

# Financial statements

Credit Suisse (Schweiz) AG

6M18

## Key metrics

	in / end of		% change
in / end of	6M18	6M17	YoY
<b>Results (CHF million, except where indicated)</b>			
Net revenues	2,947	2,907	1
Provision for credit losses	68	41	66
Total operating expenses	1,940	1,991	(3)
Income before taxes	939	875	7
Net income attributable to shareholders	818	772	6
Cost/income ratio (%)	65.8	68.5	-
<b>Balance sheet metrics (CHF million)</b>			
Total assets	251,312	247,280	2
Net loans	172,246	165,102	4
Customer deposits	177,355	184,366	(4)
Total shareholders' equity	13,739	14,143	(3)
<b>Swiss regulatory capital and leverage metrics – Phase-in (CHF million, except where indicated)</b>			
Swiss CET1 capital	12,611	13,261	(5)
Total loss-absorbing capacity (TLAC)	21,422	19,387	10
Swiss CET1 ratio (%)	14.4	15.4	-
Swiss CET1 leverage ratio (%)	4.5	4.8	-
TLAC ratio (%)	24.4	22.5	-
TLAC leverage ratio (%)	7.6	7.1	-
<b>Assets under management and net new assets (CHF billion)</b>			
Assets under management	564.1	554.6	1.7
Net new assets	7.8	3.6	116.7
<b>Number of employees (full-time equivalents)</b>			
Number of employees	8,170	8,670	(6)
<b>Long-term credit rating</b>			
Fitch Ratings	A	A	-
Standard & Poor's	A	-	-

Represents consolidated financial information of Credit Suisse (Schweiz) AG and its subsidiaries.

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# Financial statements 6M18

Credit Suisse (Schweiz) AG

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For purposes of this report, unless the context otherwise requires, the terms “Credit Suisse” and “the Group” mean Credit Suisse Group AG and its consolidated subsidiaries and the terms “Credit Suisse Schweiz” and “the Company” mean Credit Suisse (Schweiz) AG and its consolidated subsidiaries. The business of Credit Suisse AG, the direct bank subsidiary of Credit Suisse Group AG, is substantially similar to the Group, and we use these terms to refer to both when the subject is the same or substantially similar.

Capital adequacy disclosures for the Group and the Company are presented in the publications “Pillar 3 and regulatory disclosures – Credit Suisse Group AG” and “Regulatory disclosures – Subsidiaries”, respectively, which are available on Credit Suisse Group’s website [credit-suisse.com/regulatorydisclosures](http://credit-suisse.com/regulatorydisclosures).

Publications referenced in this report, whether via website links or otherwise, are not incorporated into this report.

In various tables, use of “–” indicates not meaningful or not applicable.

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# Independent Auditors' Review Report

The Board of Directors of Credit Suisse (Schweiz) AG, Zurich

## Report on the Financial Statements

We have reviewed the condensed consolidated financial statements of Credit Suisse (Schweiz) AG and subsidiaries ("Credit Suisse Schweiz"), which comprise the condensed consolidated balance sheet as of June 30, 2018, and the related condensed consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the six-month periods ended June 30, 2018 and 2017.

### *Management's Responsibility*

Credit Suisse Schweiz's management is responsible for the preparation and fair presentation of the condensed financial information in accordance with U.S. generally accepted accounting principles; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with U.S. generally accepted accounting principles.

### *Auditors' Responsibility*

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

### *Conclusion*

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial information referred to above for it to be in accordance with U.S. generally accepted accounting principles.

## Report on Condensed Balance Sheet as of December 31, 2017

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 23, 2018. In our opinion, the accompanying condensed consolidated balance sheet of Credit Suisse (Schweiz) AG and subsidiaries as of December 31, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG AG

A handwritten signature in black ink, appearing to be 'R. Dicht'.

Ralph Dicht  
*Licensed Audit Expert*

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

Nicholas Edmonds  
*Licensed Audit Expert*

Zurich, Switzerland  
August 22, 2018

# Condensed consolidated financial statements – unaudited

## Consolidated statements of operations (unaudited)

	Reference to notes	6M18	in 6M17
<b>Consolidated statement of operations (CHF million)</b>			
Interest and dividend income		1,647	1,554
Interest expense		(239)	(193)
Net interest income		1,408	1,361
Commissions and fees		1,190	1,187
Trading revenues	4	3	88
Other revenues		346	271
<b>Net revenues</b>		<b>2,947</b>	<b>2,907</b>
<b>Provision for credit losses</b>		<b>68</b>	<b>41</b>
Compensation and benefits		751	711
General and administrative expenses		915	995
Commission expenses		265	278
Restructuring expenses	5	9	7
Total other operating expenses		1,189	1,280
<b>Total operating expenses</b>		<b>1,940</b>	<b>1,991</b>
<b>Income before taxes</b>		<b>939</b>	<b>875</b>
Income tax expense	12	121	103
<b>Net income attributable to shareholders</b>		<b>818</b>	<b>772</b>

## Consolidated statements of comprehensive income (unaudited)

	Reference to notes	6M18	in 6M17
<b>Comprehensive income/(loss) (CHF million)</b>			
Net income		818	772
Gains/(losses) on cash flow hedges		(7)	(3)
Unrealized gains/(losses) on securities		(7)	(1)
Gains/(losses) on liabilities related to credit risk		(1)	1
Other comprehensive income/(loss), net of tax		(15)	(3)
<b>Comprehensive income attributable to shareholders</b>		<b>803</b>	<b>769</b>

**Consolidated balance sheets (unaudited)**

	Reference to notes	6M18	end of 2017
<b>Assets (CHF million)</b>			
Cash and due from banks		48,250	45,138
of which reported at fair value		36	138
Interest-bearing deposits with banks		994	1,951
Securities purchased under resale agreements and securities borrowing transactions		11,516	12,630
of which reported at fair value		30	246
Securities received as collateral, at fair value		7,235	5,874
of which encumbered		7,179	5,809
Trading assets, at fair value		6,256	7,863
of which encumbered		538	1,063
Investment securities	7	236	469
of which reported at fair value		236	469
Other investments	8	652	761
Net loans	9	172,246	168,393
of which reported at fair value		37	34
allowance for loan losses		(449)	(430)
Premises and equipment		342	290
Goodwill		320	320
Brokerage receivables		862	685
Other assets		2,403	1,971
<b>Total assets</b>		<b>251,312</b>	<b>246,345</b>
<b>Liabilities and equity (CHF million)</b>			
Due to banks		10,739	8,530
of which reported at fair value		1,098	969
Customer deposits		177,355	177,358
of which reported at fair value		558	570
Securities sold under repurchase agreements and securities lending transactions		3,365	2,847
of which reported at fair value		0	63
Obligation to return securities received as collateral, at fair value		7,235	5,874
Trading liabilities, at fair value		1,569	1,435
Short-term borrowings		13,916	13,048
of which reported at fair value		381	245
Long-term debt		21,263	20,720
of which reported at fair value		286	317
Brokerage payables		482	66
Other liabilities		1,649	1,786
of which reported at fair value		23	27
<b>Total liabilities</b>		<b>237,573</b>	<b>231,664</b>
Common shares		100	100
Additional paid-in capital		9,917	11,136
Retained earnings		3,730	3,434
Accumulated other comprehensive income/(loss)	10	(8)	11
<b>Total shareholders' equity</b>		<b>13,739</b>	<b>14,681</b>
<b>Total liabilities and equity</b>		<b>251,312</b>	<b>246,345</b>

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

## 6 Financial statements 6M18 – Credit Suisse (Schweiz) AG

Condensed consolidated financial statements – unaudited

### Consolidated statements of changes in equity (unaudited)

	Attributable to shareholders				
	Common shares	Additional paid-in capital	Retained earnings	Accumu- lated other compre- hensive income/ (loss)	<b>Total share- holders' equity</b>
<b>6M18 (CHF million)</b>					
<b>Balance at beginning of period</b>	<b>100</b>	<b>11,136</b>	<b>3,434</b>	<b>11</b>	<b>14,681</b>
Net income/(loss)	–	–	818	–	818
Cumulative effect of accounting changes, net of tax	–	–	(20)	(4)	(24)
Total other comprehensive income/(loss), net of tax	–	–	–	(15)	(15)
Share-based compensation, net of tax	–	(17)	–	–	(17)
Dividends on share-based compensation, net of tax	–	(2)	–	–	(2)
Dividends paid	–	(1,200)	(500)	–	(1,700)
Other	–	–	(2)	–	(2)
<b>Balance at end of period</b>	<b>100</b>	<b>9,917</b>	<b>3,730</b>	<b>(8)</b>	<b>13,739</b>
<b>6M17 (CHF million)</b>					
<b>Balance at beginning of period</b>	<b>100</b>	<b>12,014</b>	<b>1,478</b>	<b>14</b>	<b>13,606</b>
Net income/(loss)	–	–	772	–	772
Cumulative effect of accounting changes, net of tax	–	(740)	740	–	–
Total other comprehensive income/(loss), net of tax	–	–	–	(3)	(3)
Share-based compensation, net of tax	–	(7)	–	–	(7)
Dividends on share-based compensation, net of tax	–	(4)	–	–	(4)
Dividends paid	–	(148)	(75)	–	(223)
Other	–	1	1	–	2
<b>Balance at end of period</b>	<b>100</b>	<b>11,116</b>	<b>2,916</b>	<b>11</b>	<b>14,143</b>

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



**Consolidated statements of cash flows (unaudited)**

in	6M18	6M17
<b>Operating activities (CHF million)</b>		
<b>Net income</b>	<b>818</b>	<b>772</b>
<b>Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities (CHF million)</b>		
Impairment, depreciation and amortization	23	16
Provision for credit losses	68	41
Deferred tax provision/(benefit)	84	77
Share of net income/(loss) from equity method investments	91	(120)
Trading assets and liabilities, net	1,743	2,474
(Increase)/decrease in other assets	(694)	(339)
Increase/(decrease) in other liabilities	249	(333)
Other, net	(119)	(44)
Total adjustments	1,445	1,772
<b>Net cash provided by/(used in) operating activities</b>	<b>2,263</b>	<b>2,544</b>
<b>Investing activities (CHF million)</b>		
(Increase)/decrease in interest-bearing deposits with banks	956	116
(Increase)/decrease in securities purchased under resale agreements and securities borrowing transactions	1,114	(948)
Purchase of investment securities	(28)	(37)
Proceeds from sale of investment securities	240	0
Maturities of investment securities	12	117
Investments in subsidiaries and other investments	(7)	(1,078)
Proceeds from sale of other investments	73	19
(Increase)/decrease in loans	(4,278)	63
Proceeds from sales of loans	365	242
Capital expenditures for premises and equipment and other intangible assets	(76)	(25)
Proceeds from sale of premises and equipment and other intangible assets	1	0
Other, net	22	(1)
<b>Net cash provided by/(used in) investing activities</b>	<b>(1,606)</b>	<b>(1,532)</b>
<b>Financing activities (CHF million)</b>		
Increase/(decrease) in due to banks and customer deposits	2,206	4,770
Increase/(decrease) in short-term borrowings	859	(3,580)
Increase/(decrease) in securities sold under repurchase agreements and securities lending transactions	518	1,120
Issuances of long-term debt	8,762	6,887 <sup>1</sup>
Repayments of long-term debt	(8,162)	(4,012) <sup>1</sup>
Dividends paid	(1,700)	(219)
Other, net	(28)	(11)
<b>Net cash provided by/(used in) financing activities</b>	<b>2,455</b>	<b>4,955</b>
<b>Effect of exchange rate changes on cash and due from banks (CHF million)</b>		
<b>Effect of exchange rate changes on cash and due from banks</b>	<b>0</b>	<b>(16)</b>
<b>Net increase/(decrease) in cash and due from banks (CHF million)</b>		
<b>Net increase/(decrease) in cash and due from banks</b>	<b>3,112</b>	<b>5,951</b>
Cash and due from banks at beginning of period <sup>2</sup>	45,138	43,372
<b>Cash and due from banks at end of period<sup>2</sup></b>	<b>48,250</b>	<b>49,323</b>

<sup>1</sup> Prior period has been corrected.<sup>2</sup> Includes restricted cash.**Supplemental cash flow information (unaudited)**

in	6M18	6M17
<b>Cash paid for income taxes and interest (CHF million)</b>		
Cash paid for income taxes	60	61
Cash paid for interest	193	167

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

# Notes to the condensed consolidated financial statements – unaudited

## 1 Summary of significant accounting policies

### Basis of presentation

The accompanying unaudited condensed consolidated financial statements of Credit Suisse (Schweiz) AG (Credit Suisse Schweiz; the Company) are prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF). These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2017 included in the Annual Report 2017 of the Company.

