

Financial Report

6M20

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Credit Suisse (Schweiz) AG

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Capital adequacy disclosures for Credit Suisse Group AG and Credit Suisse (Schweiz) AG 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](https://www.credit-suisse.com/regulatorydisclosures).

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

Report on the Review of Interim financial statements

to the Board of Directors of Credit Suisse (Schweiz) AG

According to your request, we have reviewed the interim financial statements (statements of income, balance sheets, statement of changes in equity and notes, pages 3 to 6) of Credit Suisse (Schweiz) AG for the period ended June 30, 2020. The comparative figures in the interim financial statements have been reviewed by another auditor.

These interim financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these interim financial statements based on our review.

Our review was conducted in accordance with the Swiss Auditing Standard 910, which requires that a review be planned and performed to obtain limited assurance about whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not in accordance with the accounting, disclosure and valuation requirements of Swiss law that are applicable for the preparation of financial statements.

PricewaterhouseCoopers AG



Roman Berlinger
Audit Expert



Nermina Banda

Zurich, Switzerland
August 14, 2020



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Interim financial statements – unaudited

Statements of income (unaudited)

in	6M20	6M19
Statements of income (CHF million)		
Interest and discount income	1,031	1,215
Interest and dividend income from trading activities	12	29
Interest and dividend income from financial investments	1	2
Interest expense	(147)	(261)
Gross income from interest activities	897	985
(Increase)/release of allowance for default risks and losses from interest activities	(113)	(22)
Net income from interest activities	784	963
Commission income from securities trading and investment activities	783	728
Commission income from lending activities	90	83
Commission income from other services	206	167
Commission expense	(217)	(194)
Net income from commission and service activities	862	784
Net income/(loss) from trading activities and fair value option	173	64
Income/(loss) from the disposal of financial investments	0	1
Income from participations	322	349
Other ordinary income	163	163
Net income from other ordinary activities	485	513
Personnel expenses	609	661
General and administrative expenses	701	748
Total operating expenses	1,310	1,409
Impairment of participations, depreciation and amortization of tangible fixed assets and intangible assets	385	380
Increase/(release) of provisions and other valuation adjustments, and losses	16	8
Operating profit	593	527
Taxes	(65)	(49)
Net profit	528	478

Balance sheets (unaudited)

end of	6M20	2019
Assets (CHF million)		
Cash and other liquid assets	52,631	46,932
Due from banks	10,691	10,440
Securities borrowing and reverse repurchase agreements	11,143	9,964
Due from customers	31,161	29,121
Mortgage loans	117,872	117,403
Trading assets	1,911	1,842
Positive replacement values of derivative financial instruments	2,169	2,023
Financial investments	249	264
Accrued income and prepaid expenses	501	436
Participations	1,676	1,676
Tangible fixed assets	358	338
Intangible assets	764	1,116
Other assets	1,154	1,166
Total assets	232,280	222,721
Total subordinated receivables	90	90
of which receivables subject to contractual mandatory conversion and/or cancellation	40	40
Liabilities and shareholders' equity		
Due to banks	25,995	23,570
Securities lending and repurchase agreements	5,941	2,164
Customer deposits	163,940	159,573
Trading liabilities	41	46
Negative replacement values of derivative financial instruments	662	1,199
Medium-term notes	170	196
Bonds and mortgage-backed bonds	21,748	20,203
Accrued expenses and deferred income	619	767
Other liabilities	464	642
Provisions	60	49
Total liabilities	219,640	208,409
Share capital	100	100
Legal capital reserves	11,933	13,333
of which capital contribution reserves	11,622	13,022
Retained earnings	79	4
Net profit	528	875
Total shareholders' equity	12,640	14,312
Total liabilities and shareholders' equity	232,280	222,721
Total subordinated liabilities	13,306	13,306
of which liabilities subject to contractual mandatory conversion and/or cancellation	3,105	3,105

Off-balance sheet transactions (unaudited)

end of	6M20	2019
CHF million		
Contingent liabilities	15,620	17,299
Irrevocable commitments	12,597	12,085
Obligations for calls on shares and additional payments	52	47

Off-balance sheet transactions

Contingent liabilities include guarantees for obligations, performance-related guarantees and letters of comfort issued to third parties. Contingencies with a stated amount are included in the off-balance sheet section of the financial statements. In some instances, the exposure of Credit Suisse (Schweiz) AG is not defined as an amount but relates to specific circumstances such as the solvency of subsidiaries or the performance of a service.

