
Basel III – Pillar 3 Reconciliation requirements March 31, 2014

Reconciliation requirements – March 31, 2014

RECONCILIATION REQUIREMENTS

The reconciliation requirements for the half-year and the full-year are included in our Basel III Pillar 3 disclosures.

► Refer to https://www.credit-suisse.com/investors/en/regulatory_disclosures/pillar_3_disclosures.jsp for further information.

This document should be read in conjunction with the Credit Suisse Annual Report 2013 and the Credit Suisse 1Q14 Financial Report, which includes important information on regulatory capital.

Balance sheet

The following table shows the balance sheet as published in the consolidated financial statements of the Credit Suisse Group and the balance sheet under the regulatory scope of consolidation. The reference indicates how such assets and liabilities are considered in the composition of regulatory capital.

Balance sheet

	Balance sheet		
	Financial statements	Regulatory scope of consolidation	Reference to composition of capital
end of 1Q14			
Assets (CHF million)			
Cash and due from banks	65,972	65,147	
Interest-bearing deposits with banks	1,728	2,989	
Central bank funds sold, securities purchased under resale agreements and securities borrowing transactions	162,890	161,288	
Securities received as collateral, at fair value	23,029	23,029	
Trading assets, at fair value	237,069	230,366	
Investment securities	3,320	3,244	
Other investments	7,806	7,314	
Net loans	250,659	256,622	
Premises and equipment	4,926	4,926	
Goodwill	7,956	7,956	a
Other intangible assets	228	228	
of which other intangible assets (excluding mortgage servicing rights)	173	173	b
Brokerage receivables	49,353	49,351	
Other assets	62,405	41,422	
of which tax charges deferred as other assets related to regulatory adjustments	1,067	1,067	c
of which deferred tax assets related to net operating losses	1,436	1,436	d
of which deferred tax assets from temporary differences	4,247	4,247	e
of which defined-benefit pension fund net assets	2,091	2,091	f
Assets of discontinued operations held-for-sale	749	749	
Total assets	878,090	854,631	

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Balance sheet (continued)

	Balance sheet		
	Financial statements	Regulatory scope of consolidation	Reference to composition of capital
end of 1Q14			
Liabilities (CHF million)			
Due to banks	24,211	24,951	
Customer deposits	348,450	356,933	
Central bank funds purchased, securities sold under repurchase agreements and securities lending transactions	88,675	91,230	
Obligation to return securities received as collateral, at fair value	23,029	23,029	
Trading liabilities, at fair value	73,029	73,407	
Short-term borrowings	24,181	19,005	
Long-term debt	132,434	120,160	
Brokerage payables	70,250	70,236	
Other liabilities	48,768	31,647	
Liabilities of discontinued operations held-for-sale	781	781	
Total liabilities	833,808	811,379	
of which additional tier 1 instruments, fully eligible	8,246	8,246	g
of which additional tier 1 instruments subject to phase-out	2,084	2,084	h
of which tier 2 instruments, fully eligible	6,342	6,342	i
of which tier 2 instruments subject to phase-out	4,826	4,826	j
Common shares ¹	64	64	
Additional paid-in capital ¹	28,406	28,406	
Retained earnings	31,092	31,109	
Treasury shares, at cost	(249)	(249)	
Accumulated other comprehensive income/(loss)	(16,083)	(16,099)	
Total shareholders' equity	43,230	43,231	
Noncontrolling interests ²	1,052	21	
Total equity	44,282	43,252	
Total liabilities and equity	878,090	854,631	

¹ Eligible as CET1 capital.² The difference between the accounting and regulatory scope of consolidation primarily represents private equity fund type vehicles, for which the Group has received an exemption from FINMA not to consolidate for regulatory purposes.

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Composition of regulatory capital

The following tables provide details on the composition of regulatory capital and details on common equity tier 1 (CET1) capital adjustments subject to phase-in as well as details on additional tier 1 capital and tier 2 capital.

Composition of regulatory capital

end of	1Q14
Eligible capital (CHF million)	
Shareholder's equity (US GAAP)	43,230
Regulatory adjustments	(1,213) ¹
Adjustments subject to phase-in	(1,114) ²
CET1 capital	40,903
Additional tier 1 instruments	8,000 ³
Additional tier 1 instruments subject to phase-out	2,088
Deductions from additional tier 1 capital	(6,414)
Additional tier 1 capital	3,674
Total tier 1 capital	44,577
Tier 2 instruments	6,340 ⁴
Tier 2 instruments subject to phase-out	3,924
Deductions from tier 2 capital	(263)
Tier 2 capital	10,001
Total eligible capital	54,578

¹ Includes regulatory adjustments not subject to phase-in, including a cumulative dividend accrual.

² Reflects 20% phase-in deductions including goodwill, other intangible assets, certain deferred tax assets and 80% of an adjustment for the accounting treatment of pension plans pursuant to phase-in requirements.

³ Additional tier 1 instruments consist of high-trigger and low-trigger capital instruments. Of this amount, CHF 5.7 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 2.3 billion consists of capital instruments with a capital ratio write-down trigger of 5.125%.

⁴ Tier 2 instruments consist of high-trigger and low-trigger capital instruments. Of this amount, CHF 2.5 billion consists of capital instruments with a capital ratio write-down trigger of 7% and CHF 3.8 billion consists of capital instruments with a capital ratio write-down trigger of 5%.

