)	98	23
			Volatility, in %	2	180	28
			Buyback probability, in % ³	50	100	62
of which credit derivatives	851	Discounted cash flow	Credit spread, in bp	0	1,635	163
			Discount rate, in %	2	45	21
			Default rate, in %	0	33	5
			Recovery rate, in %	20	60	35
			Loss severity, in %	15	100	70
			Correlation, in %	43	85	63
			Prepayment rate, in %	0	13	5
Short-term borrowings	516	–	–	–	–	–
Long-term debt	13,415					
of which structured notes over two years	12,434					
of which	12,008	Option model	Correlation, in %	(85)	99	23
			Volatility, in %	0	180	23
			Buyback probability, in % ³	50	100	62
			Gap risk, in % ²	0	2	1
			Mean reversion, in % ⁴	(14)	(1)	(6)
of which	286	Discounted cash flow	Credit spread, in bp	1	452	89
Other liabilities	1,679					
of which failed sales	219					
of which	163	Market comparable	Price, in %	0	100	68
of which	39	Discounted cash flow	Discount rate, in %	11	29	21
Total level 3 liabilities at fair value	19,827					

¹ Cash instruments are generally presented on a weighted average basis, while certain derivative instruments either contain a combination of weighted averages and arithmetic means of the related inputs or are presented on an arithmetic mean basis.

² Risk of unexpected large declines in the underlying values between collateral settlement dates.

³ Estimate of the probability of structured notes being put back to the Bank at the option of the investor over the remaining life of the financial instruments.

⁴ Management's best estimate of the speed at which interest rates will revert to the long-term average.

Fair value, unfunded commitments and term of redemption conditions

end of	2017						2016	
	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	Non-redeemable	Redeemable	Total fair value	Unfunded commitments
Fair value and unfunded commitments (CHF million)								
Debt funds	0	0	0	0	0	0	0	0
Equity funds	61	992 ¹	1,053	0	65	1,281 ¹	1,346	0
Equity funds sold short	0	(9)	(9)	0	0	(1)	(1)	0
Total funds held in trading assets and liabilities	61	983	1,044	0	65	1,280	1,345	0
Debt funds	164	75	239	0	215	77	292	0
Equity funds	2	53	55	0	2	51	53	0
Others	2	95	97	9	0	201	201	0
Hedge funds	168	223 ³	391	9	217	329 ³	546	0
Debt funds	1	0	1	0	5	0	5	20
Equity funds	133	0	133	63	232	0	232	41
Real estate funds	178	0	178	44	212	0	212	50
Others	31	0	31	16	117	0	117	58
Private equities	343	0	343	123	566	0	566	169
Equity method investments	71	1,050	1,121	5	349	635	984	218
Total funds held in other investments	582	1,273	1,855	137	1,132	964	2,096	387
Total fair value	643⁵	2,256⁶	2,899	137⁷	1,197⁵	2,244⁶	3,441	387⁷

¹ 54% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period primarily of less than 30 days, 35% is redeemable on a monthly basis with a notice period primarily of less than 30 days, 9% is redeemable on a quarterly basis with a notice period primarily of more than 45 days, and 2% is redeemable on an annual basis with a notice period primarily of more than 60 days.

² 58% of the redeemable fair value amount of equity funds is redeemable on demand with a notice period primarily of less than 30 days, 23% is redeemable on a monthly basis with a notice period primarily of less than 30 days, 17% is redeemable on a quarterly basis with a notice period primarily of more than 45 days, and 2% is redeemable on an annual basis with a notice period of more than 60 days.

³ 51% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 45 days, 43% is redeemable on a monthly basis with a notice period primarily of less than 30 days, and 6% is redeemable on demand with a notice period primarily of less than 30 days.

⁴ 68% of the redeemable fair value amount of hedge funds is redeemable on a quarterly basis with a notice period primarily of more than 60 days, 26% is redeemable on a monthly basis with a notice period primarily of less than 30 days, 5% is redeemable on demand with a notice period primarily of less than 30 days, and 1% is redeemable on an annual basis with a notice period primarily of more than 45 days.

⁵ Includes CHF 229 million and CHF 334 million attributable to noncontrolling interests in 2017 and 2016, respectively.