Joint and several liability

Credit Suisse (Schweiz) AG holds assets at a carrying value of CHF 4,733 million and CHF 4,737 million as of June 30, 2020 and December 31, 2019, respectively, which are pledged under the covered bond program of Credit Suisse AG and for which the related liabilities of CHF 3,335 million and CHF 3,400 million as of June 30, 2020 and December 31, 2019 are reported by Credit Suisse AG. As of June 30, 2020 and December 31, 2019, the contingent liabilities of Credit Suisse (Schweiz) AG under the covered bond program of Credit Suisse AG are CHF 3,335 million and CHF 3,400 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.

Credit Suisse (Schweiz) AG is a member of Credit Suisse Group AG's Swiss VAT group and therefore subject to joint and several liability according to the Swiss VAT Act.

Deposit insurance guarantee program

Deposit-taking banks and securities dealers in Switzerland are required to ensure the payout of privileged deposits in the case of specified restrictions or compulsory liquidation of a deposit-taking bank, and they 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 participating bank's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate, Credit Suisse (Schweiz) AG's share in the deposit insurance guarantee program for the period July 1, 2019 to June 30, 2020 was CHF 401 million. This deposit insurance guarantee is reflected in contingent liabilities. For the period July 1, 2020 to June 30, 2021, Credit Suisse (Schweiz) AG's share in the deposit insurance guarantee program based on FINMA's estimate will be CHF 393 million.

Statement of changes in equity (unaudited)

	Share capital	Legal capital reserves		Retained earnings	Net profit	Total shareholder's equity
		Total	of which: capital contribution reserves ¹			
6M20 (CHF million)						
Balance at beginning of period	100	13,333	13,022	4	875	14,312
Appropriation of net profit	–	–	–	875	(875)	–
Dividends and other distributions	–	(1,400)	(1,400)	(800)	–	(2,200)
Net profit	–	–	–	–	528	528
Balance at end of period	100	11,933	11,622	79	528	12,640

¹ Distributions from capital contribution reserves are free of Swiss withholding tax.

Notes to the interim financial statements – unaudited

1 Company details, business developments and subsequent events

Company details

Credit Suisse (Schweiz) AG is a Swiss bank incorporated as a joint stock corporation (public limited company), with its registered office in Zurich, Switzerland.

Credit Suisse (Schweiz) AG is a wholly owned subsidiary of Credit Suisse AG and Credit Suisse AG is a wholly owned subsidiary of Credit Suisse Group AG (the Group), both domiciled in Switzerland.

Business developments

There were no significant business developments relating to Credit Suisse (Schweiz) AG in 6M20.

Subsequent events

There were no subsequent events from the balance sheet date until August 14, 2020, the publishing date of these interim financial statements.

2 Accounting and valuation principles

Summary of significant accounting and valuation principles

Basis for accounting

The accompanying unaudited standalone interim financial statements of Credit Suisse (Schweiz) AG are prepared in accordance with the accounting rules of the Swiss Federal Law on Banks and Savings Banks (Bank Law), the corresponding Implementing Ordinance (Bank Ordinance), the Accounting Ordinance-FINMA and FINMA circular 2020/1, "Accounting rules for banks, securities dealers, financial groups and conglomerates" (Swiss GAAP statutory) as applicable for the preparation of reliable assessment statutory single-entity financial statements (*Statutarischer Einzelabschluss mit zuverlässiger Darstellung*). These interim financial statements should be read in conjunction with the standalone financial statements and notes thereto for the year ended December 31, 2019 included in the Annual Report 2019 of Credit Suisse (Schweiz) AG.

The new Accounting Ordinance-FINMA and the fully revised FINMA circular 2020/1, "Accounting – banks", became effective on January 1, 2020. In addition to a formal restructuring of the guidance, changes with regard to valuation adjustments for default risks were introduced. For larger banks, such as Credit Suisse (Schweiz) AG, the new guidance requires the introduction of an expected credit loss approach for default risks on non-impaired loans, receivables and debt securities held-to-maturity. The guidance allows a transition period of one year for the implementation of the expected credit loss approach. Credit Suisse (Schweiz) AG will adopt the expected credit loss approach for its standalone financial statements as of January 1, 2021, applying the accounting principles generally accepted in the US (US GAAP) in line with the Group.

→ Refer to "Note 2 – Accounting and valuation principles" in the Annual Report 2019 for further information.

Cautionary statement regarding forward-looking information

This document contains forward-looking statements that involve inherent risks and uncertainties, and we might not be able to achieve the predictions, forecasts, projections and other outcomes we describe or imply in forward-looking statements. A number of important factors could cause results to differ materially from the plans, targets, goals, expectations, estimates and intentions we express in these forward-looking statements. We do not intend to update these forward-looking statements.



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