► Refer to “Note 1 – Summary of significant accounting policies” in II – Consolidated financial statements in the Annual Report 2017 for a description of the Company’s significant accounting policies.

Certain financial information, which is normally included in annual consolidated financial statements prepared in accordance with US GAAP, but not required for interim reporting purposes, has been

condensed or omitted. Certain reclassifications have been made to the prior period’s consolidated financial statements to conform to the current period’s presentation. These condensed consolidated financial statements reflect, in the opinion of management, all adjustments that are necessary for a fair presentation of the condensed consolidated financial statements for the period presented. The results of operations for interim periods are not indicative of results for the entire year.

In preparing these condensed consolidated financial statements, management is required to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2 Recently issued accounting standards

### Recently adopted accounting standards

The following provides the most relevant recently adopted accounting standards.

► Refer to “Note 2 – Recently issued accounting standards” in II – Consolidated financial statements in the Annual Report 2017 for a description of accounting standards adopted in 2017.

#### ASC Topic 230 – Statement of Cash Flows

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, “Restricted Cash (a consensus of the FASB Emerging Issues Task Force)” (ASU 2016-18), an update to Accounting Standards Codification (ASC) Topic 230 – Statement of Cash Flows. ASU 2016-18 required that cash amounts described as restricted cash and cash equivalents be included in cash and cash equivalents when reconciling total amounts in the statements of cash flows. ASU 2016-18 was effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within annual reporting periods beginning after December 15, 2019. ASU 2016-18 was required to be applied retrospectively to all periods presented beginning in the year of adoption. The early adoption of ASU 2016-18 on January 1, 2018 did not have an impact on the Company’s financial position, results of operations and cash flows.

In August 2016, the FASB issued ASU 2016-15, “Classification of Certain Cash Receipts and Cash Payments (a consensus

of the Emerging Issues Task Force)” (ASU 2016-15), an update to ASC Topic 230 – Statement of Cash Flows. The amendments in ASU 2016-15 provided guidance regarding classification of certain cash receipts and payments where diversity in practice was observed. ASU 2016-15 was effective for annual reporting periods beginning after December 15, 2018, including interim reporting periods within annual reporting periods beginning after December 15, 2019. ASU 2016-15 was required to be applied retrospectively to all periods presented beginning in the year of adoption. The early adoption of ASU 2016-15 on January 1, 2018 did not have an impact on the Company’s financial position, results of operations and cash flows and, as such, prior periods were not restated.

#### ASC Topic 606 – Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09), creating ASC Topic 606 – Revenue from Contracts with Customers and superseding ASC Topic 605 – Revenue Recognition. The core principle of the guidance was that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflected the consideration to which the entity expected to be entitled in exchange for those goods or services. ASU 2014-09 outlined key steps that an entity should follow to achieve the core principle. ASU 2014-09 also included disclosure requirements that enabled users of the financial statements to understand the

nature, amount, timing and uncertainty of revenue and cash flows arising from contract with customers.

ASU 2014-09 and its subsequent amendments were effective for the annual reporting period beginning after December 15, 2018, including interim reporting periods within that reporting period. Early adoption was permitted for annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

The Company was represented in the Group's cross-functional implementation team and governance structure for the project. The Group's implementation efforts included the identification of revenue and costs within the scope of the guidance, as well as the evaluation of revenue contracts under the new guidance and related accounting policies. The guidance did not apply to revenue associated with financial instruments, including loans and securities that were accounted for under other US GAAP guidance.

The Company early adopted ASU 2014-09 on January 1, 2018 using the modified retrospective approach with a transition adjustment recognized in retained earnings without restating comparatives. As a result of adoption, there was a decrease in retained earnings, net of tax, of CHF 24 million due to a change in timing of the recognition of certain fees in private banking.

Additionally, the new revenue recognition criteria required the Company to present reimbursed expenses from client advisory activities gross of offsetting expenses, in contrast to prior periods in which the financial statements presented these amounts net of offsetting expenses; this change in presentation from net to gross would have increased the revenues and expenses in 2017 by CHF 1 million, which was not included in the previously stated transition amount. Furthermore with the adoption of ASU 2014-09, the brokerage, clearing and exchange expenses, which are incurred when acting as an agent on behalf of clients buying or selling exchange traded cash securities, exchange traded derivatives or centrally cleared over-the-counter (OTC) derivatives, are offset against the commission income. The change in presentation of brokerage, clearing and exchange expenses would have decreased the revenues and expenses in 2017 by CHF 41 million, which was not included in the above stated transition amount. Certain revenues and expenses in relation to transfer pricing agreements and revenue sharing agreements with other Group companies must be presented gross under ASU 2014-09, which would have increased revenues and expenses in 2017 by CHF 34 million.

#### ASC Topic 825 – Financial Instruments – Overall

In January 2016, the FASB issued ASU 2016-01, "Recognition and Measurement of Financial Assets and Financial Liabilities" (ASU 2016-01), an update to ASC Topic 825 – Financial Instruments – Overall. The amendments in ASU 2016-01 addressed certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The amendments primarily affected the accounting for equity investments, financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. Early adoption of the full standard was not permitted before annual reporting periods

after December 15, 2017, including interim periods within those reporting periods. The amendments to ASU 2016-01 required the changes in fair value relating to instrument-specific credit risk of fair value option elected financial liabilities to be presented separately in accumulated other comprehensive income/(loss) (AOCI). The Company early adopted these sections of the update on August 1, 2016. As a result of the adoption, the Company reclassified CHF 2 million, net of tax, from retained earnings to AOCI.

The early adoption of the remaining amendments to ASU 2016-01 on January 1, 2018 resulted in a reclassification of unrealized gains and losses previously reported in AOCI for available-for-sale equity securities to retained earnings of CHF 4 million, net of tax. ASU 2016-01 also required that certain equity instruments without readily determinable fair value be measured at fair value, excluding instances in which measurement alternative is applied, however this requirement did not have a material impact on the Company's financial position, results of operations or cash flows.

#### Standards to be adopted in future periods

##### ASC Topic 326 – Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU 2016-13, "Measurement of Credit Losses on Financial Instruments" (ASU 2016-13), creating ASC Topic 326 – Financial Instruments – Credit Losses. ASU 2016-13 is intended to improve financial reporting by requiring timelier recording of credit losses on financial assets measured at amortized cost basis including, but not limited to, loans net investments in leases recognized as lessor and off-balance sheet credit exposures. ASU 2016-13 eliminates the probable initial recognition threshold under the current incurred loss methodology for recognizing credit losses. Instead, ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The Company will incorporate forward-looking information and macroeconomic factors into its credit loss estimates. ASU 2016-13 requires enhanced disclosures to help investors and other financial statement users to better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality of an organization's portfolio. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2020, including interim periods within those annual reporting periods beginning after December 15, 2021. Early application will be permitted for annual reporting periods, including interim periods within those annual reporting periods, beginning after December 15, 2018.

The Company is represented in the Group's cross-functional implementation team and governance structure for the project. The Group has decided on a current expected credit loss (CECL) methodology while it is adjusting for key interpretive issues. Furthermore, the Group will continue to monitor the scope assessment, as a basis to determine the requirements and data sourcing of the CECL models, and to design, build and test the models until the effective date.

The Company expects that the new CECL methodology would generally result in increased and more volatile allowance for loan losses. The main impact drivers include:

- the remaining life of the loans measured at amortized cost and the off-balance sheet credit exposures at the adoption date and subsequent reporting dates because of the new requirement to measure lifetime expected credit losses;
- the state of the economy at the adoption date and subsequent reporting dates because of the new requirement to incorporate reasonable and supportable forward looking information and macroeconomic factors; and
- the credit quality of the loans measured at amortized cost and the off-balance sheet credit exposures at the adoption date and subsequent reporting dates.

Upon adoption of the standard, the Company expects a cumulative adjustment to be posted to retained earnings for any changes in loan losses. As the implementation progresses, the Company will continue to evaluate the extent of the impact of the adoption of ASU 2016-13 on the Company's financial position, results of operations and cash flows.

#### **ASC Topic 815 – Derivatives and Hedging**

In August 2017, the FASB issued ASU 2017-12, "Targeted Improvements to Accounting Hedging Activities" (ASU 2017-12), an update to ASC Topic 815 – Derivatives and Hedging. ASU 2017-12 makes changes to the hedge accounting model intended to facilitate financial reporting that more closely reflects an entity's risk management activities and to simplify the application of hedge accounting. The amendments in ASU 2017-12 provide more hedging strategies that will be eligible for hedge accounting, ease the documentation and effectiveness assessment requirements and result in changes to the presentation and disclosure requirements of hedge accounting activities. ASU 2017-12 is effective for annual reporting periods beginning

after December 15, 2019, and for the interim periods within those annual reporting periods beginning after December 15, 2020. Early adoption, including adoption in an interim period, is permitted. The Company is currently evaluating the impact of the adoption of ASU 2017-12 on the Company's financial position, results of operations and cash flows.

#### **ASC Topic 842 – Leases**

In February 2016, the FASB issued ASU 2016-02, "Leases" (ASU 2016-02), creating ASC Topic 842 – Leases and superseding ASC Topic 840 – Leases. ASU 2016-02 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 also includes disclosure requirements to provide more information about the amount, timing and uncertainty of cash flows arising from leases. Lessor accounting is substantially unchanged compared to the current accounting guidance. Under the current lessee accounting model the Company is required to distinguish between finance leases, which are recognized on the balance sheet, and operating leases, which are not. ASU 2016-02 will require lessees to present a right-of-use asset and a corresponding lease liability on the balance sheet. ASU 2016-02 and its subsequent amendments are effective for annual reporting periods beginning after December 15, 2019, and for the interim periods within annual reporting periods beginning after December 15, 2019. Early adoption is permitted.

The Company is represented in the Group's cross-functional implementation team and governance structure for the project. The Company is currently reviewing its existing contracts to determine the impact of the adoption of ASU 2016-02. The Company expects an increase in total assets and total liabilities as a result of recognizing right-of-use assets and lease liabilities for all leases under the new guidance. The Company does not expect a material change in the timing of expense recognition and is currently evaluating the impact of the adoption of ASU 2016-02 on the Company's financial position, results of operations and cash flows.

### **3 Business developments and subsequent events**

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There were no major business developments for the Company in 6M18. There were no subsequent events from the balance sheet date until August 22, 2018, the publishing date of the condensed consolidated financial statements.

#### 4 Trading revenues

in	6M18	6M17
<b>Trading revenues (CHF million)</b>		
Interest rate products	(48)	44
Foreign exchange products	249	276
of which foreign exchange risk hedging activities by treasury function <sup>1</sup>	182	221 <sup>2</sup>
Equity/index-related products	(173)	(214)
Credit products	(25)	(34)
Commodity products	1	16
Other products	(1)	0
<b>Total</b>	<b>3</b>	<b>88</b>

Represents revenues on a product basis which are not representative of individual business results, as those businesses utilize financial instruments across various product types.

<sup>1</sup> The treasury function of Credit Suisse (Schweiz) AG enters into economic hedges to manage foreign currency risk using short duration foreign currency swaps. The result of these hedges includes implicit interest income and expenses from the difference between spot rates and forward rates.

<sup>2</sup> Prior period has been corrected.

► Refer to “Note 4 – Trading revenues” in II – Consolidated financial statements in the Annual Report 2017 for further information on trading revenues and managing trading risks.