⁶ Includes CHF 167 million and CHF 231 million attributable to noncontrolling interests in 2017 and 2016, respectively.

⁷ Includes CHF 53 million and CHF 88 million attributable to noncontrolling interests in 2017 and 2016, respectively.

Nonrecurring fair value changes

end of	2017	2016
Assets held-for-sale recorded at fair value on a nonrecurring basis (CHF billion)		
Assets held-for-sale recorded at fair value on a nonrecurring basis	0.1	0.1
of which level 2	0.1	0.1

Difference between the aggregate fair value and the aggregate unpaid principal balances of loans and financial instruments

end of	2017			2016		
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference
Loans (CHF million)						
Non-interest-earning loans	708	3,375	(2,667)	1,276	4,495	(3,219)
Financial instruments (CHF million)						
Interest-bearing deposits with banks	0	0	0	26	25	1
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	77,498	76,643	855	87,331	87,208	123
Loans	15,307	15,372	(65)	19,528	20,144	(616)
Other assets ¹	8,468	10,910	(2,442)	8,369	11,296	(2,927)
Due to banks and customer deposits	(907)	(861)	(46)	(1,120)	(1,059)	(61)
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(15,262)	(15,180)	(82)	(19,634)	(19,638)	4
Short-term borrowings	(11,019)	(11,104)	85	(4,061)	(4,017)	(44)
Long-term debt	(62,622)	(62,813)	191	(71,970)	(75,106)	3,136
Other liabilities	(661)	(1,716)	1,055	(727)	(2,331)	1,604

¹ Primarily loans held-for-sale.

Gains and losses on financial instruments

in	2017	2016	2015
	Net gains/(losses)	Net gains/(losses)	Net gains/(losses)
Financial instruments (CHF million)			
Interest-bearing deposits with banks	13 ¹	4 ¹	(38) ²
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	1,493 ¹	1,440 ¹	1,279 ¹
Other investments	215 ²	214 ²	240 ³
of which related to credit risk	(4)	(3)	0
Loans	1,542 ¹	1,643 ¹	439 ¹
of which related to credit risk	7	(16)	(236)
Other assets	480 ¹	(507) ²	111 ¹
of which related to credit risk	96	(200)	(511)
Due to banks and customer deposits	1 ²	(12) ¹	4 ²
of which related to credit risk	5	(22)	19
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	(118) ¹	(112) ¹	55 ²
Short-term borrowings	(512) ²	323 ²	439 ²
Long-term debt	(6,615) ²	(1,136) ²	5,398 ²
of which related to credit risk	(32)	22	224 ⁴
Other liabilities	181 ³	443 ²	314 ³
of which related to credit risk	88	312	(95)

¹ Primarily recognized in net interest income.

² Primarily recognized in trading revenues.

³ Primarily recognized in other revenues.

⁴ Changes in fair value related to credit risk are due to the change in the Bank's own credit spreads. Other changes in fair value are attributable to changes in foreign currency exchange rates and interest rates, as well as movements in the reference price or index for structured notes.

Own credit gains/(losses) on fair value option elected instruments recorded in AOCI

in	Gains/(losses) recorded into AOCI ¹			Gains/(losses) recorded in AOCI transferred to net income ¹	
	2017	Cumulative	2016	2017	2016
Financial instruments (CHF million)					
Deposits	(15)	(50)	(36)	0	0
Short-term borrowings	(63)	(63)	(1)	0	0
Long-term debt	(1,768)	(2,429)	(1,187)	32	0
of which treasury debt over two years	(513)	(544)	(271)	0	0
of which structured notes over two years	(1,246)	(1,872)	(892)	27	0
Total	(1,846)	(2,542)	(1,224)	32	0

¹ Amounts are reflected gross of tax.