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The following tables provide details on CET1 capital adjustments subject to phase-in and details on additional tier 1 capital and tier 2 capital. The column “Transition amount” represents the amounts that have been recognized in eligible capital as of March 31, 2014.

The column “Amount to be phased in” represents those amounts that are still to be phased in as CET1 capital adjustments through year-end 2018.

Details on CET1 capital adjustments subject to phase-in

end of 1Q14	Balance sheet	Reference to balance sheet ¹	Regulatory adjustments	Total	Transition amount	Amount to be phased in
CET1 capital adjustments subject to phase-in (CHF million)						
Adjustment for accounting treatment of defined benefit pension plans	–		–	–	1,460 ²	(1,460)
Common share capital issued by subsidiaries and held by third parties	–		–	–	25	(25)
Goodwill	7,956	a	(67) ³	7,889	(1,578)	(6,311) ⁴
Other intangible assets (excluding mortgage-servicing rights)	173	b	(21) ⁵	152	(30)	(122) ⁴
Deferred tax assets that rely on future profitability (excluding temporary differences)	2,503	c, d	–	2,503	(501)	(2,002) ⁶
Shortfall of provisions to expected losses	–		–	–	(130)	(521) ⁷
Gains and losses due to changes in own credit risk on fair valued liabilities	–		–	–	70	279 ⁸
Defined-benefit pension fund net assets	2,091	f	(433) ⁵	1,658	(331)	(1,327) ⁶
Other adjustments ⁹	–		–	–	(26)	(104) ⁴
Amounts above 10% threshold	4,247		(3,882)	365	(73)	(292)
of which deferred tax assets from temporary differences	4,247	e	(3,882) ¹⁰	365	(73)	(292) ⁶
Adjustments subject to phase-in to CET1 capital					(1,114)	(11,885)

¹ Refer to the balance sheet under regulatory scope of consolidation in the table “Balance sheet” on pages 2 to 3. Only material items are referenced to the balance sheet.

² Represents the effect of the Basel II.5 treatment for defined benefit pension plans which will be phased out over five years starting January 1, 2014.

³ Represents related deferred tax liability and goodwill on equity method investments.

⁴ Deducted from additional tier 1 capital.

⁵ Represents related deferred tax liability.

⁶ Risk-weighted.

⁷ 50% deducted from additional tier 1 capital and 50% from tier 2 capital.

⁸ CHF 384 million related to debt instruments deducted from additional tier 1 capital.

⁹ Includes investments in own shares and cash flow hedge reserve.

¹⁰ Includes threshold adjustments of CHF (4,098) million and an aggregate of CHF 215 million related to the add-back of deferred tax liabilities on goodwill, other intangible assets and pension that are netted against deferred tax assets under US GAAP.

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Details on additional tier 1 capital and tier 2 capital

end of 1Q14	Balance sheet	Reference to balance sheet ¹	Regulatory adjustments	Total	Transition amount
Additional tier 1 capital (CHF million)					
Additional tier 1 instruments ²	8,246	g	(246)	8,000	8,000
Additional tier 1 instruments subject to phase-out ²	2,084	h	4 ³	2,088	2,088
Total additional tier 1 instruments					10,088
Transitional deductions from additional tier 1 capital					(6,414)
of which goodwill					(6,311) ⁴
of which other intangible assets (excluding mortgage-servicing rights)					(122) ⁴
of which shortfall of provisions to expected losses					(261)
of which gains/(losses) due to changes in own credit risk on fair valued financial liabilities					384
of which other adjustments ⁵					(104)
Deductions from additional tier 1 capital					(6,414)
Additional tier 1 capital					3,674
Tier 2 capital (CHF million)					
Tier 2 instruments	6,342	i	(2) ³	6,340	6,340
Tier 2 instruments subject to phase-out	4,826	j	(902) ⁶	3,924	3,924
Total tier 2 instruments					10,264
Transitional deductions from tier 2 capital					(263)
of which shortfall of provisions to expected losses					(261)
Deductions from tier 2 capital					(263)
Tier 2 capital					10,001

¹ Refer to the balance sheet under regulatory scope of consolidation in the table "Balance sheet" on pages 2 to 3. Only material items are referenced to the balance sheet.

² Classified as liabilities under US GAAP.

³ Includes the reversal of gains/(losses) due to changes in own credit spreads on fair valued capital instruments subject to phase-out that will be deducted from CET1 once Basel III is fully implemented.

⁴ Net of related deferred tax liability.

⁵ Includes investments in own shares and cash flow hedge reserve.

⁶ Primarily includes the impact of the prescribed amortization requirements as instruments move closer to their maturity as well as the impact of the phase-out concept.

Additional information

end of	1Q14
Risk-weighted assets related to amounts subject to phase-in (CHF million)¹	
Adjustments for accounting treatment of pension plans	1,847
Defined-benefit pension fund net assets	1,327
Deferred tax assets	229
Risk-weighted assets related to amounts subject to phase-in	3,403
Amounts below the thresholds for deduction (before risk weighting) (CHF million)	
Non-significant investments in BFI entities	3,149
Significant investments in BFI entities	586
Mortgage servicing rights	55 ²
Deferred tax assets arising from temporary differences	4,098 ²
Exposures below 15% threshold	4,739

¹ Represents items that were risk-weighted under Basel II.5 and are phased in as capital deductions under Basel III.

² Net of related deferred tax liability.