#### 5 Restructuring expenses

In connection with the ongoing implementation of the revised Group strategy, restructuring expenses of CHF 9 million and CHF 7 million were recognized by the Company in 6M18 and 6M17, respectively. Restructuring expenses in 6M18 and 6M17 primarily included severance expenses of CHF 6 million and CHF 6 million, respectively, in connection with headcount reductions.

In 6M18 and 6M17, net additional charges of CHF 8 million and CHF 6 million, respectively, and a utilization of CHF 8 million and CHF 1 million, respectively, resulted in a total restructuring provision of CHF 6 million and CHF 10 million as of the end of 6M18 and 6M17, respectively, all related to compensation and benefits.

#### 6 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are collected by the Company from a customer and both imposed on and concurrent with a specific revenue-producing transaction are excluded from revenue. The Company recognizes revenue when it satisfies a contractual performance obligation. Variable consideration is only included in the transaction price once it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the amount of variable consideration is subsequently resolved. Generally no significant judgement is required with respect to recording variable consideration.

If a fee is a fixed percentage of a variable account value at contract inception, recognition of the fee revenue is constrained as the contractual consideration is highly susceptible to change due to factors outside of the Company's influence. However, at each performance measurement period end (e.g., end-of-day, end-of-month, end-of-quarter), recognition of the cumulative amount of the consideration to which the Company is entitled is no longer constrained because it is calculated based on a known account value and the fee revenue is no longer variable.

#### Nature of services

The following is a description of the principal activities from which the Company generates its revenues from contracts with customers.

The performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations. Any variable consideration included in the transaction price is only recognized when the uncertainty of the amount is resolved and it is probable that a significant reversal of cumulative revenue recognized will not occur.

The Company provides investment advisory and portfolio management services for clients, including advisory and discretionary mandates, custody accounts and banking services. The Company receives for these services investment management, advisory and custody fees, and fees for general banking services reflected in line item “Other services”, which are recognized over the period of time the service is provided.

The Company also provides transaction-specific services such as foreign exchange and equity brokerage for clients. The services are provided as requested by the clients of the Company, and the fee for the service is recognized once the service is provided.

**Contracts with customers and disaggregation of revenues**

in	<b>6M18</b>
<b>Contracts with customers (CHF million)</b>	
Investment management, advisory and custody	446
Brokerage	372
Other services	294
<b>Total revenues from contracts with customers</b>	<b>1,112</b>

Total revenues from contracts with customers differs from the amount reported in line item “Commissions and fees” in the consolidated statements of operations for 6M18 as it includes only those contracts with customers that are in scope of ASC Topic 606 – Revenue from Contracts with Customers.

**Contract balances**

in / end of	<b>6M18</b>
<b>Contract balances (CHF million)</b>	
Contract receivables	164
Contract liabilities	36

No impairment losses were recognized on contract receivables during the reporting period. The Company did not recognize any contract assets during the reporting period. The contract liabilities increased during the reporting period to CHF 36 million, mainly due to the transition adjustment of CHF 29 million (CHF 24 million, net of tax) recorded as a result of the adoption of ASC Topic 606.

**Impact of the adoption of ASC Topic 606**

The impact of adoption of ASC Topic 606 on the Company’s consolidated statement of operations for the six-month period ended June 30, 2018 resulted in a decrease in commissions and fees revenues of CHF 6 million, an increase in other revenues of CHF 19 million, an increase in general and administrative expenses of CHF 19 million and a decrease in commission expenses of CHF 7 million. The impact of the adoption did not have a material impact on the Company’s consolidated balance sheet or the Company’s consolidated statement of cash flows in 6M18.

**7 Investment securities**

end of	<b>6M18</b>	2017
<b>Investment securities (CHF million)</b>		
Securities available-for-sale	236	469
<b>Total investment securities</b>	<b>236</b>	<b>469</b>

**Investment securities by type**

end of	<b>6M18</b>								2017
	Amortized cost	Gross unrealized gains	Gross unrealized losses	<b>Fair value</b>	Amortized cost	Gross unrealized gains	Gross unrealized losses	<b>Fair value</b>	
<b>Investment securities by type (CHF million)</b>									
Debt securities issued by Swiss federal, cantonal or local governmental entities	0	0	0	0	197	13	0	210	
Debt securities issued by foreign governments	0	0	0	0	30	3	0	33	
Corporate debt securities	236	0	0	236	220	0	0	220	
Debt securities available-for-sale	236	0	0	236	447	16	0	463	
Banks, trust and insurance companies <sup>1</sup>	–	–	–	–	1	5	0	6	
Equity securities available-for-sale <sup>1</sup>	–	–	–	–	1	5	0	6	
<b>Securities available-for-sale</b>	<b>236</b>	<b>0</b>	<b>0</b>	<b>236</b>	<b>448</b>	<b>21</b>	<b>0</b>	<b>469</b>	

<sup>1</sup> As a result of the adoption of ASU 2016-01 equity securities available-for-sale are now recognized in trading assets and no longer in investment securities. Refer to “Note 2 – Recently issued accounting standards” for further information.



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

in	6M18	
	Debt securities	Equity securities <sup>1</sup>
<b>Additional information (CHF million)</b>		
Proceeds from sales	240	–
Realized gains	8	–

<sup>1</sup> As a result of the adoption of ASU 2016-01 equity securities available-for-sale are now recognized in trading assets and no longer in investment securities. Refer to "Note 2 – Recently issued accounting standards" for further information.

In 6M17, there were no proceeds from sales of investment securities.

### Amortized cost, fair value and average yield of debt securities

end of	Debt securities available-for-sale		
	Amortized cost	Fair value	Average yield (in %)
<b>6M18 (CHF million)</b>			
Due within 1 year	236	236	0.39
<b>Total debt securities</b>	<b>236</b>	<b>236</b>	<b>0.39</b>

## 8 Other investments

end of	6M18	2017
<b>Other investments (CHF million)</b>		
Equity method investments	356	468
Equity securities (without a readily determinable fair value) <sup>1</sup>	289	285
of which at measurement alternative	115	111
of which at cost less impairment	174	174
Real estate held-for-investment	7	8
<b>Total other investments</b>	<b>652</b>	<b>761</b>

<sup>1</sup> Includes mainly investments in non-marketable stock exchange memberships and other non-public equity investments for which the Company has neither significant influence nor control over the investee.

A gain of CHF 71 million on the sale of an investment in non-marketable equity securities was recognized in other revenues.

### Equity securities at measurement alternative – impairments and adjustments

in / end of	6M18	Cumulative
<b>Impairments and adjustments (CHF million)</b>		
Impairments and downward adjustments	(3)	(3)

The Company 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. The Company had no impairments in 6M18 and 6M17.

Accumulated depreciation related to real estate held-for-investment amounted to CHF 4 million as of the end of 6M18 and 2017, where the prior period has been corrected.

## 9 Loans, allowance for loan losses and credit quality

▶ Refer to "Note 8 – Loans, allowance for loan losses and credit quality" in II – Consolidated financial statements in the Annual Report 2017 for further information on loans, allowance for loan losses, credit quality, value of collateral and impaired loans.

**Loans**

end of	6M18	2017
<b>Loans (CHF million)</b>		
Mortgages	101,436	100,532
Loans collateralized by securities	7,210	6,853
Consumer finance	3,293	3,077
Consumer	111,939	110,462
Real estate	22,398	23,158
Commercial and industrial loans	29,978	28,021
Financial institutions	7,628	6,411
Governments and public institutions	681	707
Corporate & institutional	60,685	58,297
<b>Gross loans</b>	<b>172,624</b>	<b>168,759</b>
of which held at amortized cost	172,587	168,725
of which held at fair value	37	34
Net (unearned income)/deferred expenses	71	64
Allowance for loan losses	(449)	(430)
<b>Net loans</b>	<b>172,246</b>	<b>168,393</b>
<b>Gross loans by location (CHF million)</b>		
Switzerland	161,069	157,009
Foreign	11,555	11,750
<b>Gross loans</b>	<b>172,624</b>	<b>168,759</b>
<b>Impaired loan portfolio (CHF million)</b>		
Non-performing loans	369	386
Non-interest-earning loans	204	138
Total non-performing and non-interest-earning loans	573	524
Restructured loans	63	66
Potential problem loans	105	115
Total other impaired loans	168	181
<b>Gross impaired loans</b>	<b>741</b>	<b>705</b>

**Allowance for loan losses**

	6M18			6M17		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
<b>Allowance for loan losses (CHF million)</b>						
<b>Balance at beginning of period</b>	<b>119</b>	<b>311</b>	<b>430</b>	<b>120</b>	<b>308</b>	<b>428</b>
Net movements recognized in statement of operations	20	44	64	25	18	43
Gross write-offs	(28)	(32)	(60)	(27)	(28)	(55)
Recoveries	4	9	13	4	4	8
Net write-offs	(24)	(23)	(47)	(23)	(24)	(47)
Provisions for interest	1	2	3	0	3	3
Foreign currency translation impact and other adjustments, net	0	(1)	(1)	1	(3)	(2)
<b>Balance at end of period</b>	<b>116</b>	<b>333</b>	<b>449</b>	<b>123</b>	<b>302</b>	<b>425</b>
of which individually evaluated for impairment	82	237	319	88	212	300
of which collectively evaluated for impairment	34	96	130	35	90	125
<b>Gross loans held at amortized cost (CHF million)</b>						
<b>Balance at end of period</b>	<b>111,939</b>	<b>60,648</b>	<b>172,587</b>	<b>110,480</b>	<b>54,970</b>	<b>165,450</b>
of which individually evaluated for impairment <sup>1</sup>	351	390	741	341	384	725
of which collectively evaluated for impairment	111,588	60,258	171,846	110,139	54,586	164,725

<sup>1</sup> Represents gross impaired loans both with and without a specific allowance.



### Purchases, reclassifications and sales

in	6M18			6M17		
	Consumer	Corporate & institutional	Total	Consumer	Corporate & institutional	Total
<b>Loans held at amortized cost (CHF million)</b>						
Purchases <sup>1</sup>	0	1,092	<b>1,092</b>	0	1,092	<b>1,092</b>
Reclassifications to loans held-for-sale <sup>2</sup>	0	383	<b>383</b>	0	242	<b>242</b>
Sales <sup>2</sup>	0	320	<b>320</b>	0	242	<b>242</b>

<sup>1</sup> Includes drawdowns under purchased loan commitments.