Carrying value and fair value of financial instruments not carried at fair value

end of	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
2017 (CHF million)					
Financial assets					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	37,848	0	37,848	0	37,848
Loans	264,181	0	268,380	3,212	271,592
Other financial assets ¹	170,687	109,414	60,518	1,108	171,040
Financial liabilities					
Due to banks and deposits	374,006	202,164	171,831	0	373,995
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	11,233	0	11,233	0	11,233
Short-term borrowings	15,359	0	15,359	0	15,359
Long-term debt	109,420	0	112,564	235	112,799
Other financial liabilities ²	61,701	0	61,543	146	61,689
2016 (CHF million)					
Financial assets					
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	47,797	0	47,797	0	47,797
Loans	259,211	0	262,766	4,602	267,368
Other financial assets ¹	175,011	122,217	51,710	1,435	175,362
Financial liabilities					
Due to banks and deposits	383,289	200,534	182,803	0	383,337
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	13,671	0	13,671	0	13,671
Short-term borrowings	11,324	0	11,327	0	11,327
Long-term debt	120,525	0	122,290	521	122,811
Other financial liabilities ²	62,436	1,595	60,720	117	62,432

¹ Primarily includes cash and due from banks, interest-bearing deposits with banks, brokerage receivables, loans held-for-sale, cash collateral on derivative instruments, interest and fee receivables and non-marketable equity securities.

² Primarily includes brokerage payables, cash collateral on derivative instruments and interest and fee payables.

34 Assets pledged and collateral

Assets pledged

The Bank pledges assets mainly for repurchase agreements and other securities financing. Certain pledged assets may be encumbered, meaning they have the right to be sold or repledged. The encumbered assets are parenthetically disclosed on the consolidated balance sheet.

Assets pledged

end of	2017	2016
Assets pledged (CHF million)		
Total assets pledged or assigned as collateral	130,038	122,811
of which encumbered	73,189	83,478

Collateral

The Bank receives cash and securities in connection with resale agreements, securities borrowing and loans, derivative transactions and margined broker loans. A significant portion of the collateral and securities received by the Bank was sold or repledged in connection with repurchase agreements, securities sold not yet purchased, securities borrowings and loans, pledges to clearing organizations, segregation requirements under securities laws and regulations, derivative transactions and bank loans.

Collateral

end of	2017	2016
Collateral (CHF million)		
Fair value of collateral received with the right to sell or repledge	433,190	402,702
of which sold or repledged	212,155	184,078

Other information

end of	2017	2016
Other information (CHF million)		
Cash and securities restricted under foreign banking regulations	26,928	27,590
Swiss National Bank required minimum liquidity reserves	2,043	2,001

► Refer to "Note 35 – Assets pledged and collateral" in VI – Consolidated financial statements – Credit Suisse Group for further information.

35 Capital adequacy

Effective January 1, 2013, the Basel III framework was implemented in Switzerland along with the Swiss “Too Big to Fail” legislation and regulations thereunder (Swiss Requirements). The Bank, which is subject to regulation by FINMA, has based its capital adequacy calculations on US GAAP financial statements, as permitted by FINMA Circular 2013/1.

As of December 31, 2017 and 2016, the Bank’s current capital position exceeds its capital requirements under the regulatory provisions outlined under Swiss Requirements.

► Refer to “Note 36 – Capital adequacy” in VI – Consolidated financial statements – Credit Suisse Group for further information.

Broker-dealer operations

Certain of the Bank’s broker-dealer subsidiaries are also subject to capital adequacy requirements. As of December 31, 2017 and 2016, the Bank and its subsidiaries complied with all applicable regulatory capital adequacy requirements.

Dividend restrictions


Certain of the Bank’s subsidiaries are subject to legal restrictions governing the amount of dividends they can pay (for example, pursuant to corporate law as defined by the Swiss Code of Obligations).

As of December 31, 2017 and 2016, Credit Suisse AG was not subject to restrictions on its ability to pay the proposed dividends.

Swiss capital and leverage metrics

end of	2017	Phase-in 2016
Swiss capital (CHF million)		
Swiss CET1 capital	38,288	37,196
Going concern capital	53,995	52,344
Gone concern capital	35,771	26,904
Total loss-absorbing capacity (TLAC)	89,766	79,248
Swiss risk-weighted assets and leverage exposure (CHF million)		
Swiss risk-weighted assets	273,332	271,359
Leverage exposure	921,793	958,296
Swiss capital ratios (%)		
Swiss CET1 ratio	14.0	13.7
Going concern capital ratio	19.8	19.3
Gone concern capital ratio	13.1	9.9
TLAC ratio	32.8	29.2
Swiss leverage ratios (%)		
Swiss CET1 leverage ratio	4.2	3.9
Going concern leverage ratio	5.9	5.5
Gone concern leverage ratio	3.9	2.8
TLAC leverage ratio	9.7	8.3
Swiss capital ratio requirements (%)		
Swiss CET1 ratio requirement	9.0	8.125
Going concern capital ratio requirement	12.0	10.75
Gone concern capital ratio requirement	6.2	3.5
TLAC ratio requirement	18.2	14.25
Swiss leverage ratio requirements (%)		
Swiss CET1 leverage ratio requirement	2.6	2.3
Going concern leverage ratio requirement	3.5	3.0
Gone concern leverage ratio requirement	2.0	1.0
TLAC leverage ratio requirement	5.5	4.0