<sup>2</sup> 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		
<b>6M18 (CHF million)</b>					
Mortgages	92,351	8,878	207		101,436
Loans collateralized by securities	6,987	223	0		7,210
Consumer finance	1,074	2,102	117		3,293
Consumer	100,412	11,203	324		111,939
Real estate	17,910	4,441	47		22,398
Commercial and industrial loans	14,367	15,299	275		29,941
Financial institutions	7,063	522	43		7,628
Governments and public institutions	661	20	0		681
Corporate & institutional	40,001	20,282	365		60,648
<b>Gross loans held at amortized cost</b>	<b>140,413</b>	<b>31,485</b>	<b>689</b>		<b>172,587</b>
<b>Value of collateral <sup>1</sup></b>	<b>128,852</b>	<b>24,221</b>	<b>372</b>		<b>153,445</b>
<b>2017 (CHF million)</b>					
Mortgages	91,159	9,234	139		100,532
Loans collateralized by securities	6,725	128	0		6,853
Consumer finance	838	2,119	120		3,077
Consumer	98,722	11,481	259		110,462
Real estate	18,681	4,424	53		23,158
Commercial and industrial loans	13,261	14,449	277		27,987
Financial institutions	5,545	824	42		6,411
Governments and public institutions	676	31	0		707
Corporate & institutional	38,163	19,728	372		58,263
<b>Gross loans held at amortized cost</b>	<b>136,885</b>	<b>31,209</b>	<b>631</b>		<b>168,725</b>
<b>Value of collateral <sup>1</sup></b>	<b>127,438</b>	<b>24,725</b>	<b>315</b>		<b>152,478</b>

<sup>1</sup> 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 Credit Suisse Schweiz 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		
<b>6M18 (CHF million)</b>							
Mortgages	101,115	123	20	5	173	321	101,436
Loans collateralized by securities	7,209	0	0	0	1	1	7,210
Consumer finance	2,895	207	41	32	118	398	3,293
Consumer	111,219	330	61	37	292	720	111,939
Real estate	22,339	19	6	1	33	59	22,398
Commercial and industrial loans	29,391	222	15	92	221	550	29,941
Financial institutions	7,475	106	4	0	43	153	7,628
Governments and public institutions	678	3	0	0	0	3	681
Corporate & institutional	59,883	350	25	93	297	765	60,648
<b>Gross loans held at amortized cost</b>	<b>171,102</b>	<b>680</b>	<b>86</b>	<b>130</b>	<b>589</b>	<b>1,485</b>	<b>172,587</b>
<b>2017 (CHF million)</b>							
Mortgages	100,278	94	21	4	135	254	100,532
Loans collateralized by securities	6,844	0	0	0	9	9	6,853
Consumer finance	2,751	144	38	27	117	326	3,077
Consumer	109,873	238	59	31	261	589	110,462
Real estate	23,057	37	12	15	37	101	23,158
Commercial and industrial loans	27,434	243	15	123	172	553	27,987
Financial institutions	6,339	27	1	2	42	72	6,411
Governments and public institutions	706	1	0	0	0	1	707
Corporate & institutional	57,536	308	28	140	251	727	58,263
<b>Gross loans held at amortized cost</b>	<b>167,409</b>	<b>546</b>	<b>87</b>	<b>171</b>	<b>512</b>	<b>1,316</b>	<b>168,725</b>

## 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	
<b>6M18 (CHF million)</b>							
Mortgages	153	10	163	36	33	69	232 <sup>1</sup>
Loans collateralized by securities	1	0	1	0	0	0	1
Consumer finance	116	2	118	0	0	0	118
Consumer	270	12	282	36	33	69	351
Real estate	32	0	32	0	20	20	52
Commercial and industrial loans	66	150	216	27	52	79	295
Financial institutions	1	42	43	0	0	0	43
Corporate & institutional	99	192	291	27	72	99	390
<b>Gross impaired loans</b>	<b>369</b>	<b>204</b>	<b>573</b>	<b>63</b>	<b>105</b>	<b>168</b>	<b>741</b>
<b>2017 (CHF million)</b>							
Mortgages	133	12	145	13	25	38	183 <sup>1</sup>
Loans collateralized by securities	9	0	9	0	0	0	9
Consumer finance	118	3	121	0	0	0	121
Consumer	260	15	275	13	25	38	313
Real estate	46	0	46	0	19	19	65
Commercial and industrial loans	80	81	161	53	71	124	285
Financial institutions	0	42	42	0	0	0	42
Corporate & institutional	126	123	249	53	90	143	392
<b>Gross impaired loans</b>	<b>386</b>	<b>138</b>	<b>524</b>	<b>66</b>	<b>115</b>	<b>181</b>	<b>705</b>

<sup>1</sup> As of the end of 6M18 and 2017, CHF 79 million and CHF 74 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.

## Gross impaired loan detail

end of	6M18			2017		
	Recorded investment	Unpaid principal balance	Associated specific allowance	Recorded investment	Unpaid principal balance	Associated specific allowance
<b>Gross impaired loan detail (CHF million)</b>						
Mortgages	179	170	21	150	143	22
Loans collateralized by securities	1	1	0	9	8	1
Consumer finance	118	105	61	121	106	63
Consumer	298	276	82	280	257	86
Real estate	51	47	7	55	50	8
Commercial and industrial loans	265	254	195	255	247	177
Financial institutions	43	43	35	42	42	34
Corporate & institutional	359	344	237	352	339	219
<b>Gross impaired loans with a specific allowance</b>	<b>657</b>	<b>620</b>	<b>319</b>	<b>632</b>	<b>596</b>	<b>305</b>
Mortgages	53	53	–	33	33	–
Consumer	53	53	–	33	33	–
Real estate	1	1	–	10	10	–
Commercial and industrial loans	30	30	–	30	30	–
Corporate & institutional	31	31	–	40	40	–
<b>Gross impaired loans without specific allowance</b>	<b>84</b>	<b>84</b>	<b>–</b>	<b>73</b>	<b>73</b>	<b>–</b>
<b>Gross impaired loans</b>	<b>741</b>	<b>704</b>	<b>319</b>	<b>705</b>	<b>669</b>	<b>305</b>
of which consumer	351	329	82	313	290	86
of which corporate & institutional	390	375	237	392	379	219

## Gross impaired loan detail (continued)

in	6M18			6M17		
	Average recorded investment	Interest income recognized	Interest income recognized (cash basis)	Average recorded investment	Interest income recognized	Interest income recognized (cash basis)
<b>Gross impaired loan detail (CHF million)</b>						
Mortgages	160	1	0	159	1	0
Loans collateralized by securities	3	0	0	1	0	0
Consumer finance	119	0	0	124	0	0
Consumer	282	1	0	284	1	0
Real estate	55	0	0	55	0	0
Commercial and industrial loans	247	1	0	215	1	1
Financial institutions	42	0	0	48	0	0
Corporate & institutional	344	1	0	318	1	1
<b>Gross impaired loans with a specific allowance</b>	<b>626</b>	<b>2</b>	<b>0</b>	<b>602</b>	<b>2</b>	<b>1</b>
Mortgages	44	1	0	55	1	0
Consumer	44	1	0	55	1	0
Real estate	2	1	0	1	0	0
Commercial and industrial loans	32	0	0	28	1	0
Corporate & institutional	34	1	0	29	1	0
<b>Gross impaired loans without specific allowance</b>	<b>78</b>	<b>2</b>	<b>0</b>	<b>84</b>	<b>2</b>	<b>0</b>
<b>Gross impaired loans</b>	<b>704</b>	<b>4</b>	<b>0</b>	<b>686</b>	<b>4</b>	<b>1</b>
of which consumer	326	2	0	339	2	0
of which corporate & institutional	378	2	0	347	2	1

**Restructured loans held at amortized cost**

in	6M18			6M17		
	Number of contracts	Recorded investment pre-modification	Recorded investment post-modification	Number of contracts	Recorded investment – pre-modification	Recorded investment – post-modification
<b>Restructured loans (CHF million, except where indicated)</b>						
Mortgages	3	23	23	0	0	0
Commercial and industrial loans	3	15	14	8	24	24
<b>Total</b>	<b>6</b>	<b>38</b>	<b>37</b>	<b>8</b>	<b>24</b>	<b>24</b>

In 6M18, loan modifications of the Company included extended loan repayment terms, including suspensions of loan amortizations, the waiver of claims and interest rate concessions.

In 6M18, the Company reported the default of two loans with a recorded investment of CHF 8 million within commercial and

industrial loans, which had been restructured within the previous 12 months. In 6M17, the Company did not experience a default on any loan that had been restructured within the previous 12 months.

**10 Accumulated other comprehensive income**

	Gains/(losses) on cash flow hedges	Unrealized gains/(losses) on securities	Gains/(losses) on liabilities relating to credit risk	Accumulated other comprehensive income/(loss)
<b>6M18 (CHF million)</b>				
<b>Balance at beginning of period</b>	<b>(3)</b>	<b>11</b>	<b>3</b>	<b>11</b>
Increase/(decrease)	(9)	0	(1)	(10)
Reclassification adjustments, included in net income/(loss)	2	(7)	0	(5)
Cumulative effect of accounting changes, net of tax	0	(4)	0	(4)
Total increase/(decrease)	(7)	(11)	(1)	(19)
<b>Balance at end of period</b>	<b>(10)</b>	<b>0</b>	<b>2</b>	<b>(8)</b>
<b>6M17 (CHF million)</b>				
<b>Balance at beginning of period</b>	<b>4</b>	<b>10</b>	<b>0</b>	<b>14</b>
Increase/(decrease)	(1)	(1)	1	(1)
Reclassification adjustments, included in net income/(loss)	(2)	0	0	(2)
Total increase/(decrease)	(3)	(1)	1	(3)
<b>Balance at end of period</b>	<b>1</b>	<b>9</b>	<b>1</b>	<b>11</b>

**11 Offsetting of financial assets and financial liabilities**

The disclosures set out in the tables below include derivatives, reverse repurchase and repurchase agreements, and securities lending and borrowing transactions that:

- are offset in the Company's consolidated balance sheets; or
- are subject to an enforceable master netting agreement or similar agreement (enforceable master netting agreements), irrespective of whether they are offset in the Company's consolidated balance sheets.

**Derivatives**

The following table presents the gross amount of derivatives subject to enforceable master netting agreements by contract and transaction type, the amount of offsetting, the amount of derivatives not subject to enforceable master netting agreements and the net amount presented in the consolidated balance sheet.

► Refer to "Note 14 – Offsetting of financial assets and financial liabilities" in II – Consolidated financial statements in the Annual Report 2017 for further information.

## Offsetting of derivatives

end of	6M18		2017	
	Derivative assets	Derivative liabilities	Derivative assets	Derivative liabilities
<b>Gross derivatives subject to enforceable master netting agreements (CHF million)</b>				
OTC	1,886	2,142	2,226	2,453
Exchange-traded	0	0	1	0
<b>Interest rate products</b>	<b>1,886</b>	<b>2,142</b>	<b>2,227</b>	<b>2,453</b>
OTC	1,817	1,770	1,227	886
<b>Foreign exchange products</b>	<b>1,817</b>	<b>1,770</b>	<b>1,227</b>	<b>886</b>
OTC	687	457	553	456
Exchange-traded	516	1,499	512	1,130
<b>Equity/index-related products</b>	<b>1,203</b>	<b>1,956</b>	<b>1,065</b>	<b>1,586</b>
OTC	27	20	37	27
<b>Credit derivatives</b>	<b>27</b>	<b>20</b>	<b>37</b>	<b>27</b>
OTC	27	17	27	21
Exchange-traded	10	15	8	7
<b>Other products<sup>2</sup></b>	<b>37</b>	<b>32</b>	<b>35</b>	<b>28</b>
OTC	4,444	4,406	4,070	3,843
Exchange-traded	526	1,514	521	1,137
<b>Total gross derivatives subject to enforceable master netting agreements</b>	<b>4,970</b>	<b>5,920</b>	<b>4,591</b>	<b>4,980</b>
<b>Offsetting (CHF million)</b>				
OTC	(1,870)	(4,000)	(1,585)	(3,377)
Exchange-traded	(406)	(1,298)	(436)	(993)
<b>Offsetting</b>	<b>(2,276)</b>	<b>(5,298)</b>	<b>(2,021)</b>	<b>(4,370)</b>
of which counterparty netting	(2,050)	(2,050)	(1,919)	(1,919)
of which cash collateral netting	(226)	(3,248)	(102)	(2,451)
<b>Net derivatives presented in the consolidated balance sheet (CHF million)</b>				
OTC	2,574	406	2,485	466
Exchange-traded	120	216	85	144
<b>Total net derivatives subject to enforceable master netting agreements</b>	<b>2,694</b>	<b>622</b>	<b>2,570</b>	<b>610</b>
<b>Total derivatives not subject to enforceable master netting agreements<sup>1</sup></b>	<b>79</b>	<b>89</b>	<b>83</b>	<b>57</b>
<b>Total net derivatives presented in the consolidated balance sheet</b>	<b>2,773</b>	<b>711</b>	<b>2,653</b>	<b>667</b>
of which recorded in trading assets and trading liabilities	2,773	711	2,653	667

<sup>1</sup> 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.

<sup>2</sup> Primarily precious metals.

## Reverse repurchase and repurchase agreements and securities lending and borrowing transactions

The following tables present the gross amounts of securities purchased under resale agreements and securities borrowing transactions as well as securities sold under repurchase agreements

and securities lending transactions subject to enforceable master netting agreements, the amounts of offsetting, the respective amounts not subject to enforceable master netting agreements and the net amounts presented in the consolidated balance sheets.