36 Assets under management

The following disclosure provides information regarding client assets, assets under management and net new assets as regulated by the  FINMA.

► Refer to "Note 37 – Assets under management" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Assets under management

end of	2017	2016
Assets under management (CHF billion)		
Assets in collective investment instruments managed by Credit Suisse	177.4	158.5
Assets with discretionary mandates	267.3	238.6
Other assets under management	923.6	846.8
Assets under management (including double counting)	1,368.3	1,243.9
of which double counting	44.6	31.3

Changes in assets under management

	2017	2016
Assets under management (CHF billion)		
Assets under management at beginning of period ¹	1,243.9	1,214.1
Net new assets/(net asset outflows)	36.2	26.3
Market movements, interest, dividends and foreign exchange	87.6	34.7
of which market movements, interest and dividends ²	89.8	16.2
of which foreign exchange	(2.2)	18.5
Other effects	0.6	(31.2)
Assets under management at end of period	1,368.3	1,243.9

¹ Including double counting.

² Net of commissions and other expenses and net of interest expenses charged.

37 Litigation

► Refer to "Note 38 – Litigation" in VI – Consolidated financial statements – Credit Suisse Group for further information.

38 Significant subsidiaries and equity method investments

Significant subsidiaries

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
as of December 31, 2017				
Credit Suisse AG				
100	AJP Cayman Ltd.	George Town, Cayman Islands	JPY	8,025.6
100	Alpine Securitization LTD	George Town, Cayman Islands	USD	0.0
100	Asset Management Finance LLC	Wilmington, United States	USD	341.8
100	Banco Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	53.6
100	Banco Credit Suisse (México), S.A.	Mexico City, Mexico	MXN	1,716.7
100	Banco de Investimentos Credit Suisse (Brasil) S.A.	São Paulo, Brazil	BRL	164.8
100	BANK-now AG	Horgen, Switzerland	CHF	30.0
100	Boston Re Ltd.	Hamilton, Bermuda	USD	2.0
100	Column Financial, Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse (Australia) Limited	Sydney, Australia	AUD	34.1
100	Credit Suisse (Brasil) S.A. Corretora de Títulos e Valores Mobiliários	São Paulo, Brazil	BRL	98.4
100	Credit Suisse (Deutschland) Aktiengesellschaft	Frankfurt, Germany	EUR	130.0
100	Credit Suisse (Hong Kong) Limited	Hong Kong, China	HKD	13,758.0
100	Credit Suisse (Italy) S.p.A.	Milan, Italy	EUR	139.6
100	Credit Suisse (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	230.9
100	Credit Suisse (Qatar) LLC	Doha, Qatar	USD	29.0
100	Credit Suisse (Schweiz) AG	Zurich, Switzerland	CHF	100.0
100	Credit Suisse (Singapore) Limited	Singapore, Singapore	SGD	743.3
100	Credit Suisse (UK) Limited	London, United Kingdom	GBP	245.2
100	Credit Suisse (USA), Inc.	Wilmington, United States	USD	0.0
100	Credit Suisse Asset Management (UK) Holding Limited	London, United Kingdom	GBP	144.2
100	Credit Suisse Asset Management Immobilien Kapitalanlagegesellschaft GmbH	Frankfurt, Germany	EUR	6.1
100	Credit Suisse Asset Management International Holding Ltd	Zurich, Switzerland	CHF	20.0
100	Credit Suisse Asset Management Investments Ltd	Zurich, Switzerland	CHF	0.1
100	Credit Suisse Asset Management Limited	London, United Kingdom	GBP	45.0
100	Credit Suisse Asset Management, LLC	Wilmington, United States	USD	1,086.8
100	Credit Suisse Atlas I Investments (Luxembourg) S.à.r.l.	Luxembourg, Luxembourg	USD	0.0
100	Credit Suisse Business Analytics (India) Private Limited	Mumbai, India	INR	40.0
100	Credit Suisse Capital LLC	Wilmington, United States	USD	937.6
100	Credit Suisse Energy LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Equities (Australia) Limited	Sydney, Australia	AUD	62.5
100	Credit Suisse Finance (India) Private Limited	Mumbai, India	INR	1,050.1
100	Credit Suisse First Boston (Latam Holdings) LLC	George Town, Cayman Islands	USD	23.8
100	Credit Suisse First Boston Finance B.V.	Amsterdam, The Netherlands	EUR	0.0
100	Credit Suisse First Boston Mortgage Capital LLC	Wilmington, United States	USD	356.6

Significant subsidiaries (continued)

Equity interest in %	Company name	Domicile	Currency	Nominal capital in million
100	Credit Suisse First Boston Next Fund, Inc.	Wilmington, United States	USD	10.0
100	Credit Suisse Fund Management S.A.	Luxembourg, Luxembourg	CHF	0.3
100	Credit Suisse Fund Services (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	1.5
100	Credit Suisse Funds AG	Zurich, Switzerland	CHF	7.0
100	Credit Suisse Group Finance (U.S.) Inc.	Wilmington, United States	USD	100.0
100	Credit Suisse Hedging-Griffo Corretora de Valores S.A.	São Paulo, Brazil	BRL	29.6
100	Credit Suisse Holding Europe (Luxembourg) S.A.	Luxembourg, Luxembourg	CHF	32.6
100	Credit Suisse Holdings (Australia) Limited	Sydney, Australia	AUD	42.0
100 ¹	Credit Suisse Holdings (USA), Inc.	Wilmington, United States	USD	550.0
100	Credit Suisse InvestLab AG	Zurich, Switzerland	CHF	1.0
100	Credit Suisse Istanbul Menkul Degerler A.S.	Istanbul, Turkey	TRY	6.8
100	Credit Suisse Leasing 92A, L.P.	Wilmington, United States	USD	43.9
100	Credit Suisse Life & Pensions AG	Vaduz, Liechtenstein	CHF	15.0
100	Credit Suisse Life (Bermuda) Ltd.	Hamilton, Bermuda	USD	1.0
100	Credit Suisse Loan Funding LLC	Wilmington, United States	USD	0.0
100	Credit Suisse Management LLC	Wilmington, United States	USD	896.4
100	Credit Suisse Prime Securities Services (USA) LLC	Wilmington, United States	USD	263.3
100	Credit Suisse Principal Investments Limited	George Town, Cayman Islands	JPY	3,324.0
100	Credit Suisse Private Equity, LLC	Wilmington, United States	USD	42.2
100	Credit Suisse PSL GmbH	Zurich, Switzerland	CHF	0.0
100	Credit Suisse Saudi Arabia	Riyadh, Saudi Arabia	SAR	625.0
100	Credit Suisse Securities (Canada), Inc.	Toronto, Canada	CAD	3.4
100	Credit Suisse Securities (Europe) Limited	London, United Kingdom	USD	3,859.3
100	Credit Suisse Securities (Hong Kong) Limited	Hong Kong, China	HKD	2,080.9
100	Credit Suisse Securities (India) Private Limited	Mumbai, India	INR	2,214.7
100	Credit Suisse Securities (Japan) Limited	Tokyo, Japan	JPY	78,100.0
100	Credit Suisse Securities (Johannesburg) Proprietary Limited	Johannesburg, South Africa	ZAR	0.0
100	Credit Suisse Securities (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR	100.0
100	Credit Suisse Securities (Moscow)	Moscow, Russia	RUB	97.1
100	Credit Suisse Securities (Singapore) Pte Limited	Singapore, Singapore	SGD	30.0
100	Credit Suisse Securities (Thailand) Limited	Bangkok, Thailand	THB	500.0
100	Credit Suisse Securities (USA) LLC	Wilmington, United States	USD	1,131.7
100	Credit Suisse Services (India) Private Limited	Pune, India	INR	0.1
100	Credit Suisse Services (USA) LLC	Wilmington, United States	USD	0.0
100	CS Non-Traditional Products Ltd.	Nassau, Bahamas	USD	0.1
100	CSAM Americas Holding Corp.	Wilmington, United States	USD	0.0
100	DLJ Merchant Banking Funding, Inc	Wilmington, United States	USD	0.0
100	DLJ Mortgage Capital, Inc.	Wilmington, United States	USD	0.0
100	Fides Treasury Services AG	Zurich, Switzerland	CHF	2.0
100	JSC "Bank Credit Suisse (Moscow)"	Moscow, Russia	USD	37.8
100	Merban Equity AG	Zug, Switzerland	CHF	0.1
100	Merchant Holding, LLC	Wilmington, United States	USD	0.0
100	Neue Argauer Bank AG	Aarau, Switzerland	CHF	134.1
100	Solar Investco II Ltd.	George Town, Cayman Islands	USD	0.0
100	SPS Holding Corporation	Wilmington, United States	USD	0.0
100	SVC – AG für KMU Risikokapital	Zurich, Switzerland	CHF	15.0
99	PT Credit Suisse Sekuritas Indonesia	Jakarta, Indonesia	IDR	235,000.0
98	Credit Suisse Hypotheken AG	Zurich, Switzerland	CHF	0.1
98 ²	Credit Suisse International	London, United Kingdom	USD	12,366.1