**Offsetting of securities purchased under resale agreements and securities borrowing transactions**

end of	6M18						2017
	Gross	Offsetting	Net book value	Gross	Offsetting	Net book value	
<b>Securities purchased under resale agreements and securities borrowing transactions (CHF million)</b>							
Securities purchased under resale agreements	11,873	(494)	11,379	13,731	(1,263)	12,468	
Securities borrowing transactions	71	0	71	112	0	112	
<b>Total subject to enforceable master netting agreements</b>	<b>11,944</b>	<b>(494)</b>	<b>11,450</b>	<b>13,843</b>	<b>(1,263)</b>	<b>12,580</b>	
<b>Total not subject to enforceable master netting agreements<sup>1</sup></b>	<b>66</b>	<b>–</b>	<b>66</b>	<b>50</b>	<b>–</b>	<b>50</b>	
<b>Total</b>	<b>12,010</b>	<b>(494)</b>	<b>11,516<sup>2</sup></b>	<b>13,893</b>	<b>(1,263)</b>	<b>12,630<sup>2</sup></b>	

<sup>1</sup> 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.

<sup>2</sup> CHF 30 million and CHF 246 million of the total net amount as of the end of 6M18 and 2017, respectively, are reported at fair value.

**Offsetting of securities sold under repurchase agreements and securities lending transactions**

end of	6M18						2017
	Gross	Offsetting	Net book value	Gross	Offsetting	Net book value	
<b>Securities sold under repurchase agreements and securities lending transactions (CHF million)</b>							
Securities sold under repurchase agreements	2,937	(494)	2,443	3,092	(1,263)	1,829	
Securities lending transactions	922	0	922	1,018	0	1,018	
Obligation to return securities received as collateral, at fair value	7,235	0	7,235	5,809	0	5,809	
<b>Total subject to enforceable master netting agreements</b>	<b>11,094</b>	<b>(494)</b>	<b>10,600</b>	<b>9,919</b>	<b>(1,263)</b>	<b>8,656</b>	
<b>Total not subject to enforceable master netting agreements<sup>1</sup></b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>65</b>	<b>–</b>	<b>65</b>	
<b>Total</b>	<b>11,094</b>	<b>(494)</b>	<b>10,600</b>	<b>9,984</b>	<b>(1,263)</b>	<b>8,721</b>	
of which securities sold under repurchase agreements and securities lending transactions	3,859	(494)	3,365 <sup>2</sup>	4,110	(1,263)	2,847 <sup>2</sup>	
of which obligation to return securities received as collateral, at fair value	7,235	0	7,235	5,874	0	5,874	

<sup>1</sup> 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.

<sup>2</sup> CHF 0 million and CHF 63 million of the total net amount as of the end of 6M18 and 2017, respectively, are reported at fair value.

The following table presents the net amount presented in the consolidated balance sheets of financial assets and liabilities subject to enforceable master netting agreements and the gross amount

of financial instruments and cash collateral not offset in the consolidated balance sheets. Net exposure reflects risk mitigation in the form of collateral.

**Amounts not offset in the consolidated balance sheet**

end of	6M18								2017
	Net book value	Financial instruments <sup>1</sup>	Cash collateral received/pledged <sup>1</sup>	Net exposure	Net book value	Financial instruments <sup>1</sup>	Cash collateral received/pledged <sup>1</sup>	Net exposure	
<b>Financial assets subject to enforceable master netting agreements (CHF million)</b>									
Derivatives	2,694	0	0	2,694	2,570	0	0	2,570	
Securities purchased under resale agreements	11,379	11,379	0	0	12,468	12,468	0	0	
Securities borrowing transactions	71	71	0	0	112	112	0	0	
<b>Total financial assets subject to enforceable master netting agreements</b>	<b>14,144</b>	<b>11,450</b>	<b>0</b>	<b>2,694</b>	<b>15,150</b>	<b>12,580</b>	<b>0</b>	<b>2,570</b>	
<b>Financial liabilities subject to enforceable master netting agreements (CHF million)</b>									
Derivatives	622	0	0	622	610	0	0	610	
Securities sold under repurchase agreements	2,443	2,443	0	0	1,829	1,829	0	0	
Securities lending transactions	922	910	0	12	1,018	1,003	0	15	
Obligation to return securities received as collateral, at fair value	7,235	6,964	0	271	5,809	5,530	0	279	
<b>Total financial liabilities subject to enforceable master netting agreements</b>	<b>11,222</b>	<b>10,317</b>	<b>0</b>	<b>905</b>	<b>9,266</b>	<b>8,362</b>	<b>0</b>	<b>904</b>	

<sup>1</sup> 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 sheet and therefore any over-collateralization of these positions is not included.

Net exposure is subject to further credit mitigation through the transfer of the exposure to other market counterparties by the use of credit default swaps (CDS) and credit insurance contracts.

Therefore the net exposure presented in the table above is not representative of the Company's counterparty exposure.

## 12 Tax

### Tax expense reconciliation

in	6M18
<b>CHF million</b>	
<b>Income tax expense computed at the statutory tax rate of 22%</b>	<b>207</b>
Increase/(decrease) in income taxes resulting from	
Tax rate differential	(12)
Lower taxed income	(73)
Other	(1)
<b>Income tax expense</b>	<b>121</b>

### Tax rate differential

6M18 included a tax benefit of CHF 12 million in respect of earnings in lower tax jurisdictions within Switzerland.

### Lower taxed income

6M18 included a tax benefit of CHF 55 million relating to lower taxed dividend income and a sale of financial investments as well as CHF 18 million relating to net income from equity method investments.

## 13 Pension benefits

The Company and its subsidiaries participate in a defined benefit pension plan sponsored by the Group (Group plan).

► Refer to "Note 18 – Pension benefits" in II – Consolidated financial statements in the Annual Report 2017 for further information.

### Net deferred tax assets

end of	6M18	2017
<b>Net deferred tax assets (CHF million)</b>		
Deferred tax assets	479	559
of which net operating losses	18	28
of which deductible temporary differences	461	531
Deferred tax liabilities	(2)	(2)
<b>Net deferred tax assets</b>	<b>477</b>	<b>557</b>

The Company remains open to examination from Swiss federal, state, provincial or similar local jurisdictions from 2016 onward.

The Company accounts for its share in the Group plan on a defined contribution basis, whereby it only recognizes the amounts required to be contributed to the Group plan as net periodic pension expense and only recognizes a liability for any contributions due and unpaid. The Company expects to contribute CHF 184 million to the Group plan in 2018. As of the end of 6M18, CHF 104 million of contributions have been made.

## 14 Derivatives and hedging activities

► Refer to “Note 19 – Derivatives and hedging activities” in II – Consolidated financial statements in the Annual Report 2017 for further information.

### Trading activities

The Company is active in most of the principal trading markets and transacts in many trading and hedging products. This includes the use of swaps, futures, options and structured products, such as custom transactions using combinations of derivatives, in connection with its sales and trading activities. Trading activities include market making, positioning and arbitrage activities. The majority of the Company’s derivatives were used to facilitate client transactions and for hedging purposes, including economic hedges.

### Fair value of derivative instruments

end of 6M18	Trading			Hedging <sup>1</sup>		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
<b>Derivative instruments (CHF million)</b>						
Forwards and forward rate agreements	4,000	0	0	0	0	0
Swaps	166,929	1,486	1,587	24,216	112	220
Options bought and sold (OTC)	4,429	301	336	0	0	0
Futures	7,069	0	0	0	0	0
Options bought and sold (exchange-traded)	1	0	0	0	0	0
<b>Interest rate products</b>	<b>182,428</b>	<b>1,787</b>	<b>1,923</b>	<b>24,216</b>	<b>112</b>	<b>220</b>
Forwards	294,409	1,736	1,722	0	0	0
Swaps	219	7	7	0	0	0
Options bought and sold (OTC)	11,489	130	125	0	0	0
<b>Foreign exchange products</b>	<b>306,117</b>	<b>1,873</b>	<b>1,854</b>	<b>0</b>	<b>0</b>	<b>0</b>
Swaps	5,218	178	74	0	0	0
Options bought and sold (OTC)	10,431	509	383	0	0	0
Futures	1,692	0	0	0	0	0
Options bought and sold (exchange-traded)	35,547	516	1,499	0	0	0
<b>Equity/index-related products</b>	<b>52,888</b>	<b>1,203</b>	<b>1,956</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Credit derivatives<sup>2</sup></b>	<b>1,741</b>	<b>27</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>
Forwards	1,008	4	3	0	0	0
Swaps	74	14	0	0	0	0
Options bought and sold (OTC)	781	19	17	0	0	0
Futures	103	0	0	0	0	0
Options bought and sold (exchange-traded)	629	10	16	0	0	0
<b>Other products<sup>3</sup></b>	<b>2,595</b>	<b>47</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total derivative instruments</b>	<b>545,769</b>	<b>4,937</b>	<b>5,789</b>	<b>24,216</b>	<b>112</b>	<b>220</b>

The notional amount, PRV and NRV (trading and hedging) was CHF 569,985 million, CHF 5,049 million and CHF 6,009 million, respectively, as of the end of 6M18.

<sup>1</sup> Relates to derivative contracts that qualify for hedge accounting under US GAAP.

<sup>2</sup> Primarily credit default swaps.

<sup>3</sup> Primarily precious metals.

### Fair value of derivative instruments

The tables below present gross derivative replacement values by type of contract and whether the derivative is used for trading purposes or in a qualifying hedging relationship. Notional amounts have also been provided as an indication of the volume of derivative activity within the Company.

Information on bifurcated embedded derivatives has not been included in these tables. Under US GAAP, the Company elected to account for substantially all financial instruments with an embedded derivative that is not considered clearly and closely related to the host contract at fair value.

► Refer to “Note 17 – Financial instruments” for further information.



### Fair value of derivative instruments (continued)

end of 2017	Trading			Hedging <sup>1</sup>		
	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)	Notional amount	Positive replacement value (PRV)	Negative replacement value (NRV)
<b>Derivative instruments (CHF million)</b>						
Forwards and forward rate agreements	10,500	0	0	0	0	0
Swaps	186,397	1,726	1,825	19,858	141	207
Options bought and sold (OTC)	4,969	378	421	0	0	0
Futures	8,260	0	0	0	0	0
Options bought and sold (exchange-traded)	7	1	0	0	0	0
<b>Interest rate products</b>	<b>210,133</b>	<b>2,105</b>	<b>2,246</b>	<b>19,858</b>	<b>141</b>	<b>207</b>
Forwards	281,806	1,161	835	0	0	0
Swaps	238	8	8	0	0	0
Options bought and sold (OTC)	7,867	104	96	0	0	0
<b>Foreign exchange products</b>	<b>289,911</b>	<b>1,273</b>	<b>939</b>	<b>0</b>	<b>0</b>	<b>0</b>
Swaps	5,404	129	179	0	0	0
Options bought and sold (OTC)	10,038	426	279	0	0	0
Futures	2,903	0	0	0	0	0
Options bought and sold (exchange-traded)	32,572	511	1,129	0	0	0
<b>Equity/index-related products</b>	<b>50,917</b>	<b>1,066</b>	<b>1,587</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Credit derivatives<sup>2</sup></b>	<b>2,534</b>	<b>46</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>
Forwards	1,112	2	4	0	0	0
Swaps	52	11	0	0	0	0
Options bought and sold (OTC)	905	21	19	0	0	0
Futures	68	0	0	0	0	0
Options bought and sold (exchange-traded)	288	9	8	0	0	0
<b>Other products<sup>3</sup></b>	<b>2,425</b>	<b>43</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total derivative instruments</b>	<b>555,920</b>	<b>4,533</b>	<b>4,830</b>	<b>19,858</b>	<b>141</b>	<b>207</b>

The notional amount, PRV and NRV (trading and hedging) was CHF 575,778 million, CHF 4,674 million and CHF 5,037 million, respectively, as of the end of 2017.

<sup>1</sup> Relates to derivative contracts that qualify for hedge accounting under US GAAP.

<sup>2</sup> Primarily credit default swaps.

<sup>3</sup> Primarily precious metals.

### Netting of derivative instruments

► Refer to "Note 11 – Offsetting of financial assets and financial liabilities" for further information on the offsetting of derivative instruments.

#### Fair value hedges

in	6M18	6M17
<b>Gains/(losses) recognized in income on derivatives (CHF million)</b>		
Interest rate products	(19)	28
<b>Total</b>	<b>(19)</b>	<b>28</b>
<b>Gains/(losses) recognized in income on hedged items (CHF million)</b>		
Interest rate products	22	(27)
<b>Total</b>	<b>22</b>	<b>(27)</b>
<b>Details of fair value hedges (CHF million)</b>		
Net gains/(losses) on the ineffective portion	3	1

Represents gains/(losses) recognized in trading revenues.

#### Cash flow hedges

in	6M18	6M17
<b>Gains/(losses) recognized in AOCI on derivatives (CHF million)</b>		
Interest rate products	(11)	(1)
<b>Total</b>	<b>(11)</b>	<b>(1)</b>
<b>Gains/(losses) reclassified from AOCI into income (CHF million)</b>		
Interest rate products <sup>1</sup>	(2)	3
<b>Total</b>	<b>(2)</b>	<b>3</b>
<b>Details of cash flow hedges (CHF million)</b>		
Net gains/(losses) on the ineffective portion <sup>2</sup>	(1)	1

<sup>1</sup> Included in interest and dividend income.

<sup>2</sup> Included in trading revenues.

As of the end of 6M18, the net loss associated with cash flow hedges expected to be reclassified from other assets and other liabilities to the statement of operations within the next 12 months was CHF 4 million.

As of the end of 6M18, the maximum length of time over which the Company hedged its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, was four years.

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

► Refer to “Note 4 – Trading revenues” for gains and losses on trading activities by product type.

### Credit derivatives

► Refer to “Note 19 – Derivatives and hedging activities” in II – Consolidated financial statements in the Annual Report 2017 for further information on credit derivatives.

### Credit protection sold/purchased

end of	6M18										2017
	Credit protection sold	Credit protection purchased <sup>1</sup>	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	Credit protection sold	Credit protection purchased <sup>1</sup>	Net credit protection (sold)/purchased	Other protection purchased	Fair value of credit protection sold	
<b>Instruments (CHF million)</b>											
Investment grade <sup>2</sup>	(389)	212	(177)	242	8	(552)	485	(67)	27	10	
Non-investment grade	(195)	143	(52)	36	4	(301)	369	68	24	13	
<b>Single-name instruments</b>	<b>(584)</b>	<b>355</b>	<b>(229)</b>	<b>278</b>	<b>12</b>	<b>(853)</b>	<b>854</b>	<b>1</b>	<b>51</b>	<b>23</b>	
of which sovereign	(63)	45	(18)	28	1	(58)	78	20	12	2	
of which non-sovereign	(521)	310	(211)	250	11	(795)	776	(19)	39	21	
<b>Multi-name instruments (CHF million)</b>											
Investment grade <sup>2</sup>	0	14	14	0	0	0	0	0	0	0	
Non-investment grade	(44)	30	(14)	436 <sup>3</sup>	3	(57)	11	(46)	708 <sup>3</sup>	4	
<b>Multi-name instruments</b>	<b>(44)</b>	<b>44</b>	<b>0</b>	<b>436</b>	<b>3</b>	<b>(57)</b>	<b>11</b>	<b>(46)</b>	<b>708</b>	<b>4</b>	
of which sovereign	0	0	0	0	0	0	0	0	3	0	
of which non-sovereign	(44)	44	0	436	3	(57)	11	(46)	705	4	
<b>Total instruments (CHF million)</b>											
Investment grade <sup>2</sup>	(389)	226	(163)	242	8	(552)	485	(67)	27	10	
Non-investment grade	(239)	173	(66)	472	7	(358)	380	22	732	17	
<b>Total instruments</b>	<b>(628)</b>	<b>399</b>	<b>(229)</b>	<b>714</b>	<b>15</b>	<b>(910)</b>	<b>865</b>	<b>(45)</b>	<b>759</b>	<b>27</b>	
of which sovereign	(63)	45	(18)	28	1	(58)	78	20	15	2	
of which non-sovereign	(565)	354	(211)	686	14	(852)	787	(65)	744	25	

<sup>1</sup> Represents credit protection purchased with identical underlyings and recoveries.

<sup>2</sup> Based on internal ratings of BBB and above.

<sup>3</sup> 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	6M18	2017
<b>Credit derivatives (CHF million)</b>		
Credit protection sold	628	910
Credit protection purchased	399	865
Other protection purchased	714	759
<b>Total credit derivatives</b>	<b>1,741</b>	<b>2,534</b>

### Maturity of credit protection sold

end of	Maturity less than 1 year	Maturity between 1 to 5 years	Maturity greater than 5 years	Total
<b>6M18 (CHF million)</b>				
Single-name instruments	48	519	17	584
Multi-name instruments	0	44	0	44
<b>Total instruments</b>	<b>48</b>	<b>563</b>	<b>17</b>	<b>628</b>
<b>2017 (CHF million)</b>				
Single-name instruments	85	747	21	853
Multi-name instruments	11	46	0	57
<b>Total instruments</b>	<b>96</b>	<b>793</b>	<b>21</b>	<b>910</b>

## 15 Guarantees and commitments

► Refer to “Note 20 – Guarantees and commitments” in II – Consolidated financial statements in the Annual Report 2017 for further information on guarantees, joint and several liability, other indemnifications, operating lease commitments and other commitments.

### Guarantees

end of	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount <sup>1</sup>	Carrying value	Collateral received
<b>6M18 (CHF million)</b>						
Credit guarantees and similar instruments <sup>2</sup>	4,330	3,806	8,136	8,136	6	378
Performance guarantees and similar instruments	2,325	1,288	3,613	3,458	35	1,914
Derivatives <sup>3</sup>	778	193	971	971	16	– <sup>4</sup>
Other guarantees	4,367	1,797	6,164	6,157	44	3,979
<b>Total guarantees</b>	<b>11,800</b>	<b>7,084</b>	<b>18,884</b>	<b>18,722</b>	<b>101</b>	<b>6,271</b>
<b>2017 (CHF million)</b>						
Credit guarantees and similar instruments <sup>2</sup>	2,310	5,938	8,248	8,248	6	410
Performance guarantees and similar instruments	2,175	1,490	3,665	3,485	41	1,953
Derivatives <sup>3</sup>	1,462	131	1,593	1,593	7	– <sup>4</sup>
Other guarantees	3,798	2,089	5,887	5,882	33	3,587
<b>Total guarantees</b>	<b>9,745</b>	<b>9,648</b>	<b>19,393</b>	<b>19,208</b>	<b>87</b>	<b>5,950</b>

<sup>1</sup> Total net amount is computed as the gross amount less any participations.

<sup>2</sup> Includes a credit guarantee of CHF 7,124 million and CHF 7,185 million as of the end of 6M18 and 2017, respectively, in relation to a covered bonds program under which the Company holds the underlying mortgages.

<sup>3</sup> Excludes derivative contracts with certain active commercial and investment banks and certain other counterparties, as such contracts can be cash settled and Credit Suisse Schweiz had no basis to conclude it was probable that the counterparties held, at inception, the underlying instruments.

<sup>4</sup> Collateral for derivatives accounted for as guarantees is not considered significant.

Deposit-taking banks and securities dealers in Switzerland 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 Company'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 Company's banking entities in Switzerland, the Company's share in this deposit insurance guarantee program for the period July 1, 2017 to June 30, 2018 was CHF 489 million. These deposit insurance guarantees were reflected in other guarantees. For the period July 1, 2018 to June 30, 2019, the Company's share in this deposit insurance guarantee program based on FINMA's estimate will be CHF 477 million.

### Joint and several liability

#### Business transfer

On November 20, 2016, Credit Suisse AG transferred its universal bank business for Swiss customers, comprising a significant part

of the Swiss Universal Bank division and parts of the former Sales and Trading Services business to the Company. This business transfer was executed through a transfer of assets and liabilities in accordance with the Swiss Merger Act. By operation of the Swiss Merger Act, Credit Suisse AG assumed a three-year statutory joint and several liability for obligations existing at the transfer date on November 20, 2016 and which were transferred to the Company.

The transfer of assets also included assets at a carrying value of CHF 9,181 million and CHF 9,183 million as of the end of 6M18 and 2017, respectively, which are pledged under a covered bonds program of Credit Suisse AG and for which the related liabilities of CHF 7,124 million and CHF 7,185 million as of the end of 6M18 and 2017, respectively, were reported by Credit Suisse AG. As of the end of 6M18 and 2017, the contingent liabilities of Credit Suisse (Schweiz) AG under the covered bond program were CHF 7,124 million and CHF 7,185 million, respectively. Credit Suisse (Schweiz) AG also entered into a contractual arrangement under which it assumed joint and several liability in connection with Credit Suisse (Schweiz) AG's roles under the covered bonds program.

## Other commitments

end of	6M18										2017
	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount <sup>1</sup>	Collateral received	Maturity less than 1 year	Maturity greater than 1 year	Total gross amount	Total net amount <sup>1</sup>	Collateral received	
<b>Other commitments (CHF million)</b>											
Irrevocable commitments under documentary credits	5,214	374	5,588	5,268	3,477	4,968	108	5,076	4,984	3,211	
Irrevocable loan commitments <sup>2</sup>	2,581	7,396	9,977	9,977	1,919	2,393	6,645	9,038	9,038	1,591	
Other commitments	100	0	100	100	0	96	0	96	96	0	
<b>Total other commitments</b>	<b>7,895</b>	<b>7,770</b>	<b>15,665</b>	<b>15,345</b>	<b>5,396</b>	<b>7,457</b>	<b>6,753</b>	<b>14,210</b>	<b>14,118</b>	<b>4,802</b>	

<sup>1</sup> Total net amount is computed as the gross amount less any participations.

<sup>2</sup> Irrevocable loan commitments do not include a total gross amount of CHF 75,840 million and CHF 70,697 million of unused credit limits as of the end of 6M18 and 2017, respectively, which were revocable at the Company's sole discretion upon notice to the client.

## 16 Transfers of financial assets and variable interest entities

▶ Refer to "Note 21 – Transfers of financial assets and variable interest entities" in II – Consolidated financial statements in the Annual Report 2017 for further information.

## TRANSFERS OF FINANCIAL ASSETS

▶ Refer to "Transfers of financial assets" in II – Consolidated financial statements – Note 21 – Transfer of financial assets and variable interest entities in the Annual Report 2017 for further information.

## Transfer of financial assets accounted for as a sale

In 6M18 and 6M17, the Company transferred mortgages into a special purpose entity (SPE) in the form of an investment fund. This transfer was accounted for as a sale of assets. The Company has not retained any beneficial interests in the transferred mortgages, however, it retained servicing responsibilities on the mortgages transferred and provided a revocable liquidity facility to the investment fund which was unused as of the end of 6M18 and 6M17.

The following table provides the gains or losses and proceeds from transfers of mortgages in 6M18 and 6M17 that qualify for sale accounting and subsequent derecognition, along with the cash flows between the Company and the SPE.

## Transfer of financial assets accounted for as a sale

in	6M18	6M17
<b>Gains and cash flows (CHF million)</b>		
Net gain	1	1
Proceeds from transfer of assets	114	228

## 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 the end of 6M18 and 2017.

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

end of	6M18	2017
<b>CHF million</b>		
Government debt securities	1,235	1,629
Corporate debt securities	1,642	1,423
Asset-backed securities	37	17
Equity securities	22	24
Other	1	0
<b>Securities sold under repurchase agreements</b>	<b>2,937</b>	<b>3,093</b>
Government debt securities	32	33
Corporate debt securities	146	189
Asset-backed securities	2	1
Equity securities	359	540
Other	384	255
<b>Securities lending transactions</b>	<b>923</b>	<b>1,018</b>
Government debt securities	1,932	641
Corporate debt securities	726	1,489
Asset-backed securities	176	52
Equity securities	4,398	3,577
Other	3	115
<b>Obligation to return securities received as collateral, at fair value</b>	<b>7,235</b>	<b>5,874</b>
<b>Total</b>	<b>11,095</b>	<b>9,985</b>

### 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 <sup>1</sup>	Up to 30 days <sup>2</sup>	31-90 days	More than 90 days	
<b>6M18 (CHF million)</b>					
Securities sold under repurchase agreements	2,342	595	0	0	2,937
Securities lending transactions	923	0	0	0	923
Obligation to return securities received as collateral, at fair value	6,255	0	980	0	7,235
<b>Total</b>	<b>9,520</b>	<b>595</b>	<b>980</b>	<b>0</b>	<b>11,095</b>
<b>2017 (CHF million)</b>					
Securities sold under repurchase agreements	1,651	1,380	63	(1)	3,093
Securities lending transactions	1,018	0	0	0	1,018
Obligation to return securities received as collateral, at fair value	3,546	0	1,305	1,023	5,874
<b>Total</b>	<b>6,215</b>	<b>1,380</b>	<b>1,368</b>	<b>1,022</b>	<b>9,985</b>

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

<sup>2</sup> Includes overnight transactions.