¹ 43% of voting rights held by Credit Suisse Group AG, Guernsey Branch.

² Remaining 2% held directly by Credit Suisse Group AG. 98% of voting rights and 98% of equity interest held by Credit Suisse AG.

Significant equity method investments

Equity interest in %	Company name	Domicile
as of December 31, 2017		
Credit Suisse AG		
50	Swisscard AECS GmbH	Horgen, Switzerland
33	Credit Suisse Founder Securities Limited	Beijing, China
23	E.L. & C. Baillieu Stockbroking (Holdings) Pty Ltd	Melbourne, Australia
20	ICBC Credit Suisse Asset Management Co., Ltd.	Beijing, China
5 ¹	York Capital Management Global Advisors, LLC	New York, United States
0 ¹	Holding Verde Empreendimentos e Participações S.A.	São Paulo, Brazil

¹ The Bank holds a significant noncontrolling interest.

39 Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)

► Refer to "Note 42 – Significant valuation and income recognition differences between US GAAP and Swiss GAAP banking law (true and fair view)" in VI – Consolidated financial statements – Credit Suisse Group for further information.

Controls and procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Bank has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report under the supervision and with the participation of management, including the Bank Chief Executive Officer (CEO) and Chief Financial Officer (CFO), pursuant to Rule 13(a)-15(a) under the Securities Exchange Act of 1934 (the Exchange Act). There are inherent limitations to the effectiveness of any system of controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives.

The CEO and CFO concluded that, as of December 31, 2017, the design and operation of the Bank's disclosure controls and procedures were effective, in all material respects, to ensure that information required to be disclosed in reports filed and submitted under the Exchange Act is recorded, processed, summarized and reported as and when required.

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Bank is responsible for establishing and maintaining adequate internal control over financial reporting. The Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management has made an evaluation and assessment of the Bank's internal control over financial reporting as of December 31, 2017 using the criteria issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in "Internal Control – Integrated Framework".

Based upon its review and evaluation, management, including the Bank CEO and CFO, has concluded that the Bank's internal control over financial reporting is effective as of December 31, 2017.

The Bank's independent auditors, KPMG AG, have issued an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of December 31, 2017, as stated in their report, which follows.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Bank's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting.



Report of the Independent Registered Public Accounting Firm

To the shareholders and Board of Directors
Credit Suisse AG, Zurich

Opinion on Internal Control Over Financial Reporting

We have audited Credit Suisse AG and subsidiaries' (the "Bank") internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Bank as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the "consolidated financial statements"), and our report dated March 23, 2018 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Bank's Board of Directors and management are responsible for maintaining effective internal control over financial reporting and the Bank's management is responsible for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Bank's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG AG

Nicholas Edmonds
Licensed Audit Expert
Auditor in Charge

Anthony Anzevino
Global Lead Partner

Zurich, Switzerland
March 23, 2018

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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