► Refer to “Note 11 – 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 sheet.

#### VARIABLE INTEREST ENTITIES

As a normal part of its business, the Company engages in various transactions that include entities that are considered variable interest entities (VIEs) and are primarily related to financial intermediation.

► Refer to “Variable interest entities” in II – Consolidated financial statements – Note 21 – Transfer of financial assets and variable interest entities in the Annual Report 2017 for further information.

The Company had no consolidated VIEs as of the end of 6M18 and 2017.

#### Non-consolidated variable interest entities

► Refer to “Variable interest entities” in II – Consolidated financial statements – Note 21 – Transfer of financial assets and variable interest entities in the Annual Report 2017 for further information on non-consolidated VIEs.

#### Non-consolidated VIEs

end of	Funds	Loans	Total
<b>6M18 (CHF million)</b>			
Trading assets	74	0	74
Net loans	1,728	97	1,825
<b>Total variable interest assets</b>	<b>1,802</b>	<b>97</b>	<b>1,899</b>
<b>Maximum exposure to loss</b>	<b>1,802</b>	<b>101</b>	<b>1,903</b>
<b>Total assets of non-consolidated VIEs</b>	<b>61,237</b>	<b>176</b>	<b>61,413</b>
<b>2017 (CHF million)</b>			
Trading assets	59	0	59
Net loans	1,910	107	2,017
<b>Total variable interest assets</b>	<b>1,969</b>	<b>107</b>	<b>2,076</b>
<b>Maximum exposure to loss</b>	<b>1,977</b>	<b>107</b>	<b>2,084</b>
<b>Total assets of non-consolidated VIEs</b>	<b>41,191</b>	<b>237</b>	<b>41,428</b>

## 17 Financial instruments

The disclosure of the Company’s financial instruments below includes the following sections:

- Fair value measurement (including fair value hierarchy; level 3 reconciliation; and qualitative and quantitative disclosures of valuation techniques); and
- Fair value option.

#### FAIR VALUE MEASUREMENT

A portion of the Company’s financial instruments is carried at fair value. Deterioration of financial markets could impact the fair value of these financial instruments and the results of operations.

► Refer to “Note 22 – Financial instruments” in II – Consolidated financial statements in the Annual Report 2017 for further information on fair value measurement of financial instruments and the definition of the levels of the fair value hierarchy.

## Assets and liabilities measured at fair value on a recurring basis

end of 6M18	Level 1	Level 2	Level 3	Netting impact <sup>1</sup>	Assets/ liabilities measured at net asset value per share <sup>2</sup>	Total
<b>Assets (CHF million)</b>						
Cash and due from banks	0	36	0	–	–	36
Securities purchased under resale agreements and securities borrowing transactions	0	30	0	–	–	30
Debt	1,837	1,352	0	–	–	3,189
of which corporates	131	1,254	0	–	–	1,385
Equity	3,989	57	0	–	–	4,046
Securities received as collateral	5,826	1,409	0	–	–	7,235
Debt	127	843	85	–	–	1,055
of which Swiss federal, cantonal or local governmental entities	122	38	0	–	–	160
of which corporates	0	706	85	–	–	791
Equity	967	63	1	–	63	1,094
Derivatives	261	4,670	6	(2,164)	–	2,773
of which interest rate products	0	1,787	0	–	–	–
of which foreign exchange products	0	1,872	0	–	–	–
of which equity/index-related products	261	942	0	–	–	–
of which credit derivatives	0	21	6	–	–	–
Other	1,334	0	0	–	–	1,334
Trading assets	2,689	5,576	92	(2,164)	63	6,256
Investment securities	0	236	0	–	–	236
of which debt	0	236	0	–	–	236
Loans	0	37	0	–	–	37
of which commercial and industrial loans	0	37	0	–	–	37
Other assets	0	112	0	(112)	–	0
<b>Total assets at fair value</b>	<b>8,515</b>	<b>7,436</b>	<b>92</b>	<b>(2,276)</b>	<b>63</b>	<b>13,830</b>
<b>Liabilities (CHF million)</b>						
Due to banks	0	1,098	0	–	–	1,098
Customer deposits	0	558	0	–	–	558
Debt	1,837	1,352	0	–	–	3,189
of which corporates	131	1,254	0	–	–	1,385
Equity	3,989	57	0	–	–	4,046
Obligation to return securities received as collateral	5,826	1,409	0	–	–	7,235
Debt	22	260	2	–	–	284
of which corporates	0	223	2	–	–	225
Equity	526	44	1	–	2	573
Derivatives	871	4,919	0	(5,078)	–	712
of which interest rate products	0	1,923	0	–	–	–
of which foreign exchange products	0	1,854	0	–	–	–
of which equity/index-related products	870	1,086	0	–	–	–
Trading liabilities	1,419	5,223	3	(5,078)	2	1,569
Short-term borrowings	0	381	0	–	–	381
Long-term debt	0	286	0	–	–	286
Other liabilities	0	220	23	(220)	–	23
<b>Total liabilities at fair value</b>	<b>7,245</b>	<b>9,175</b>	<b>26</b>	<b>(5,298)</b>	<b>2</b>	<b>11,150</b>

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

<sup>2</sup> 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 <sup>1</sup>	Assets/ liabilities measured at net asset value per share <sup>2</sup>	Total
<b>Assets (CHF million)</b>						
Cash and due from banks	0	138	0	–	–	138
Securities purchased under resale agreements and securities borrowing transactions	0	246	0	–	–	246
Debt	1,080	1,616	0	–	–	2,696
of which corporates	491	1,540	0	–	–	2,031
Equity	3,112	66	0	–	–	3,178
Securities received as collateral	4,192	1,682	0	–	–	5,874
Debt	92	952	50	–	–	1,094
of which Swiss federal, cantonal or local governmental entities	87	0	0	–	–	87
of which corporates	0	940	50	–	–	990
Equity	2,464	63	1	–	65	2,593
Derivatives	229	4,294	10	(1,880)	–	2,653
of which interest rate products	1	2,104	0	–	–	–
of which foreign exchange products	0	1,273	0	–	–	–
of which equity/index-related products	228	838	0	–	–	–
of which credit derivatives	0	36	10	–	–	–
Other	1,523	0	0	–	–	1,523
Trading assets	4,308	5,309	61	(1,880)	65	7,863
Investment securities	153	316	0	–	–	469
of which debt	147	316	0	–	–	463
Loans	0	34	0	–	–	34
of which commercial and industrial loans	0	34	0	–	–	34
Other assets	0	141	0	(141)	–	0
<b>Total assets at fair value</b>	<b>8,653</b>	<b>7,866</b>	<b>61</b>	<b>(2,021)</b>	<b>65</b>	<b>14,624</b>
<b>Liabilities (CHF million)</b>						
Due to banks	0	969	0	–	–	969
Customer deposits	0	570	0	–	–	570
Securities sold under repurchase agreements and securities lending transactions	0	63	0	–	–	63
Debt	1,080	1,616	0	–	–	2,696
of which corporates	491	1,540	0	–	–	2,031
Equity	3,112	66	0	–	–	3,178
Obligation to return securities received as collateral	4,192	1,682	0	–	–	5,874
Debt	51	277	1	–	–	329
of which corporates	0	264	1	–	–	265
Equity	401	29	0	–	9	439
Derivatives	370	4,459	1	(4,163)	–	667
of which interest rate products	0	2,246	0	–	–	–
of which foreign exchange products	0	938	0	–	–	–
of which equity/index-related products	370	1,218	0	–	–	–
Trading liabilities	822	4,765	2	(4,163)	9	1,435
Short-term borrowings	0	245	0	–	–	245
Long-term debt	0	317	0	–	–	317
Other liabilities	0	208	26	(207)	–	27
<b>Total liabilities at fair value</b>	<b>5,014</b>	<b>8,819</b>	<b>28</b>	<b>(4,370)</b>	<b>9</b>	<b>9,500</b>

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

<sup>2</sup> 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 for level 3

6M18	Balance at beginning of period	Transfers in	Transfers out	Purchases	Sales	Issuances
<b>Assets (CHF million)</b>						
Debt	50	2	(6)	208	(172)	0
of which corporates	50	2	(6)	208	(172)	0
Equity	1	0	0	0	0	0
Derivatives	10	5	(5)	0	0	0
of which credit derivatives	10	5	(5)	0	0	0
Trading assets	61	7	(11)	208	(172)	0
<b>Total assets at fair value</b>	<b>61</b>	<b>7</b>	<b>(11)</b>	<b>208</b>	<b>(172)</b>	<b>0</b>
<b>Liabilities (CHF million)</b>						
Trading liabilities	2	1	(4)	12	(8)	0
Other liabilities	26	0	0	0	0	0
<b>Total liabilities at fair value</b>	<b>28</b>	<b>1</b>	<b>(4)</b>	<b>12</b>	<b>(8)</b>	<b>0</b>
<b>Net assets/(liabilities) at fair value</b>	<b>33</b>	<b>6</b>	<b>(7)</b>	<b>196</b>	<b>(164)</b>	<b>0</b>

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



Notes to the condensed consolidated financial statements – unaudited

Settlements	Trading revenues		Other revenues		Accumulated other comprehensive income		Foreign currency translation impact	Balance at end of period
	On transfers in / out <sup>1</sup>	On all other	On transfers in / out <sup>1</sup>	On all other	On transfers in / out	On all other		
0	0	3	0	0	0	0	0	85
0	0	3	0	0	0	0	0	85
0	0	0	0	0	0	0	0	1
(6)	0	2	0	0	0	0	0	6
(6)	0	2	0	0	0	0	0	6
(6)	0	5	0	0	0	0	0	92
<b>(6)</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>92</b>
0	0	0	0	0	0	0	0	3
(10)	0	0	0	7	0	0	0	23
<b>(10)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26</b>
<b>4</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>(7)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>66</b>

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

in	6M18		
	Trading revenues	Other revenues	Total revenues
<b>Gains and losses on assets and liabilities (CHF million)</b>			
Net realized/unrealized gains/(losses) included in net revenues	5	(7)	(2) <sup>1</sup>

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

Both observable and unobservable inputs may be used to determine the fair value of positions that have been classified within level 3. As a result, the unrealized gains and losses for assets and liabilities within level 3 presented in the table above may include changes in fair value that were attributable to both observable and unobservable inputs.

The Company employs various economic hedging techniques in order to manage risks, including risks in level 3 positions. Such techniques may include the purchase or sale of financial instruments that are classified in levels 1 and/or 2. The realized and unrealized gains and losses for assets and liabilities in level 3 presented in the table above do not reflect the related realized or unrealized gains and losses arising on economic hedging instruments classified in levels 1 and/or 2.

**Transfers in and out of level 3**

Transfers into level 3 assets of CHF 7 million during 6M18 were related to trading assets. The transfers were primarily in the financing and credit businesses due to limited observability of pricing data. Transfers out of level 3 assets of CHF 11 million during 6M18 were related to trading assets. The transfers were primarily in the credit and financing businesses due to increased observability of pricing data and increased availability of pricing information from external providers.

**Qualitative disclosures of valuation techniques****Overview**

The Company has implemented and maintains a valuation control framework, which is supported by policies and procedures that define the principles for controlling the valuation of the Company's financial instruments.

► Refer to "Note 22 – Financial instruments" in II – Consolidated financial statements in the Annual Report 2017 for further information on the Group's valuation control framework.

The following information on the valuation techniques and significant unobservable inputs of the various financial instruments,

including the sensitivity of fair value measurements to changes in significant unobservable inputs, should be read in conjunction with the table "Quantitative information about level 3 assets and liabilities at fair value".

► Refer to "Note 22 – Financial instruments" in II – Consolidated financial statements in the Annual Report 2017 for further information on the sensitivity of fair value measurements to changes in significant unobservable inputs and on inter-relationships between significant unobservable inputs.

**Debt securities – corporates**

Corporate bonds are priced to reflect current market levels either through recent market transactions or broker or dealer quotes. Where a market price for the particular security is not directly available, valuations are obtained based on yields reflected by other instruments in the specific or similar entity's capital structure and adjusting for differences in seniority and maturity, benchmarking to a comparable security where market data is available (taking into consideration differences in credit, liquidity and maturity), or through the application of cash flow modeling techniques utilizing observable inputs, such as current interest rate curves and observable CDS spreads. Significant unobservable inputs may include buyback probability and correlation.

**Derivatives – credit derivatives**

Credit derivatives include index and single-name and multi-name CDS in addition to more complex structured credit products. Vanilla products are valued using industry standard models and inputs that are generally market observable including correlation.

**Quantitative disclosures of valuation techniques**

The following table provides the representative range of minimum and maximum values and the associated weighted averages of each significant unobservable input for level 3 assets and liabilities by the related valuation technique most significant to the related financial instrument.

## Quantitative information about level 3 assets and liabilities at fair value

end of 6M18	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average <sup>1</sup>
<b>Assets (CHF million, except where indicated)</b>						
Debt	85					
of which corporates	85					
of which	85	Option model	Buyback probability, in % <sup>2</sup>	50	100	71
			Correlation, in %	35	98	64
Equity	1	–	–	–	–	–
Derivatives	6					
of which credit derivatives	6	Option model	Correlation, in %	50	54	51
Trading assets	92					
<b>Total level 3 assets at fair value</b>	<b>92</b>					
<b>Liabilities (CHF million, except where indicated)</b>						
Trading liabilities	3	–	–	–	–	–
Other liabilities	23	–	–	–	–	–
<b>Total level 3 liabilities at fair value</b>	<b>26</b>					

end of 2017	Fair value	Valuation technique	Unobservable input	Minimum value	Maximum value	Weighted average <sup>1</sup>
<b>Assets (CHF million, except where indicated)</b>						
Debt	50					
of which corporates	50					
of which	10	Option model	Volatility, in %	7	35	19
			Buyback probability, in % <sup>2</sup>	50	100	71
of which	40	Market comparable	Price, in %	49	110	69
Equity	1	–	–	–	–	–
Derivatives	10					
of which credit derivatives	10	Option model	Correlation, in %	50	50	50
Trading assets	61					
<b>Total level 3 assets at fair value</b>	<b>61</b>					
<b>Liabilities (CHF million, except where indicated)</b>						
Trading liabilities	2	–	–	–	–	–
Other liabilities	26	–	–	–	–	–
<b>Total level 3 liabilities at fair value</b>	<b>28</b>					

<sup>1</sup> 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.

<sup>2</sup> Estimate of the probability of structured notes being put back to the Company at the option of the investor over the remaining life of the financial instruments.

### Fair value measurements of investments in certain entities that calculate NAV per share

► Refer to “Note 22 – Financial instruments” in II – Consolidated financial statements in the Annual Report 2017 for further information on investments in funds held in trading assets and trading liabilities.

The following table pertains to investments in certain entities that calculate net asset value (NAV) per share or its equivalent, primarily mutual funds, private equity and hedge funds. These investments do not have a readily determinable fair value and are measured at fair value using NAV.

**Fair value, unfunded commitments and term of redemption conditions**

end of	6M18								2017
	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	Non-redeemable	Redeemable	Total fair value	Unfunded commitments	
<b>Fair value and unfunded commitments (CHF million)</b>									
Equity funds	32	31 <sup>1</sup>	63	0	4	61 <sup>2</sup>	65	0	
Equity funds sold short	(2)	0	(2)	0	0	(9)	(9)	0	
Total funds held in trading assets and liabilities	30	31	61	0	4	52	56	0	
<b>Total fair value</b>	<b>30</b>	<b>31</b>	<b>61</b>	<b>0</b>	<b>4</b>	<b>52</b>	<b>56</b>	<b>0</b>	

<sup>1</sup> 71% of the redeemable fair value amount of equity funds is redeemable on a quarterly basis with a notice period of more than 45 days and 29% is redeemable on a monthly basis with a notice period primarily of less than 30 days.

<sup>2</sup> 79% of the redeemable fair value amount of equity funds is redeemable on a quarterly basis with a notice period of more than 45 days and 21% is redeemable on a monthly basis with a notice period primarily of less than 30 days.

**FAIR VALUE OPTION**

► Refer to “Note 22 – Financial instruments” in II – Consolidated financial statements in the Annual Report 2017 for further information on the Company’s election of the fair value option for certain of its financial statement captions.

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

end of	6M18						2017
	Aggregate fair value	Aggregate unpaid principal	Difference	Aggregate fair value	Aggregate unpaid principal	Difference	
<b>Financial instruments (CHF million)</b>							
Securities purchased under resale agreements and securities borrowing transactions	30	30	0	246	246	0	
Loans	37	37	0	34	34	0	
Due to banks and customer deposits	0	0	0	(73)	(73)	0	
Securities sold under repurchase agreements and securities lending transactions	0	0	0	(63)	(63)	0	
Short-term borrowings	(381)	(341)	(40)	(245)	(214)	(31)	
Long-term debt	(286)	(277)	(9)	(317)	(301)	(16)	

**Gains and losses on financial instruments**

in	6M18		6M17
	Net gains/(losses)	Net gains/(losses)	Net gains/(losses)
<b>Financial instruments (CHF million)</b>			
Loans	0	1 <sup>1</sup>	
Other assets	1 <sup>1</sup>	0	
of which related to credit risk	1	0	
Due to banks and customer deposits	0	(1) <sup>2</sup>	
Short-term borrowings	165 <sup>2</sup>	(11) <sup>2</sup>	
Long-term debt	3 <sup>2</sup>	(14) <sup>2</sup>	
Other liabilities	0	(1) <sup>2</sup>	
of which related to credit risk	0	(1)	

<sup>1</sup> Primarily recognized in net interest income.

<sup>2</sup> Primarily recognized in trading revenues.

The following table provides additional information regarding the gains and losses attributable to changes in instrument-specific credit risk on fair value option elected liabilities which are recorded through AOCI. The table includes both the amount of change during the period and the cumulative amount that is attributable to the changes in instrument-specific credit risk. In addition, the table includes the gains and losses related to instrument-specific credit risk, which were previously recorded in AOCI but have been transferred to net income during the period.

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

in	Gains/(losses) recorded into AOCI <sup>1</sup>			Gains/(losses) recorded in AOCI transferred to net income <sup>1</sup>	
	6M18	Cumulative	6M17	6M18	6M17
<b>Financial instruments (CHF million)</b>					
Deposits	0	1	1	0	0
Long-term debt	(2)	2	2	0	0
of which structured notes over two years	(2)	2	2	0	0
<b>Total</b>	<b>(2)</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Amounts are reflected gross of tax.

**18 Litigation**

The Company is involved in a number of legal proceedings concerning matters arising in connection with the conduct of its businesses. Some of these proceedings have been brought on behalf of various claimants and seek damages of material and/or indeterminate amounts.

▶ Refer to “Note 26 – Litigation” in II – Consolidated financial statements in the Annual Report 2017 for further information on litigation and the determination of related loss contingency provisions.

In 6M18, the Company recorded net litigation provisions of CHF 1 million for several legal matters. Litigation provisions include legal matters where Credit Suisse (Schweiz) AG is not directly liable but will indemnify Credit Suisse AG for expenses incurred in

accordance with the asset transfer agreement dated November 17, 2016 between Credit Suisse AG and Credit Suisse (Schweiz) AG. After taking into account its litigation provisions, the Company believes, based on currently available information and advice of counsel, that the results of its legal proceedings, in the aggregate, will not have a material adverse effect on the Company’s financial condition. However, in light of the inherent uncertainties of such proceedings, including those brought by regulators or other governmental authorities, the ultimate cost to the Company of resolving such proceedings may exceed current litigation provisions and any excess may be material to its operating results for any particular period, depending, in part, upon the operating results for such period.

# List of abbreviations

## A

AOCI	Accumulated other comprehensive income/(loss)
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ASC	Accounting Standards Codification
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ASU	Accounting Standards Update
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## C

CDS	Credit default swaps
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CECL	Current expected credit loss
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CET1	Common equity tier 1
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## F

FASB	Financial Accounting Standards Board
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FINMA	Swiss Financial Market Supervisory Authority FINMA
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## N

NAV	Net asset value
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NRV	Negative replacement value
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## O

OTC	Over-the-counter
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## P

PRV	Positive replacement value
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## S

SPE	Special purpose entity
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## T

TLAC	Total loss absorbing capacity
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## U

US	United States of America
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US GAAP	US generally accepted accounting principles
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## V

VIE	Variable interest entity
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### Cautionary statement regarding forward-looking information

This report contains statements that constitute forward-looking statements. In addition, in the future we, and others on our behalf, may make statements that constitute forward-looking statements. Such forward-looking statements may include, without limitation, statements relating to the following:

- our plans, objectives, ambitions, targets or goals;
- our future economic performance or prospects;
- the potential effect on our future performance of certain contingencies; and
- assumptions underlying any such statements.

Words such as “believes”, “anticipates”, “expects”, “intends” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. We do not intend to update these forward-looking statements except as may be required by applicable securities law.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, ambitions, targets, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the ability to maintain sufficient liquidity and access capital markets;
- market volatility and interest rate fluctuations and developments affecting interest rate levels;
- the strength of the global economy in general and the strength of the economies of the countries in which we conduct our operations, in particular the risk of continued slow economic recovery or downturn in the US or other developed countries or in emerging markets in 2018 and beyond;
- the direct and indirect impacts of deterioration or slow recovery in residential and commercial real estate markets;
- adverse rating actions by credit rating agencies in respect of us, sovereign issuers, structured credit products or other credit-related exposures;
- the ability to achieve our strategic goals, including those related to cost efficiency, income/(loss) before taxes, capital ratios and return on regulatory capital, leverage exposure threshold, risk-weighted assets threshold, return on tangible equity, and other targets, objectives and ambitions;

- the ability of counterparties to meet their obligations to us;
- the effects of, and changes in, fiscal, monetary, exchange rate, trade and tax policies, as well as currency fluctuations;
- political and social developments, including war, civil unrest or terrorist activity;
- the possibility of foreign exchange controls, expropriation, nationalization or confiscation of assets in countries in which we conduct our operations;
- operational factors such as systems failure, human error, or the failure to implement procedures properly;
- the risk of cyber attacks on our business or operations;
- actions taken by regulators with respect to our business and practices and possible resulting changes to our business organization, practices and policies in countries in which we conduct our operations;
- the effects of changes in laws, regulations or accounting or tax standards, policies or practices in countries in which we conduct our operations;
- the potential effects of proposed changes in our legal entity structure;
- competition or changes in our competitive position in geographic and business areas in which we conduct our operations;
- the ability to retain and recruit qualified personnel;
- the ability to maintain our reputation and promote our brand;
- the ability to increase market share and control expenses;
- technological changes;
- the timely development and acceptance of our new products and services and the perceived overall value of these products and services by users;
- acquisitions, including the ability to integrate acquired businesses successfully, and divestitures, including the ability to sell non-core assets;
- the adverse resolution of litigation, regulatory proceedings, and other contingencies; and
- other unforeseen or unexpected events and our success at managing these and the risks involved in the foregoing.

We caution you that the foregoing list of important factors is not exclusive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events.



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